



The boundary spanning capabilities of purchasing agents in buyer–supplier trust development

Chun Zhang^{a,*}, Sridhar Viswanathan^{b,1}, John W. Henke Jr.^{c,2}

^a School of Business Administration, University of Vermont, Burlington, VT 05405, United States

^b Eli Broad School of Business, Michigan State University, East Lansing, MI 48824, United States

^c School of Business Administration, Oakland University, Rochester, MI 48309, United States

ARTICLE INFO

Article history:

Received 25 November 2009

Received in revised form 8 June 2010

Accepted 1 July 2010

Available online 2 August 2010

Keywords:

Boundary spanners

Supplier relations

Trust

ABSTRACT

This study examines how individual purchasing agents function as boundary spanners with suppliers to influence trust development in themselves and the buying firms that employ them. Building upon boundary theory and supply chain cooperation research, we identify three boundary spanning capabilities of purchasing agents and empirically test how these capabilities shape buyer–supplier trust development. Using two samples of data collected from suppliers in the automotive industry and food industry, we found that a purchasing agent's effectiveness in *strategic communication* with suppliers affects a supplier's trust in the buying firm, while an agent's *professional knowledge* and *ability to reach compromises* with suppliers affect a supplier's trust in the purchasing agent representing the firm. Trust in the purchasing agent in turn affects trust in the buying firm. Theoretical and managerial implications are discussed.

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1. Introduction

Collaborative buyer–supplier relations are a major source of competitive advantage for businesses operating in industrial markets (e.g. Takeishi, 2001; Paulraj et al., 2008). Members of collaborative buyer–supplier relations share strategic directions, which helps define the roles and responsibilities of supply chain members (Ireland and Webb, 2007). Additionally, members of collaborative relations share high levels of trust (MacDuffie and Helper, 2006). In fact, trust is considered the single most important variable influencing interpersonal and inter-organizational behavior (Kiesling et al., 2004). For a variety of reasons, trusting buyer–supplier relationships lead to reduced transaction costs and improved supply chain efficiencies (e.g. Zaheer et al., 1998; MacDuffie and Helper, 2006; Ireland and Webb, 2007).

Despite the sustainable competitive advantages generated by trusting buyer–supplier relations, developing trust is difficult. The personnel chosen to build trust between supply chain members are of great importance (MacDuffie and Helper, 2006). This is understandable, because the establishment and maintenance of trusting working relations rely on the individuals who regularly interact with one another across organizational boundaries (Perrone et al.,

2003; Ireland and Webb, 2007). These boundary spanners include purchasing agents who develop relationships with individuals of other firms, specifically suppliers. These relations at the individual level provide “a portal for broader communications between organizations” that generate familiarity and trust (Kiesling et al., 2004, p. 99).

As points of contact with the outside world, boundary spanners influence trust development in individuals as well as in organizations (Doney and Cannon, 1997; Zaheer et al., 1998; Perrone et al., 2003). Perrone et al. (2003) suggest that not only do job functions affect boundary spanner behaviors, but boundary spanners also proactively shape their job functions. The formal job functions specified by their organization can constrain boundary spanner behavior, suggesting that organizations are at least partly responsible for boundary spanner job performance. However, the job functions of boundary spanners are also subject to interpretation and are shaped by the individuals performing the functions (Perrone et al., 2003). It is thus reasonable to believe that boundary spanners influence the trust outside organizations place in the firms they represent, as well as the trust the outside organizations place in the boundary spanners themselves. Thus, it is important to understand how the capabilities individual boundary spanners demonstrate in performing their job functions affect the trust boundary spanners generate both in themselves and in the firms they represent.

This research area has been of interest to a number of strategy and operations management scholars (Stanley and Wisner, 2001; Kiesling et al., 2004; MacDuffie and Helper, 2006; Ireland and Webb, 2007). Ireland and Webb (2007) considered the role bound-

* Corresponding author. Tel.: +1 802 656 4116; fax: +1 802 656 8279.

E-mail addresses: chun.zhang@uvm.edu (C. Zhang), viswan14@msu.edu (S. Viswanathan), henke@oakland.edu (J.W. Henke Jr.).

¹ Tel.: +1 281 804 7677.

² Tel.: +1 248 644 7690; fax: +1 248 644 7488.

ary spanners play in influencing trust and power in strategic supply chains. Other operations management researchers have also provided qualitative insights into the role boundary spanners play in building trusting relationships with suppliers (Stanley and Wisner, 2001; Kiessling et al., 2004; MacDuffie and Helper, 2006). Nevertheless, limited research has identified the boundary spanning capabilities that influence trust development. No empirical tests examine how boundary spanning capabilities influence trust development at both the interpersonal and inter-organizational levels (Doney and Cannon, 1997; Zaheer et al., 1998; Perrone et al., 2003). Such tests are important in understanding how trust is developed and maintained (MacDuffie and Helper, 2006).

To address this gap in the literature, we investigate how the boundary spanning capabilities of purchasing agents influence a supplier's trust of purchasing agents and of the buying firms the agents represent. We choose to study purchasing agents as their roles have changed significantly over the past two decades from "transactions-oriented order processors to supply managers with an emphasis on supply chain management" (Stanley and Wisner, 2001). Because purchasing agents can significantly influence a buying firm's reputation and image (Stanley and Wisner, 2001), buying firms are increasingly relying on them to build cooperative relations with major suppliers and to encourage supplier-developed innovations (MacDuffie and Helper, 2006; Zhang et al., 2009). Specifically, purchasing agents carry out a broad range of activities from representing their firms' strategic goals and intent, to using their expertise to facilitate buyer-supplier collaborations (Aldrich and Herker, 1977; Perrone et al., 2003). Building on boundary theory (e.g., Adams, 1976; Aldrich and Herker, 1977) and existing research on supply chain cooperation, we focus on the purchasing agent's capabilities most relevant to trust development with suppliers. Furthermore, to increase the external validity of our study findings, we collect two samples to test our conceptual model: one from the automotive industry and one from the food industry. We found consistent evidence for the effects of boundary spanning capabilities on trust development across the two industries. The theoretical basis for the study and the study findings are presented in the following sections. We conclude by discussing the theoretical and managerial implications of the study and directions for future research.

2. Theoretical development

2.1. Trust

Trust has been investigated by a number of researchers in strategy and organizational research (e.g. Bradach and Eccles, 1989; Ring and Van De Ven, 1992; Zaheer et al., 1998; Perrone et al., 2003) and supply chain management (e.g. Anderson and Narus, 1990; Sako and Helper, 1998; Doney and Cannon, 1997; McCutcheon and Stuart, 2000; Johnston et al., 2004; Gattiker et al., 2007). Trust is a critical factor in developing cooperative buyer-supplier relationships (e.g. MacDuffie and Helper, 2006; Zaheer et al., 1998). For example, trust reduces opportunism in downstream supply chains (Cavusgil et al., 2004), improves supply chain responsiveness (Handfield and Bechtel, 2002), and increases the potential for beneficial supply chain alliances (McCutcheon and Stuart, 2000).

While no consensus has been reached on a universally accepted definition of trust, most trust scholars agree that confidence and belief in the other party's credibility and goodwill are essential to conceptualize trust (e.g. Doney and Cannon, 1997; Johnston et al., 2004; Gattiker et al., 2007). Furthermore, trust scholars (e.g. McCutcheon and Stuart, 2000; Johnston et al., 2004; Gattiker et al., 2007; Hill et al., 2009) have hypothesized and established that the credibility and goodwill aspects of trust are affected in the same way by the same determinants. In particular, when multiple

levels of trust (e.g. interpersonal and inter-organizational levels) are examined, scholars often combine the credibility and goodwill dimensions of trust to simplify the conceptual model (Doney and Cannon, 1997; Zaheer et al., 1998; Perrone et al., 2003). As explained by Doney and Cannon (1997), "although credibility and benevolence could be conceptually distinct, in business relationships such as those studied here, they may be so intertwined that in practice they are operationally inseparable" (p. 43). Therefore, we consider trust as a unidimensional construct; trust in our study is defined as a supplier's confidence and belief in the credibility and goodwill of an object of trust. The object may be a purchasing agent or the buying organization represented by the agent.

We investigate both interpersonal trust and inter-organizational trust in buyer-supplier relations. While operations management scholars acknowledge the importance of interpersonal trust, past research has primarily focused on inter-organizational trust (e.g. Johnston et al., 2004; Gattiker et al., 2007; Hill et al., 2009). Zaheer et al. (1998) have suggested though that "although inter-organizational trust may appear to be the more important influence in relational exchange, interpersonal trust must also be considered for its effects on inter-organizational trust. . . . Simply aggregating interpersonal trust as a proxy for inter-organizational trust ignores the influence of social context in the form of individuals' interactions and organizational rules that constrain and orient its members" (p. 154). To understand how the job performance of purchasing agents shapes trust in individuals and firms, we investigate a supplier's trust in a purchasing agent as well as in the buying firm the agent represents.

As one type of boundary spanner, purchasing agents play a critical role in building supplier trust by reducing the risks suppliers perceive when working with a powerful buyer (Perrone et al., 2003; Ireland and Webb, 2007). As Perrone et al. (2003) suggest, trust is most relevant when risk and uncertainties are involved in buyer-supplier relations. In an industrial supply market, a buying firm often deals with numerous suppliers depending on the complexity of the goods being acquired (Takeishi, 2001; MacDuffie and Helper, 2006). This competitive situation creates risk and uncertainty for suppliers who depend on the buying firms and their purchasing agents for continued business. The risk for suppliers begins with the policies and strategies set by the buying firm that can affect the supplier firm's costs and profitability (IBM Business Consulting Services, 2004). The purchasing agent, as the primary commercial contact with the supplying firm, mitigates this risk through information provided to supplier salespeople, which in turn affects the supplier's trust in the purchasing agent and the buying firm (Ireland and Webb, 2007). Trust in purchasing agents and buying firms is critical because suppliers who do not trust their customers are unlikely to make long-term investments to support future business with the buyer (Doney and Cannon, 1997; Perrone et al., 2003).

2.2. Boundary spanning capabilities of purchasing agents

Boundary theory argues that a central task of organizations is to manage their boundaries with other organizations that supply critical resource inputs or are responsible for the disposal of their outputs (e.g., Aldrich and Herker, 1977; Stock, 2006). To fulfill this task, organizations assign individual employees to perform a varieties of boundary spanning functions such as processing information; maintaining the image of the organization; using expertise to influence external entities; and representing the perceptions, expectations, and ideas of each side to the other (e.g. Aldrich and Herker, 1977; Friedman and Podolny, 1992; Ireland and Webb, 2007). Among these boundary spanning functions, those related to representing the buying firm to external suppliers are most relevant to building trust in supply chain relationships (Perrone et

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