



Managing inter-organizational relationships – Using the force of partner attraction

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Abstract

Company performance is increasingly affected by a range of external factors embedded in a complex network of action controlled by other companies' in its environment. A well managed company, it's argued, is one that is aware of these external factors, and one who in response seeks to implement tactics maximizing own influence and control over them. Information gathering and model building are tactics normally used in this effort. However, in this article we discuss a third tactic, the tactic of attraction in dyadic relationships. Founded on the theory of social exchange and based on literature reviews on long-term-orientation in relationships and relationship value we develop a conceptual model highlighting the components of attraction in business to business relationships. First we demonstrate how the force of attraction can be understood as partners expected relationship value and how expected relationship value in turn is strengthened or weakened by partner- comfortability and dependability. Then we show how partners perceived attraction towards an industrial company can be managed using a combination of structural- and behavioral adjustments.

Key words

Inter-organizational relationships; Relationship Management; Relationship-value; Attraction.

1. Introduction

Increasing technical complexity and diversity makes it difficult for an industrial company to master every technology at a competitive level. Therefore, it's argued that competitive advantage of an industrial company no longer only resides within the boundaries of what it owns and controls, but also on resources controlled by its supply chain partners. To assess these firm-addressable resources (Sanchez and Heene, 1997) dyadic- or inter-organizational relationships are formed as vehicles of transferee.

When an industrial company becomes involved in its environments it becomes vulnerable to it (Pfeffer and Salancick, 1978). The environment suddenly gets the privileged to act on company behalf and even gets a channel whereupon it can act on the company itself.

In this way supply chain partners, comprising part of a companies environment, gets elevated to a platform from where they can exercise influence upon the company embedded in it.

Being involved in inter-organizational relationships is being involved with the outside or the environment and such involvement doesn't come without a price. A company must invest scarce resources to develop and maintain inter-organizational relationships, it loses some of its freedom to act independently and it's usually not at all clear what the returns on these investments are. For these reasons companies only engage in inter-organizational transactions when all parties involved in the exchanges that follow expect to gain value from them (Van de Ven, 1976).

The vulnerability and value involved when an industrial company move to become increasingly embedded in its environments acts to produce a need to establish “*insurance mechanisms*”. Insurance mechanisms are managerial systems and technologies, that when implemented, promotes a perception of safety and value protection to the company using them. Inter-organizational management is one such insurance mechanism. Here the company, embedded in its environment, becomes proactive and aware of the threats and opportunities involved in it, and try to influence the outcome of the actions performed by its inter-organizational partners.

Numerous articles have been written on how to perform inter-organizational management. Some are concerned with the management of “organizational environments” in general (Pfeffer and Salancik, 1978), others concentrate on the management of the immediate partners of a company using the term “*managing the dyad*” or the “*dyadic relationship*” (Dyer and Singh, 1998; Håkansson and Snehota, 1995), while others are concerned with the management of networks (Dyer and Nobeoka, 2000; Granovetter, 1973; Powell, 1990) or supply chains (Lambert and Cooper, 2000 ; Mills et al., 2004). In this article we concentrate on the management of inter-organizational relationships in general. Whether these relationships are embedded in

wider structures such as supply chains or networks is irrelevant, as the dynamics in relationships are always one-to-one¹.

Several tactics have been proposed by academics and implemented by practitioners to manage inter-organizational relationships. Whether these are marketing (i.e. management of customers) or purchasing/sourcing (i.e. management of suppliers) related, they all relate to two main tactics: Information gathering and model building. Both of these tactics are concerned with maximization of control over own and partner behaviors, using information and model building as drivers of inter-organizational coordination and feedback.

Information gathering is concerned with “*detection at a distance*”, making invisible action that impact company performance visible. Tools applied to implement this tactics include Enterprise Resource Planning Systems (Jacobs and Bendoly, 2003); Inter-organizational systems (Christiansen, Rohde and Hald, 2003) and inter-organizational performance measurement systems (i.e. supplier-customer evaluation or supply chain evaluation) (Beamon, 1999; Lambert and Pohlen, 2001; Simpson et al., 2002).

Model building on the other hand is concerned with “*representation*”, reducing complex action to a form less complex and more manageable. Tools applied implementing this tactic include marketing- and purchasing- strategies and more specifically customer and supply segmentation using portfolio models (Fiocca, 1982; Olsen and Ellram, 1997).

However in this article we argue that there is a third and less discussed tactic that in many instances outperform the other, the tactic of partner attraction. This tactics is fundamentally different from the others in that it rejects the underlying principle of “*maximization of inter-organizational control*”. Instead it focuses on “*maximization of inter-organizational alignment*” where alignment refers to degrees of common goals and willingness to cooperate. The logic for an industrial customer operating in an industrial supply chain is that by becoming an attractive customer, the company’s attractive

¹ Although it may be influence by the rest of the network. But this is also considered in this article.

suppliers will in turn become attracted to the company. Herby providing the company with access to a willing, committed and influenceable platform of important and attractive external supplier resources. But how can an industrial company become an attractive partner? By establishing knowledge about the mechanisms that create partner attraction and responding to them. This is the process that we will explore in this article.

In our efforts trying to capture the mechanisms that create partner attraction in a business to business environment we will explore current literature on relationship value and long-term-orientation in industrial relationships. These streams of literature are concerned with exploring criteria that captures “*the force*” that holds industrial relationships together.

That is, they are concerned with finding a set of criteria that if satisfied makes the likelihood of long-term orientation of the involved organizations and the survival and success of the dyad higher. Stated differently they explore “*determinants of continuity*” in dyadic relationships (Anderson and Weitz, 1989). For a dyadic relationship to survive each of the participating companies must experience a notion of attraction and relationship value. Further, the initiating attraction and expected value must be maintained during the lifespan of the dyad. That is, initial expected attraction and value assessments that are not fulfilled in a dyadic relationship leads partners to be unsatisfied. This feeling of dissatisfaction will eventually increase the probability for them to leave the relationship either through a physical manifestation (terminating the relationship) or through a more invisible mental manifestation (loosing commitment).

We show how partner attraction entails three main components: Partners expected value perceptions, partner’s perceived comfortability and partner’s perceived dependability. Further we show how these components can be made manageable or influenceable through a combination of structural- and behavioral adjustments.

The article is arranged as a progressive development of the conceptual model in three main steps. These steps are highlighted in figure 1.

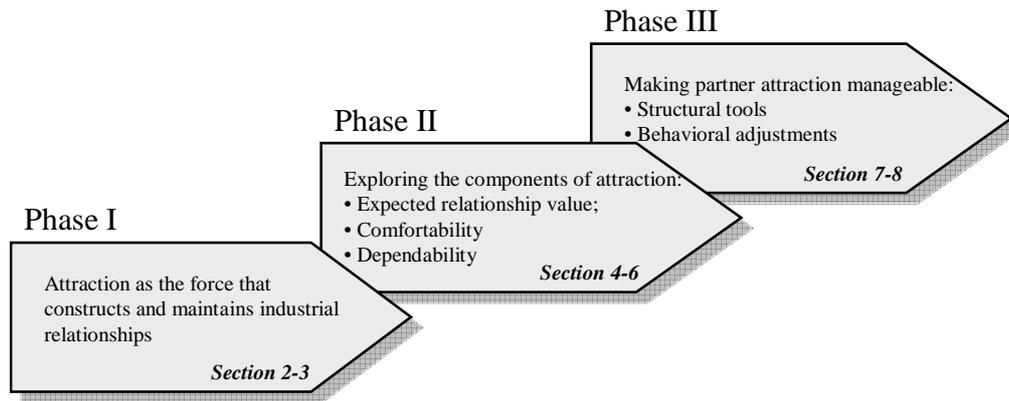


Figure 1: Three main steps in developing the conceptual model on partner attraction

First, in section two and three we discuss the construct of attraction. This gives us an idea about how it is defined and an understanding of the basic dimensions and mechanisms involved in its construction.

Second, in section four, five and six, we explore which criteria are involved in the construction of expected relationship value, perceived comfortability and perceived dependability.

Finally, in sections seven and eight, we first conclude on the conducted literature reviews and describe how each of the dimensions that determine partner attraction can be made manageable (i.e. influenced). Then we will state our main conclusion and make suggestions for future research.

2. Understanding attraction as expected relationship value

The concept of attraction is basically a construct that only gives meaning between to actors. Whether these actors are individuals (i.e. colleagues, purchaser-sales representative, lovers, husbands-and-wife ect.) or groups of individuals (i.e. organizations, industrial companies, communities' ect.) the basis mechanisms are the same.

The mechanisms that govern associations between actors have their roots in primitive psychological processes such as those underlying the feeling of attraction between individuals and their desires for reward (Blau, pp. 19). Attraction is the force that helps attach actors to actors on two accounts. First attraction is one of the leading mechanisms that induce actors to establish associations out of completely free will. In this phase of a relationship, attraction acts as a creator, or as a force attaching two previously unattached actors to each other. Second, attraction is a dominant player in ensuring continuation in relationships between actors. Here it acts as a force that helps maintain a relationship and for actors to stay committed in it, that is. It eventually will help to expand the scope of the association between the actors.

To make the concept of attraction more operational, it's useful to note that one can argue that there are two distinct meanings- or even simultaneous working dimensions of attraction. The first is concerned with if actor A has positive feelings towards actor B. We will call this dimension the intrinsically dimension. The second is concerned with all forms of expected reward as output from the relation. We will call this dimension the extrinsically dimension of attraction

Blau (1964) defines attraction between two actors as an expectation of a reward following from the association between them.

“Actor A is attracted to actor B, if A expects that association with B to be in some way rewarding for A”

Thus, the interest in an expected reward is what draws A to B and the notion of relationship value is therefore at the core of this construct. Thus attraction can be understood as a force that drives actors together, and the primary fuel in this force is expected relationship value. That one actor or both expects a continuous valuable output from the association in some way. However expected relationship value and thus attraction is both perceptual and relative in nature.

First, different actors define relationship value differently and have due to differences in their value systems different needs for reward. This implies that the mechanisms of attraction, decision making- and behavior in the relationship for these actors will be different. Hence they will most likely be attracted to different actor (Blau, 1964).

Second, value is relative in nature since it's a comparison between a reward “*what you expect to get*” and an investment “*what you expect to give*” (Monroe, 1991; Zeithaml, 1988). Further it's a comparison between alternative value propositions (Gale, 1994; Anderson and Narus, 1998). Thus the mechanism of attraction works in portfolios where relationship value only can be assessed in a specific setting and in comparison with an existing portfolio of relationships and current actor goals. That is, value must be conceptualized in terms of the ability of the partners to earn rents above what could have been achieved in the absence of the partnership in alternative partner arrangements (Madhok and Tallman, 1998). Stated differently, one needs to look outside the specific relationship to access the value of the inside, the value of the dyadic relationship.

Being aware of attraction as both perceptual and relative in nature gives involved actors in relationships mechanisms they can use to manage partner attraction. In the next section we turn to this.

3. Managing partner attraction in dyadic relationship

Managing partner attraction, that in turn can help manage inter-organizational relationships, means giving one or both actors involved in the dyadic relationship mechanisms to influence and control their partner's perceived attraction. The question is how this is accomplished? Can such general mechanisms be found? From Blau (1964) we find that attraction leads to attraction in the following way.

“When an actor A is attracted to actor B, A wants to prove itself attractive to actor B”.

Thus A wants to be perceived as attractive to B. In this way A constructs a force that makes B want to attach to A. This will expectedly provide A with the desired rewards². But how does A prove itself attractive to B? Referring to the earlier described definition, we conclude, by arousing the anticipation that the association with it will be rewarding. One way of constructing this arousal is through impression management (Goffman, 1959). By this we mean a conscious and active construction of an image of being valuable to the partner in the dyadic relationship. It's a question of creating a perception of expected relationship rewards. This can be achieved either directly by influencing one or more of the criteria forming this perception or indirectly using the relative nature of attraction to control the number of partner alternatives.

In phase II (sections 4-6) and phase III (section 7-8) of this article we demonstrate how partner perceived- comfortability and dependability influence the number of considered partner alternatives and hereby enhances partner's perceived attraction indirectly. Here we will only demonstrate this point with two short examples.

First, consider a customer finding itself in a relationship with a supplier where there are almost no supplier alternatives, or where possible alternatives are costly to implement. This customer will find itself dependent upon that supplier. This will increase its desire to maintain the relationship, to keep the current supplier involved, and thus promote a sense of attraction towards the supplier by reducing the "*feasible set*" of market alternatives.

Second, consider now the same or a different customer also finding itself in a relationship with a supplier. This time it's a relationship where both operational- and social interactions are functioning without disturbances, and in mutual understanding. This customer will find itself comfortable in its relationship with the supplier. The customer will feel a sense of security that value gained from the relationship will continue and that the supplier understands it and adapts to it in situations of need. All of these components of comfortability will work together "*to produce*" a customer that will be less likely to look for alternative suppliers.

² Without the use of force, which as discussed earlier in this article is an alternative approach

Thus both of these short examples demonstrate that perceived dependability and perceived comfortability have the ability to influence expected relationship value and thus partners perceived attraction (figure 2).

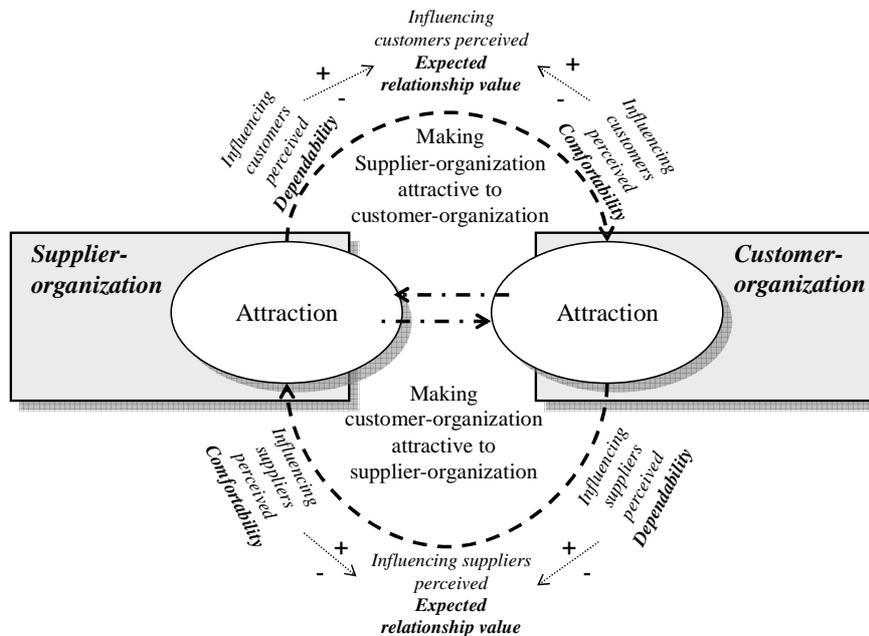


Figure 2: Mechanisms of attraction in industrial relationships.

Thus managing partner (i.e. supplier or customer) attraction towards own company in an industrial dyadic relationship can be accomplished either directly by trying to affect the expected value dimensions or indirectly by reducing partner access to- or desires towards possible partner alternatives. We now turn to explore which criteria define expected relationship value, comfortability and dependability.

4. Expected relationship value

Expected relationship value is at the core of our understanding of attraction in industrial relationships, but what exactly is relationship value and how can it be conceptualized?

First, relationship value can be defined as the perceived trade-off or ratio between multiple benefits and sacrifices that is gained through a partner relationship (Monroe, 1991). From this perspective relationship value in a conceptualization that has two sides

to it, a plus and a minus side. Stated differently it's fundamentally a comparison between "what you get" or expects to get and "what you give" or expect to give (Zeithaml, 1988).

Second, a distinction can be made between value- creation/realization made inside the dyad on the one hand and value- creation/realization made possible due to connections of one or both of the dyadic partners outside the dyad. This conceptualization of relationship value and the distinction between inside/outside the relationship which it implies have been referred to as the first order-/second order function (Håkansson and Johanson, 1993), the primary-/secondary function (Anderson et al., 1994), direct/indirect function (Walter et al., 2001; Walter et al., 2003) or as efficiency-/effectiveness-/network functions (Möller and Törrönen, 2003) of a relationship. It's a conceptualization that is concerned with the location of value in industrial relationships.

Closely related to this issue of location of relationship value is the issue of the time of the recognition and the manifestation of value. Primary/direct functions have an immediate effect on the partner firms participating in the dyad relationship, as these functions is presumed translated to value inside the specific relationship. Secondary-/indirect functions, on the other hand, have been claimed to be more important (Walter et al., 2001, pp. 368). They have a more long term effect on the competitiveness of the partner's since this function include effects that can be leveraged in other relationships. Ford and McDowell (1999) distinguish between four levels that can be affected from decisions and actions taken in a dyadic relationship. First there are decisions/actions that have value effects that materialize directly and more or less real time in the relationship in which they are made. Second, there are decisions/actions that have value effects that are materialized again in the relationship in which they are made, but only after a period of time and not necessarily only in the area in which they are performed. Third, there are decisions/actions that have value effects on the entire portfolio of relationships. Finally, in the framework of Ford and McDowell (1999) there are decisions/actions that have value effects and consequences for the entire network or supply chain in which the dyadic relationship is embedded.

In contrast to these studies we do not distinguish between a plus and a minus side of relationship value, where value creations are made or where it materializes³. Instead we distinguish between actions performed by supply chain partners that lead to relationship value creation defined as improvements in competitiveness, and actions performed by supply chain partners that lead to comfortability defined as making less trouble and promoting a sense of support. In table 2 we highlight the components of each of these constructs.

Relationship value	“Comfortability”
Cost reduction	Strategic “comfortability”
Time compression	Credibility
Innovation	Fairness
Access to new partners	Loyalty
	Realism
	Operational “comfortability”
	Reliability
	Support
	Rescue

Table 1: The component of relationship value and comfortability

We define relationship value as action performed by supply chain partners that materialize as increased competitiveness in the market to which the dyad supplies. Whether this action, leading to the improvement in competitiveness, is dyadic specific or network related is irrelevant or best secondary in this construct. That is, dimensions included in the relationship value construct have a direct effect on market competitiveness. This effect can be achieved either through the current relationship only, these we will call transaction specific effects, or via a combination of improvement in the current relationship and effects that can be leverages in others, these we will call non-

³ Although our comfortability component mainly focuses on primary-functions and our relationship value mainly focuses on secondary functions, our approach is different to previous approaches in that it focuses directly on market competitiveness. In this way proactive actions that lead to improvements in market competitiveness is the criteria that decides our construct.

transaction specific effects. A detailed discussion of each of the four dimensions of relationship value will be provided below.

Comfortability on the other hand is concerned with supply chain partner's ability to "*help run things smoothly*" or its ability to "*stay under the radar*". A supply chain partner that promotes comfortability is one that is "*invisible*" and one that even makes mistakes and disturbances made by its partner disappear. Thus comfortability is not concerned with improving competitiveness⁴, but instead is concerned with making things easier, more bearable and cozier. A detailed discussion of each of the seven dimensions of comfortability will be provided in section 5.

"Cost reduction" is concerned with bringing value to the partners in the industrial relationship by focusing on taking out cost of the supply chain, herby improving dyadic competitiveness by focusing on becoming a more cost competitive industrial unit (Porter, 1996). Walter et al. (2003) describes what they call "*the cost reduction function*" from a customer perspective. This function focuses on the supplier's ability to provide the customer cost reduction potential. The concern is especially on the supplier ability to reduce the amount of money spending on goods and services or stated differently reducing prices and holding quality constant. In a qualitative study based on interviews Ulaga (2003) identified price as an important dimension. All customers would like the supplier price to be competitive, but the most important aspect in the price dimension applying to all buyer-supplier relationships is the customer's demands for supplier commitment to annual price decreases (Ualga, 2003). In the same study suppliers ability to help the customer take out supply chain cost is also revealed as a valuable asses for a customer. Here, four areas of opportunity were identified in the interviews: Inventory management; order-handling; incoming inspections and manufacturing (Ulaga, 2003).

"Time compression" is concerned with bringing value to the partners in the industrial relationship by fostering a higher degree of market responsiveness both in product development and in supply chain execution, herby improving dyadic competitiveness by

⁴ Although this certainly can be an indirect consequence.

focusing on becoming a more market responsive industrial unit (Porter, 1996). Referring to the increased market pressure to produce new product faster and deliver them to the market Ulaga (2003) discuss supplier's ability to help customers reduce time-to-market and based on the interviews he identifies three phases in product development where this can be achieved: In the design phase; in the prototype development phase and in product testing/validation phase. (Ulaga, 2003). We supplement this finding of valuable time compression in the development function by arguing that time compression in the supply chain is just as important, and supply chain partners helping achieve such time compressions add value to their partners and to the relationship of which they are part.

"Innovation" is concerned with bringing value to the partners in the industrial relationship by improving their components and product portfolios, hereby improving dyadic competitiveness by differentiation, focusing on delivering better and more innovative end products to the market (Porter, 1996). This is achieved both by improving existing components and products and by developing new ones. Supplier's proactive initiative and ability to develop new products or improve existing products is seen as valuable to their customers (Ulaga, 2003). Supplier's innovative ideas, innovative products, innovative production facilities and processes bring value to their customers (Walter et al., 2001). But also customers contribute to supplier perceived expected relationship value. It is argued that their technology capabilities and ability to transfer knowledge is seen as valuable for their suppliers (Walter et al., 2003).

"Access to new partners" is concerned with bringing value to the partners in the industrial relationship by improving the team, hereby making the supply chain of which the dyad is part more competitive on one or all of the above dimensions. Walter et al. (2001) and Walter et al. (2003) describe what they call "*the market function*". "*The market function*" is concerned with the supply chain partner's ability to connect the dyad to new potential business partners. These partners can be other relevant suppliers or potential customers. In establishing contact with new business partners the supply partner can take an active role or a passive role. In the case of the passive role the mere prestigious brand name of the supply partner can help attract new attractive customers or

suppliers. Further by sharing its experience in dealing with official regulating marked authorities such as governments a supply partner can help open doors to new markets (Walter et al., 2001).

5. Comfortability

As discussed earlier in this paper and illustrated in figure 2, comfortability is not at the core of partner attraction. Instead we argue that comfortability has a moderating effect on perceived relationship value and that this effect either can weaken or strengthen partner's perceived attraction

If the partner gets to “noisy”, either because it act inappropriately and egoistically on the strategic level and/or because its operational performance and attitude is filled with to many performance disturbances this will influence and weaken the partners perceived attraction. In turn this could ultimately mean that this partner will seek to exit the relationship even tough the core expected relationship value function (i.e. one or more of the four dimensions described in paragraph 4.) is rated as very valuable.

On the other hand if the partner is “invisible” most of the time and communicates and acts supportively to make the dyadic relationships run smoothly on both the strategic and the operational level this will influence the intrinsically dimension of attraction (discussed in section 2). Positive feelings and a sense of “*he understands us*” and “*we understand him*” is generated, and this will strengthen partner attraction. However this can have a negative flipside, since in this case attraction can be high even though relationship value is low. In this case the relationship enters a dangerous state of coziness, where competitiveness slowly will deteriorate.

We now turn to describe each of the identified components of comfortability.

Strategic comfortability is concerned with issues affecting the continuation of the business. Promoting strategic comfortability means making your partner feel safe, that the business and the benefits that the partner gets through the association with your

company, in the dyadic relationship, will continue, and that the partner will get a fair share of these benefits. Strategic comfortability is subdivided into four main components: Credibility; fairness; loyalty and realism.

“Credibility” is concerned with bringing strategic comfortability to the partners in the dyadic relationship by strengthening your partner’s perception that your company makes commitments that are reliable. Thus if a partner is presumed credible, the other party adopts a belief that this partner “*keeps a promise*” and do not “*let us down*”. Credibility is found to be linked to the long-term orientation of the partners (Genesan, 1994).

“Fairness” is concerned with bringing strategic comfortability to the partners in the dyadic relationship by strengthening the partner’s perception that your company acts in honorable and fair ways. Fairness is concerned with how the benefits that are attained in a dyadic relationship are divided. When your partner feels that its needs are fulfilled long term by actions undertaken by your company, your partner adopts a sense of perceived fairness towards your company. In this way, when a perception of fairness is present, companies involved in a relationship develop confidence that short-term inequities over the long-term will be corrected to yield a long-term benefit (Dwyer, Schurr and Oh, 1986). Kanter (1994) suggest that each party should act in honorable ways towards its supply chain partner, hereby making the chance of breaking the relationship due to reasons of mistrust and abuse of information less likely. Companies perceiving their partners to possess a reputation for fairness (i.e. partner’s not terminating relationships and seeking high profits) are more likely to adopt a long-term orientation in the relationship (Genesan, 1994). Unfairness is defined as a participating company’s tendency to terminate a relationship to appropriate profitable accounts and territories (Anderson and Weitz, 1989).

“Loyalty” is concerned with bringing strategic comfortability to the partners in the dyadic relationship by strengthening partner’s perception that your company is there in times of business crisis. Walter et al. (2001) constructs “*the safeguard function*” and states that customers that are loyal to the supplier in times of market pressure are more

attractive to the supplier. These “emergency customers” ensure the supplier a continued and important lifeline of business, even though the deal might not be the most attractive and profitable for the customer seen over a short time frame.

“*Realism*” is concerned with bringing strategic comfortability to the partners in the industrial relationship by acting in realistic manners towards your partner. Companies that sets impossible high standards for their partners destabilizes the relationships in which they participate and ultimately makes them dissolve (Anderson and Weitz, 1989)

This concludes the four main components of strategic comfortability. We now turn to a short discussion of operational comfortability.

Operational comfortability is concerned with day to day operations in the supply chain and how supply chain partners support these operations. Promoting operational comfortability means making your partner feel safe that the supply chain will perform to meet on time delivery demands and that you are there to help your partner smoothen logistics operations, also in times of crisis. Operational comfortability is subdivided into three main components: Reliability, support and rescue.

“*Reliability*” is concerned with bringing operational comfortability to the partners in the dyadic relationship by being operational reliable⁵. Percieved reliability is promoted by ensuring that logistics and supply chain operations keeps inside agreed schedules. Supplier delivery performance is mentioned as an important aspect of a suppliers value creation potential to a customer (Ulaga, 2003). Based on interviews this dimension is subdivided into three criteria. Even though Ulaga doesn’t discuss it two of these criteria, namely *on-time-delivery* and *accuracy of delivery* is concerned with the suppliers ability to conform with standard and often contractualised customer expectations and these criteria thus must be considered as mere qualification criteria and not as order winners. Whereas the last sub-criteria mentioned, *delivery flexibility*, highlights the supplier’s

⁵ In this way this component resembles the strategic component of credibility, but it is different in that it focuses on commitments made in operational day to day business.

ability and willingness to change previously agreed delivery schedules, and this in turn will make him more attractive in the eyes of the customer. We return to this point under the “*rescue*”-dimension below.

“*Support*” is concerned with bringing operational comfortability to the partners in the dyadic relationship by available when needed. Supplier availability, that is, that a customer can get a hold of his supplier whenever needed. A supplier’s ability to provide speedy, exact and detailed information/decisions whenever needed is highlighted as a valuable asset for a customer because he in turn might be pressured by his customers for information/decisions (i.e. for product change requests) (Ulaga, 2003). The social support function as defined by Walter et al. (2003) is concerned with the supplier’s ability to work cooperatively and supportively with the customer, which in turn will provide the basis for a good working atmosphere.

“*Rescue*” is concerned with bringing operational comfortability to the partners in the industrial relationship by being flexible in times of operational crisis. Suppliers acting as “rescue suppliers” support their customers by being reliable in their execution of high quality delivery operations in times of crises to the customer sourcing operation (Walter et al., 2003). Delivery flexibility highlights the supplier’s ability and willingness to change previously agreed delivery schedules, and this will make him more attractive in the eyes of the customer (Ulaga, 2003).

6. Dependability

As discussed earlier in this paper and illustrated in figure 2, like comfortability dependability is not at the core of partner attraction. Instead we argue that dependability has a moderating effect on perceived relationship value and that this effect either can weaken or strengthen partner’s perceived attraction.

Most of current literature on long-term-orientation in dyadic relationships and dyadic relationship value assumes that a balance in partner dependence or interdependence must exist as a prerequisite for partners to feel attraction and thus for the partnership to

survive. Kanter (1984) for instance argue as one of eight criteria for success, that relationships should be created on a platform of interdependence, where neither can accomplish alone what both can accomplish together.

In establishing the casual link between balance in dependence and the length of the relationship this stream of literature often use the power dependence theory of Emerson (1962). This is basically a theory linking dependence and power, stating that power is the inverse of dependence. In power dependence theory it's presumed that when dependence- and thus a power imbalance exist the less dependent actor will use the imbalance to exploit the more dependent actor, and the more dependent actor (or company) will be dissatisfied with the relationship, heightening the probability that the relationship will break. It's argued that imbalanced dyadic relationships are characterized by less cooperation and a grater frequency of conflict (Dwyer, Schurr and Oh, 1987).

We argue that the basis assumption, that a partner always will exploit a power imbalance is wrong. First, it's not a question of if the power- or dependence imbalance is used to appropriate more of the relationship value, but if the partners perceive it to be the case. Next, we argue that the consequence of a power- or dependence imbalance in a relationship only can be decided in combination with partner perceived- comfortability and expected relationship value. Thus, if for instance a partner holds strong expectations towards the relationship value that can be reaped from the dyadic relationship and at the same time feels both a strategic and operational comfortability working with its dyadic partner, then a major power- and dependence imbalance will not affect its tendency to exit the relationship.

In the next paragraph we continue this argumentation on the connectedness of the three constructs. Then we propose mechanisms that can influence each of them, in this way giving a company mechanism to move partner perceived attraction in desired directions.

7. Making partner attraction manageable

Management of your partner’s interest in a long-term-association with your company is achieved through the “manipulation” of this company’s perceived relationship value; perceived comfortability and perceived dependability in the dyadic relationship. We further argue that to manage partner perceived attraction, all of the three constructs must be considered at one and the same time. This is the case, since some combinations of the three constructs will outperform the others and yield better results in archiving partner perceived attraction. We have summarized our results in table 3 below.

Nr .	Expected relationship value	Perceived dependability	Perceived comfortability	Result Partners perceived Attraction	Consequence Action of partner
1	High	High	High	High	Will be highly attracted.
2	High	High	Low	Low	Will seek to reduce dependability and leave the relationship.
3	High	Low	High	High	Will be highly attracted.
4	High	Low	Low	Medium	Will be annoyed about the uncomfortable partner behavior.
5	Low	High	High	Medium	Will feel a dangerous sense of coziness and convenience.
6	Low	High	Low	Low	Will seek to reduce dependability and leave the relationship. Probably not enter in the first place.
7	Low	Low	High	Medium	Will feel a dangerous sense of coziness and convenience.
8	Low	Low	Low	Low	Will seek to reduce dependability and leave the relationship. Probably not enter in the first place.

Table 2: How expected relationship value; perceived- dependability and comfortability work in combination to produce partners perceived attraction.

But how can each of the three constructs in the table above be influenced?

First a prerequisite for influencing partner perceived attraction, is establishing knowledge about how the mechanisms are formed. Thus documenting partner preferences towards the dyadic relationship, how a partner should behave and what the partner expects to appropriate from the relationship is important. We argue that in a normal dyadic

relationship with regular interactions there are several usable information sources that can be activated for this purpose. First learning about your partner's strategy and mission statement can help you understand what he values. Next, studying your partners evaluation charts (i.e. supplier- or customer evaluation dimensions) will reveal to your company what operationally is required to hit the dimension of operational comfortability. Finally, training your company representatives in being aware of- and in certain situations even documenting what your supply chain partner are revealing of relationship value and comfortability preferences when interacting with your company will prove valuable. These preferences can be revealed either vocally or in writing.

Second, we claim that there are a set of mechanisms that can be use in general to influence partner perceived relationship value, partner perceived dependability and partner perceived comfortability. Next we will shortly present four of these⁶: Investment, Adaptation; Communication; Institutionalization.

“Investment”

Kanter (1994) claims that each partner should reveal interest by investing in the relationship, herby creating transaction specific ties that will help bind the relationship together. If a partner is perceived to engage in many “transaction specific investments” in a dyadic relationship, these investments communicate strong commitment to the relationship supporting a notion of partner credibility and in this way produce a long-term orientation in the partnering company (Genesan, 1994). In a contribution finding its theoretical paradigm support in transaction cost economics (Williamson, 1975) Weiss and Kurland (1997) explores the influence of transaction specific investments/assets in cementing distribution channel relationships. Transaction cost theory, they argue, holds that relationships are maintained because the parties invest in relationship-specific capital. The argument goes that such investments are idiosyncratic to the specific dyadic relationship and thus non-redeployable in other. This increase the switching costs of potentially replacing an exchange partner because the assets are lost forever (Barney and Ouchi, 1986). More specifically Weiss and Kurland (1997) explores how transaction

⁶ We do not claim that this is a complete list. Instead we discuss the four mechanisms as mere examples.

specific investments on the part of a manufacture representative (a customer) influence the likelihood that the manufacturer (the supplier) will terminate the relationship. They formulate two main hypotheses and conduct empirical survey based research that support both of them. The first hypotheses stating that *“increases in transaction specific investments by the customer in the supplier-customer relationship will decrease the likelihood of the supplier terminating the relationship”* The second hypotheses stating that *“increases in transaction specific investments by the customer in the downstream customer-customer relationship will decrease the likelihood of the supplier to terminate the relationship”*. Taken together the results of the research conducted by Weiss and Kurland (1997) indicate that when used and balanced properly transaction specific investments has a cementing effect in the supply chain as such. Further the research show, that this effect is not just attached to the party making the investment, but also to the dyadic partner (i.e. supplier) profiting from it, since loosing the positive effects of adaptations from a partner (i.e. the customer) implies switching costs. Finally, the second hypotheses indicate that the cementing effect can cross several tiers in the supply chain acting as a binding force cementing whole chains together. This is an effect since the transaction specific investment in a downstream customer relationship, will increase the switching cost of the supplier, since it risks loosing not only the direct customer making this downstream investment, but also the downstream chain connected to this customer.

“Adaptation”

Adaptations can be product, process or business orientated. Making adaptations in one or more of these areas means that the partner making the adaptation changes own ways of working to adopt to dyadic- or partner ways of working. This can improve supply chain cost performance, delivery performance and further produce a perception of increased partner dependence. Wilson and Jantrania (1995) highlight product adaptations as one of five criteria for dyadic relationship survival. Day (1995); Wilson and Jantrania (1995); Morgan and Hunt (1994) all points to the establishing of mutual goals, that is business adaptation in governing mechanism, as a prerequisite for success in dyadic relationships.

“Communication”

Intensive two-way communications between the two companies is defined as the frequent exchange of plans, programs, goals, expectations and performance evaluations. It’s stated that such frequent exchanges of information is critical for coordinating actions, preventing misunderstandings from arising, resolving disputes and make each party more confident in the relationship and thus more willing to make an effort keeping it alive. Here we would like to highlight the dyadic exchange of company goals and expectations as of especially importance in making the dyadic relationship successful and thus ensuring its survival (Anderson and Weitz, 1989)

“Institutionalization”

Finally the last of the mechanisms that we will mention in this article is institutionalization. Institutionalization is contrary to the other three mechanisms mentioned above intra-company focused. Its aim is to affect internal perceptions of supply chain partners by creating an image of importance. Stated differently, its about establishing a top management vision and a company culture where relationships with suppliers are valued (Kanter, 1994; Day , 1995; Mentzer, 2000)

We conclude this paragraph with an illustration of the framework for management of partner attraction which we have developed in this article. Our framework is illustrated in figure 3.

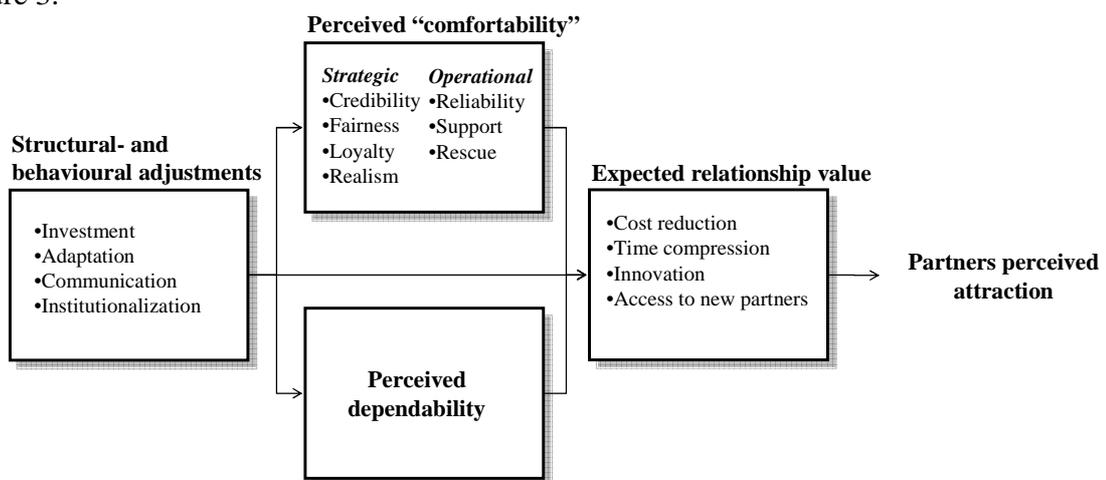


Figure 3: A framework for making partner attraction manageable

8. Conclusion

In this article we have discussed how attraction can be used as a supplement to information gathering and model building in managing inter-organizational relationships. We have demonstrated how the tactics of partner attraction focuses on “*maximization of inter-organizational alignment*” where alignment refers to degrees of common goals and willingness to cooperate between the dyadic partners. Further we have discussed the components of attraction and argued that it in industrial dyadic relationships can be understood as expected relationship value moderated by partner’s perceptions of “comfortability” and dependability. Finally we have indicated how partner perceived attraction can be managed using mechanisms of structural and behavioral adjustments.

Although resting firmly on a range of both empirical and theoretical based studies, the argument presented in this article is a theoretical one. We are currently conducting empirical investigations in two European industrial supply chains. First indications from these studies indicate that the framework presented in this article is confirmed.

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