PURCHASE PROFESSIONALS’ CYNICISM ABOUT COOPERATING WITH SUPPLIERS: DOES IT IMPACT TOP MANAGEMENT EFFORTS TO INDUCE RELATIONAL BEHAVIORS IN BUYER-SUPPLIER RELATIONSHIPS?

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In today’s relationship marketing era companies seem to be focusing on relationships with their suppliers to a great extent. Following the trend, scholars have shown a significant interest exploring antecedents, especially ‘trust’ related variables that may predict relationship outcomes. Extending this literature, the current study examines predictors beyond trust, and views relationship building from a perspective of organizational change initiative. We seek to investigate the impact of managers’ cynicism towards cooperative business paradigm. A model was tested using survey data collected from purchase managers who are members of National Association of Purchase Managers in USA. Results of the study suggest that organizational support dimensions: (i) Relationship Implementation Infrastructure and (ii) Interfunctional Interaction Satisfaction have positive influence on External Relationship Behaviors. Also, findings support the hypothesis that purchase managers’ Relationship Cynicism impacts top management efforts to induce relational behaviors. Results also reconfirmed the positive link between relational behaviors and relationship performance.

INTRODUCTION

In order to remain competitive, firms are increasingly moving away from traditional adversarial relationships with a multitude of suppliers to one of forging longer-term relationships with a few select suppliers (Hansen, 2009). One of the determinants of success in such relationships is the way an organization deals with its alliance strategy (Fugate, Sahin, & Mentzer, 2006). Inter-organizational cooperation as a strategic choice to create value has been acknowledged as a key driver reshaping the alliance between buyer and sellers (Wilson, 1995). There has been a series of studies that looked into aspects of buyer-supplier relationship strategy formation and success factors (Møller & Wilson, 1995; Ford, 1997; Hsu et al., 2008; Hansen, 2009). Findings from researchers in this field appear to conclude that success of relationship marketing strategies relies on their effective execution not just at the buyer-seller level but also at the intraorganizational level (Palmatier, Dant, Grewal, & Evans, 2006).

Understanding issues and opportunities in buyer-supplier relationships has attracted much attention from academia. Researchers have paid special attention to study the role of trust at interorganizational as well as interpersonal levels (Andersen & Kumar, 2006, Fang, Palmatier, Scheer, & Li, 2008)). This stream of research contributes to the literature extensively; however, more diverse approach is needed to further upgrade our knowledge. This argument was echoed recently by scholars stating that “while this (trust) is undoubtedly an important variable in governing the interactional dynamics it is by no means the only variable” (Andersen & Kumar, 2006, p. 522; parenthesis added).

It has been argued that contribution of factors internal to a business unit to the success of buyer-supplier relationships needs more attention (Hsu et al., 2008). Underscoring such needs, recently, scholars have called upon more
empirical research investigating significant managerial level factors that are internal to organizations and related to successful business-to-business relationship (Rajamma, Zolfagharian, & Pelton, 2011). This issue assumes further importance given the high failure rate of alliances and the attribution, in general, of failure of relationship marketing strategies to poor application by relationship managers. Findings of a meta-analysis study in this area suggest that “RM (relationship marketing) may be improved by taking a more fine-grained approach in which managers target RM strategies at specific relational weaknesses” (Palmatier et al., 2006, p. 150; parenthesis added).

Therefore, we propose this research to understand how the factors internal to the organization affect cooperative relationships between firms. Specifically, the primary objectives of this research are to (1) develop and test a model involving the organizational support dimensions (i.e., top management advocacy and infrastructure for cooperative relationship), interfunctional coordination, and the external relationship performance in buyer-supplier relationships; (2) comprehend whether and how the support extended by organizations is impacted by cynicism towards cooperative buyer-supplier relationships held by functional managers in buying organization.

**Buyer-Supplier Cooperation: An Organizational Change Initiative**

Studies on relationship marketing strategy execution have taken a systems view of interfunctional interaction focusing on factors internal to the organization and their effective coordination (e.g., Kothandaraman & Wilson, 2000; Reukert & Walker, 1987). However, shifting from an adversarial to a cooperative relationship mode in dealing with suppliers is often a reflection on changing the way business organizations conduct business. This in many ways is similar to other change initiatives involving phenomenon such as quality improvement, customer service, right-sizing, teamwork etc. Management literature is copious on organizational change initiatives such as TQM (e.g., Powell, 1995) and has also focused on challenges accompanying such initiatives. Typical challenges that get highlighted include the role played by organizational members’ beliefs and behavior and institutional structures that impact the organizational change initiatives (Barley, 1986; Orlikowski, 1992).

Marketing scholars have studied organizational change initiatives by looking at how companies transform from a product driven to market-driven organizations (e.g., Day, 1994). In their efforts to become market-driven, companies often face resistance from employees. When IBM redesigned their customer relationship management process to focus major efforts on the more profitable clients and not just any client, the company’s sales-force resisted. As Day (1994) reports, the mindset of the sales-force was, “…that all business is good, that all sales opportunities are good, and that all revenue is good”. Individual employees are an important part of implementing change initiatives and the role played by employees as partners in the change process has been acknowledged. For example, studies using the perspective of psychological contracts highlight the important role played individual organizational members’ beliefs in embracing change initiatives (Connell & Waring, 2002). This perspective which has its critics (Guest, 1998) argues that change initiatives often fail because frontline employees view changes as a breach of some unwritten understanding with the employers that covers transactional and relational or socio-emotive elements of their jobs. In the realm of buyer-supplier relationships, an adversarial model of purchasing often allowed buyers to keep the suppliers at a distance and play one supplier against the other.

With the emergence of service dominant logic that underlines the need for value creation in buyer-seller relationships (Vargo & Lusch, 2004) the cooperation between organizations involved in value creation chain is highly critical (Rundh, 2011). The new cooperative model of buyer-supplier relationships call for
buyers to change their ways and prepare to enter into an open and trust-based relationships. In order for such changes to succeed, the buyers need to buy-in to the new order. Their mental models have to recognize suppliers as partners and not view the changing business model as an “idea of the month” or “bend over here it comes again” (Connell & Waring, 2002). This notion of employees being reluctant or dysfunctional part of the change initiatives has been incorporated in an emerging stream of research dealing with cynicism about organizational change (Reichers, Wanous, & Austin 1997; Stanley, Meyer, & Topolnytsky, 2005; Wanous, Reichers, & Austin, 2000).

Studies on cynicism about organizational change have found that employees charged with implementing change initiatives tend to see them as “… necessary evils or as the incomprehensible actions of a top management group out of touch with day-to-day operations” (Reichers et al., 1997). Thus cynicism is an important barrier to change in general and could also come in the way of organizations trying to execute buyer-supplier relationship strategies. Consequently, in the current study we explore the execution of relationship strategy from a perspective of organizational change initiative and its accompanying employee cynicism. Specifically, we seek to understand the impact of managers’ cynicism towards cooperative business relationships.

The growing trends of business partner’s opportunism (or anticipated transaction costs) has fueled the employees’ cynical attitudes and distrust in business relationships (Hawkins, Wittmann, & Beyerlein, 2008). Although employees should be cautious as organizations want to remain vigilant about business relationships, a greater level of cynicism about organizational change adversely impacted employees’ commitment, satisfaction and motivation to work (Reichers et al., 1997). Further, such cynicism also leads to lack of employee support to an organization’s change initiatives and results in disillusionment regarding good performance contributing to better rewards (Wanous et al., 2000). Cynicism towards cooperative relationships is especially important because managers’ expectations and perceptions arguably influence the ‘customer value from a strategic point of view’ (Rundh, 2011).

Relationship Cynicism

Cynicism as a construct has long been studied in the organizational behavior area both as generic human nature and as an attitude towards specifics such as one’s organizations and superiors (Anderson & Bateman, 1997; Dean, Brandes, & Dharwadkar, 1998). There has been a renewed focus on this construct in its application to managing organizational change (Wannous et al., 2000; Qian & Daniels, 2008). Considering the fact that trust plays an important role in sustaining and implementing relationships, it is important to note that scholars distinguish between the concepts of cynicism and trust (Stanley, Meyer, & Topolnytsky 2005; Mayer, Davis, & Schoorman, 1995). In the context of organizational changes, it has been posited that cynicism and trust may very well share some common antecedents; however, they cannot be treated as synonymous (Mayer, Davis, & Schoorman, 1995). Moreover, it has been argued that even if “either cynicism or skepticism alone would be sufficient to cause mistrust, neither can be considered redundant with trust” (Stanley, Meyer, & Topolnytsky, 2005, p. 437).

Recently, researchers have attempted to explore the concept of cynicism in different contexts. For example, Naus, Iterson, & Roe (2007) found evidences suggesting that cynicism is linked to role conflict, low autonomy, and low assertiveness. In another study, Kim et al. (2009) proposed that top management’s credibility (i.e., trustworthiness and competence) relates to different dimensions of employee cynicism (i.e., cognitive, affective, and behavioral). Authors’ further argue that various dimensions of cynicism differentially influence employees’ organizational commitment.
Companies have recognized this problem of cynicism in workplace and have tried to engage ‘cynics’ among its employees. They often found cynics to have an uncanny ability to sniff out the downside of things and exaggerate them. They do it in a way and in forums that can not make positive contribution (Cutler, 2000). Thus, the consequence of organizational cynicism associated with change initiatives appear to be real and worth managers’ attention. In many organizations, the switch from an arms-length contractual association with the sellers to a cooperative business relationship based on trust and commitment is a legitimate organizational change as perceived by the members of the purchasing function. Some have addressed this issue at a descriptive level as political consideration in implementing alliances (Lorange & Roos, 1991). Personal purchase philosophies of purchase managers on multiple suppliers have negatively impacted firms’ ability to shift to single source supply (Leenders & Blenkhorn, 1988). The essence of this dilemma is captured in the following response by one of the executives as reported in Lyons, Krachenberg, and Henke (1990):

“We’ve had to outplace or retire some of our most experienced, veteran buyers. It was just too much to expect them to change from playing poker with suppliers to cooperating with them. The old ways and the new games just didn’t match.”

Campbell (1998) reported that buyers who described supply partnerships as “just a buzz word” often followed competitive supply partnership norms. Thus, there appears to be a strong need to examine the prevalence of cynicism about cooperative buyer-supplier relationships amongst purchase managers and explore its consequence to buyer-supplier relationships.

Cynicism has been conceptualized as a personality trait (Pope, Butcher, & Seelen, 1993) and as an attitudinal orientation (Reichers et al., 1997). In this study, we adopt the latter conceptualization for three reasons. Firstly, attitudes can be influenced more easily than personality and it is important that we focus on variables that are actionable. Secondly, the object of cynicism that we focus in this study is cooperative business relationships and not merely interpersonal cooperation among individuals and hence negative attitude towards cooperative relationships would better able to capture cynicism than a negative trait-based disposition towards cooperation itself. Finally, studies of cynicism about organizational change have already conceptualized cynicism as an attitude in their context and thus there is precedence in doing so. Thus we propose a preliminary definition of cynicism about cooperative buyer-supplier relationships as a negative attitude towards cooperative buyer-supplier relationships.

Our conception of cynicism about cooperative buyer-supplier relationship is based on the assumption that a phenomenon such as cooperative buyer-supplier relationship could be an object of attitude and is consistent with earlier formulations of cynicism about organizational change as attitudes towards organizational policies and processes (Reichers et al., 1997). Although, purchase managers’ perceptions that marketers or their salesmen are not worthy of entering into cooperative relationships may be based on their experience with a few individuals from supplier organizations, perception that all cooperative partnerships are doomed to fail can only be attributed to their enduring and widespread opinion about the entire supplier community. Further, some of the perceptions upon which individuals’ cynical attitudes are based upon may have their roots within their own organization. Therefore, these individuals from the buyer side may find it hard to identify it with specific individuals from the supplier side as both sides have distinct organizational environment.

Therefore, we argue that buyers can form attitude towards the relationship phenomenon based on the observed behavior of people at the buyer and sellers end. It is important to appreciate the distinction between cynicism and the associate dimensions of job satisfaction and
trust (Anderson & Bateman, 1997). Cynicism is an attitude that is outwardly directed, while satisfaction is retrospective and self-focused (Stanley et al., 2005). While trust involves beliefs based on future expectation about a specific promise, cynicism is a broader attitude that stems from, among other things, a disillusionment based on distrust and disbelief (Anderson & Bateman, 1997).

**Conceptual Framework and Hypotheses**

A grounded theory approach was utilized to get at the dimensions of organizational support. This approach is aligned with the marketing literature that incorporates qualitative methods to address the complex research questions (Houston & Venkatesh, 1996; Goulding, 2002). Marketing researchers underscore the importance of the “theory that is grounded in the words and actions of those individuals under study” and suggest the need for “a balancing act between drawing on prior knowledge while keeping a fresh and open mind to new concepts as they emerge from the data” (Goulding, 2005, p. 296).

We conducted field interviews for the purpose of gaining further insights. In the first phase of the study, we interviewed executives to develop an understanding of organizational factors that managers feel may impact an organization’s external relational behavior and performance in external relationships. Randomly selected executives from the list of National Association of Purchase Managers were contacted to gain permission for recorded interviews. The premise of research study was clearly explained to them. Specifically the focus was on trying to understand dimensions of organizational support in implementing buyer-supplier relationships and managers’ cynicism towards cooperative business relationships that carry flexibility, information exchange, and solidarity as key requirements.

The analysis of eleven field interviews suggested the key dimensions of the organizational support that are essential to the successful execution of the strategy: i) the top management advocacy of the relationship paradigm and ii) the availability of the infrastructure to implement alliances. Additionally, in line with the earlier work (Kothandaraman & Wilson, 2000), we also consider the extent of the internal alignment of value-creating functions captured by managers’ satisfaction in cross-functional interactions to create and deliver value in buyer-supplier relationships. Finally, we focused on the managerial cynicism that could hamper relationships.

Purchase managers’ cynicism towards a cooperative business paradigm seemed to frustrate top executives constantly as they try to maintain the cooperative relationships with suppliers. Senior executives, however, were vague on the nature of impact of cynicism on relationship strategy execution. One executive expressed the following comment:

“When the guys who need to take the baton and run remain convinced that cooperating with sellers was bad for a buyer’s business, you have a problem; We tried hard to change their mindset; it was clear to me that we were spending more to get our folks see a new point of view.”

Another top executive expressed his frustration as follows:

“I know I have to champion new business ideas so that others follow; but that’s not my only job as I need to run a business here.”

The above statements and our other interactions suggested a scenario where organizational resources needed to implement strategies were consumed by efforts to neutralize cynicism of managers towards cooperative relationships. This also is in line with the earlier work on cynicism at work places suggesting that cynical employees do not actively participate in the organizational change process (Wanaus et al., 1994). On the other hand, it is expected that less cynical managers are likely to put more effort into building the relationship. Thus, in our case, less cynical managers may readily
embrace a paradigm of cooperative buyer-supplier relationships thereby resources directed at them may be utilized somewhere else. Any effort directed towards cynical managers may pay dividends in bringing down the level of cynicism resulting in enhanced overall positive outcomes. This suggests a moderating role for cynicism and thus in our study, we incorporate cynicism towards cooperative relationships as a moderator variable.

We first outline our indicator of successful relationships: external relational behavior. Then we describe the three independent variables that capture the organizational support dimension and their relationship with external relationship behavior. Next, we expand on the internal satisfaction dimension and its relationship with the dependent variable. Finally, we describe the moderating effects of cynicism towards cooperative relationships on the relationship between organizational factors and external relationship behavior. Figure 1 contains all the variables and proposed relationships among them.

**External Relational Behavior**

Successful execution of relationship strategy usually can be discerned from managers’ positive, open and non-adversarial behavior towards its relationship partners. Relational behaviors performed by the seller impact

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**FIGURE 1:**
Hypothesized Model
buyers’ relational perceptions such as social and economical satisfaction, trust, and commitment (Ivens, 2004). However, there is no general consensus within relational exchange literature on what specific components should be included when assessing relational behaviors (Ivens, 2002).

To understand what constitute relational behavior in inter-organizational settings, we draw from studies that have explored relational norms in many marketing channel and buyer-supplier contexts. Based on Macneil’s (1980) relational exchange theory, relational norms relate to how partners to an exchange behave under a particular type of contract. Ivens (2004) performed an empirical test based on Macneil's exchange framework and concluded that five variables that are solidarity, mutuality, flexibility, role integrity, and long-term orientation are being mainly researched as relational behaviors.

For our purpose, we adopt the three norm types developed by Heide & John (1992): flexibility, information exchange and solidarity. We believe that the three components are particularly appropriate for buyer-supplier relationship settings and also note that they have been used to measure relational behavior in similar studies (Lusch & Brown, 1996). Marketing scholars, specifically in the context of channel partners, highlight the relevance and importance of such relational norms (Hewett & Bearden, 2001). For example, Kim (2000) posits that through solidarity an organization gains “a firm’s sense of unity that binds it to the exchange partner firm” (Kim, 2000, p. 396). Lusch and Brown (1996) argued that smooth functioning of logistical services between partners primarily rely on the correct anticipation of changes in the channel and the environment and therefore, flexibility and information exchange between channel partners are essential to sustain relationship.

Top Management Advocacy of Relationship Paradigm

For the purpose of this study top management relationship advocacy is defined as the efforts of the firm’s top management to emphasize the importance of relationships as a business philosophy. This definition is aligned with Croteau and Li’s (2003) work on CRM technology implementation where they argue that the top management’s commitment to adopt CRM initiative as a business philosophy is critical for its success. Recent research in this area provides empirical evidences supporting the link between top management advocacy and organizations’ relational capabilities (Rapp, Trainor, & Agnihotri, 2010). Explicit and public support of cooperative business relationships, commitment, and governance by the top management of the organization is important to the success of a supply chain alliance (Fawcett et al., 2006). It has been posited that “the presence of constructive leadership capable of stimulating cooperative behavior between participating firms” is essential to business relationships (Mentzer et al., 2001, p. 14). Therefore, top management advocacy of cooperative relationships will offer the critically needed direction and motivation to managers to perform external relationship behaviors.

If managers in the company realize that doing relationships is top management’s chosen way of conducting business whenever possible, they will pay more attention to alliance success factors and will be on the lookout for relationship opportunities. It has been suggested that for companies to be market oriented and to value relationships, top management needs to play an emphatic role (Jaworski & Kohli, 1993). Another stream of literature that reinforces this point is in the corporate governance area where top management executives as “champions” were found to be crucial to external relationship success (Burgelman, 1983). Thus we propose the following,

\[ H_1: \text{Top management advocacy of relationship paradigm will be} \]
positively related to an organization’s external relationship behavior in buyer-supplier relationships.

Infrastructure for Relationship Implementation

We define infrastructure for relationship implementation as the specific set of organization-wide support systems that enable functional managers to initiate, develop, be trained for inter-organizational relationships or alliances (Sawhney & Zabin, 2002). In order to succeed in relationships firms need to create infrastructure that will support these relationships. Several organizations (e.g. UNISYS) have separate alliance management functions to help functional unit managers with forming and implementing alliances. Some companies such have gone one step further and launched virtual universities to impart training in doing buyer-supplier relationships to both internal managers and suppliers (e.g. Boeing Virtual University).

It has been noted that resource allocation and organizational support systems are essential requirements for organizations to become market oriented (Jaworski & Kohli, 1993). Researchers argue that for strong channel relationships, organizations need to follow ‘upstream market orientation’ that is developing and utilizing an infrastructure to explore “the know-how and skills of suppliers” (Langerak, 2001, p. 223). Moreover, it has been suggested that external market oriented actions can only be realized if organizations have a clear internal market orientation that is developing internal capabilities to attain external market oriented goals (Gounaris, 2006; Lings & Greenley, 2009). Recent research provide evidence suggesting that if employees perceive that different functional units understand the organization’s objectives, coordinate with each other, and perform internal market oriented behaviors, they feel motivated to realize external marketing success (Lings & Greenley, 2009).

In the buyer-supplier relationship context, Campbell (1998) found that in firms involved in cooperative buyer-supplier relationships, key personnel in marketing and purchasing expressed satisfaction with inter-functional interaction. It does appear that satisfaction with inter-functional interactions will result in positive behavior in external relationships as buyers satisfied with their interactions with other functions expressed cooperative buying expectations (Campbell, 1998). Thus, we propose the following:

\[ H_3: \text{Satisfaction of functional managers with inter-functional interactions with respect to implementing a buyer-supplier relationship will be positively related to an organization’s external relationship behavior in that relationship.} \]
Moderating Role of Cynicism to Cooperative Business Relationships

A factor that limits organizations ability to implement alliances is the orientation of the functional managers towards relational interactions as opposed to “arm’s length” interactions that characterized the exchanges of the past. Anecdotal evidence suggests that buyer-seller interactions of the past were dominated by mutual distrust and a constant need to maintain a balance of power (Wilson 1995). Companies such as the Ford Motors and General Motors often encouraged their supplier management professionals to pitch one supplier against another in order to keep them in check and get better prices. Major changes in product and process technologies led to realization that no single company could, on their own, master all of the technologies required maintain competitive leadership in their respective industries (Wilson 1995; Hansen, 2009). Consequently, companies began supplier management initiatives that emphasized long-term cooperation. Multiple supplier norms began to give way for strategic single source development. These changes, though initiated by the top management, often ran counter to purchase managers’ long held convictions about the need to treat suppliers as adversaries.

Cynicism often arose among managers as they perceived new directions from the top management as conflicting and insincere. Thus the possible mechanics of the underlying of cynicism of its managers points to the need for top management to explain their perceived ‘change of heart’ and champion the cause of cooperative buyer-supplier relationships. In instances where personal conviction levels of functional managers are low, top management may be required to try harder and make more direct efforts towards implementing relationship strategies. In instances of higher “buy-in” from the functional departments charged with implementing relationships, top management advocacy of relationship paradigm may still be needed as constant reinforcement ensures high degree of compliance. However, the later situation calls for lesser proportion of their advocacy effort to keep the cynicism in check as opposed to the former situation where considerable effort goes into changing underlying beliefs of the cynical managers. Therefore, when, managers’ cynicism towards cooperative buyer-seller relationships is low, we argue that most of their advocacy efforts are directed to impact external relationship behavior rather than battling cynicism. Thus, top management advocacy has a higher impact on external relationship behavior under lower levels of managers’ cynicism as opposed to situations where managers exhibit a higher level of cynicism towards cooperative buyer-seller relationships. Similar effects of cynicism can be expected for the other two organizational support variables of infrastructure. Thus, we propose the following:

\[ H_{4a}: \text{The impact of top management advocacy of relationship implementation on an organization’s external relational behavior will be lower when functional manager’s cynicism towards cooperative business relationships is higher compared to when cynicism towards cooperative business relationships is lower} \]

\[ H_{4b}: \text{The impact of infrastructure available for implementing relationships on an organization’s external relational behavior will be lower when functional manager’s cynicism towards cooperative business relationships is higher compared to when cynicism towards cooperative business relationships is lower} \]

Satisfaction with inter-functional interactions could be viewed as a motivating factor that could prompt a manager to do a good job of implementing buyer-supplier relationships. However, cynicism is known to be associated with disillusionment about organizational policies. Further, cynicism also dampens managers’ motivation to participate in an organization’s change initiatives (Wanous et al., 1994). Consequently managers with higher
cynicism may not get motivated by factors such as satisfaction with inter-functional interactions to perform external relationship behaviors. On the other hand, managers with low cynicism towards cooperative business relationships will be motivated by their satisfaction with inter-functional interactions resulting in more positive external relationship behaviors compared to those with higher levels of cynicism. Thus,

\[ H_4: \text{Satisfaction of functional managers with inter-functional interactions with respect to implementing a buyer-supplier relationship will have a more positive impact on an organization’s external relational behavior when functional manager’s cynicism towards cooperative business relationships is lower compared to when cynicism towards cooperative business relationships is higher.} \]

**Relationship Performance**

We examine the relationship performance according to the rational goal model that views organizations as striving for efficiency and productivity (Kumar, Scheer, & Steenkamp, 1995). This approach leads to six aspects of efficiency and productivity: sales growth, profit growth, overall profitability, liquidity, labor productivity, and cash flow. It would be ideal to measure these performance items with respect to a focal relationship under investigation. However, it may be difficult to collect data in practice because this information (other than sales) may not be available in all organizations. Lusch and Brown (1996) argue that the strength of the focal relationship between buyer and supplier is perhaps ‘understated’ if the empirical results show a statistically significant relationship between the external relational behaviors and the relationship partner’s overall business performance. In line with past studies (e.g., Kumar et al., 1995; Lusch & Brown, 1996) we propose to use subjective measures of “objective” performance. Specifically, we measure the relationship performance by assessing the perception of success in achieving goals set for that particular relationship.

Higher levels of external relational behavior (i.e., higher levels of information exchange, flexibility, and solidarity in relationships) will be a good thing for inter-organizational relationship performance (Hsu et al., 2008; Lusch & Brown, 1996). The more organizations exchange information with each other, the better they are able to anticipate and respond to each others' needs. Relationships where partners are able to fulfill each others' needs, level of performance of individual and dyadic performance in relationships will be high. Similarly, greater flexibility among relationship partners enables them to adapt more rapidly to environmental changes. The quicker they can respond to these changes, the greater will be their performance. A strong relationship structure between buyer and supplier leads toward enhanced supplier responsiveness (Handfield & Bechtel, 2002).

When relationship partners behave toward each other with solidarity, they jointly try to solve both individual and common problems. They also attempt to improve the relationship as a whole. By working together in the relationship, organizations pool their talents, skills, and financial resources to achieve higher levels of performance than would be possible without such solidarity in their actions. Thus, by freely exchanging information, remaining flexible in their dealings, and acting in solidarity with each other, relationship partners can achieve higher levels of performance. Thus, we propose the following:

\[ H_5: \text{The greater the external relational behavior of the organization, the higher its performance in buyer-supplier relationships.} \]

**Methodology**

**Sample and Measures**

To collect the data, a survey was conducted using a database of managers from a professional association representing a key
functional area of business. Specifically, we use survey data from a sample of purchasing executives and managers to empirically test the proposed model. For this purpose, we requested and got a random sample of 1000 members from the membership list of the National Association of Purchase Managers (NAPM). After adjusting for undelivered surveys, we got a response rate of 23%. Using the method suggested by Armstrong and Overton (1977), we examined for non-response bias. There were no significant differences between early and late respondents for each of the constructs included in the research study.

We measured all the variables except individual managers' satisfaction with inter-functional interaction and managers' cynicism towards cooperative business relationships at the organizational level. All the variables measured at the organizational level were anchored around a particular relationship. This was achieved by asking the respondent to think about a specific relationship with a major supplier organization that he or she was involved in, in order to respond to the survey.

Established or slightly adapted measures were used to collect the data. The final scales used in the study along with the reliability estimates for each scale are provided in Table 1. For all the measures Cronbach’s Alpha values were greater than 0.70, therefore acceptable levels of internal consistency was established (Nunnally 1978). For independent variables, AVE (average variance extracted) values were higher than 0.50, thus satisfying the convergent validity limit as suggested by Fornell and Larker (1981). Discriminant validity was tested by making sure that no single item loaded more highly on another variable than it did on the concerned variable (Fornell & Larker, 1981). None of the variables showed excessive skewness and kurtosis as they fell within acceptable limits as suggested by Avlonitis and Panagopoulos (2006).

One of the key dependent variables, External Relationship Behaviors was measured using a three-item scale (e.g., we are flexible when dealing with our major supplier) adapted from Lusch and Brown (1996). In the original scale authors’ took a dyadic approach involving wholesaler and supplier. For the current measure, respondents were representing buyer side only. The scale demonstrated high reliability (α = 0.94). Moderating variable, Managers’ Cynicism towards Cooperative Business Relationships was measured using a three-item scale (e.g., the idea of cooperative alliances is another business fad) adapted from Wanous et al. (2000). The scale demonstrated acceptable reliability (α = 0.74).

Top Management Relationship Advocacy was measured by three-item scale (e.g., top managers in the firm are frequently the most ardent champions of forming new relationships with other companies) adapted from Croteau and Li (2003). This measure demonstrated acceptable reliability (α = 0.88). Another independent variable, Infrastructure for Relationship Implementation was adapted from Sawhney and Zabin (2002). The three-item scale (e.g., we have a separate alliance function that informs us about best practices in engaging in alliances and helps us with implementing relationships with our partners) demonstrated acceptable reliability (α = 0.72). Interfunctional Interaction Satisfaction scale was adapted from Campbell (1998). The three-item scale (e.g., how would you describe the level of interaction, do departments have in your organisation) demonstrated high reliability (α = 0.89).

Analysis and Results

We tested the hypotheses using OLS regression models. In model 1, we tested the relationship between organizational support (i.e., Top Management Relationship Advocacy, Infrastructure for Relationship Implementation), Interfunctional Interaction Satisfaction and External Relationship Behaviors. In model 2, we tested the relationship between External Relationship Behaviors and Relationship performance. Finally, in model 3 and model 4, we tested the
effects for effects of top management relationship advocacy ($\beta =0.05$, $t=0.731$, ns), ($H_1$) on external relational behavior, although the coefficient is positive as hypothesized. We also find external relational behavior positively impacting relationship performance ($\beta=.210$, $t=2.130$, $p<0.05$), ($H_5$) and model 2 is significant ($R^2=0.311$, $F_{(1,124)}=43.351$, $p<0.000$).

To test for moderation, we estimated the model 1 separately for groups with high and low cynicism towards cooperative buyer relationships. We did a mean split of the scale moderation effect of Manager Cynicism towards Cooperative Buyer Relationships.

The results of the analysis are given in Table 2. The results of our analysis suggest that the overall model (Model 1) is significant ($R^2=0.308$, $F_{(5,121)}=7.384$, $p<0.000$). Our data provide support for a strong positive effect of infrastructure on external relational behavior ($\beta=0.184$, $t=2.519$, $p<0.014$), ($H_2$) and satisfaction with interfunctional interaction ($\beta=.224$, $t=3.049$, $p<0.003$), ($H_3$). However, contrary to expectations, we find no significant

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**TABLE 1:**
Items from Key Measures Used in the Study

<table>
<thead>
<tr>
<th>Construct</th>
<th>Cronbach's Alpha</th>
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<tbody>
<tr>
<td><strong>External Relationship Behaviors</strong> (Adapted from Lusch and Brown, 1996)</td>
<td>0.94</td>
</tr>
<tr>
<td>...We are flexible when dealing with our major suppliers</td>
<td></td>
</tr>
<tr>
<td>...We keep our major supplier informed about events or changes that may affect them</td>
<td></td>
</tr>
<tr>
<td>...When our major supplier incurs problems, we try to help</td>
<td></td>
</tr>
<tr>
<td><strong>Top Management Relationship Advocacy</strong> (Adapted from Croteau and Li, 2003)</td>
<td>0.88</td>
</tr>
<tr>
<td>...Top managers in the firm are frequently the most ardent champions of forming new relationships with other companies</td>
<td></td>
</tr>
<tr>
<td>...Supplier relationships are considered as a high priority by top management</td>
<td></td>
</tr>
<tr>
<td>...Top management perceives cooperative business relationships with supplier to be part of organization’s vision</td>
<td></td>
</tr>
<tr>
<td><strong>Relationship Implementation Infrastructure</strong> (Adapted from Sawhney and Zabin, 2002)</td>
<td>0.72</td>
</tr>
<tr>
<td>...We have a separate alliance function that informs us about best practices in engaging in alliances and helps us with implementing relationships with our partners</td>
<td></td>
</tr>
<tr>
<td>...There are set clear priorities for separate supplier alliance function involved in implementing relationships with our partners</td>
<td></td>
</tr>
<tr>
<td>...We have a formal strategic plan for supplier relationship initiatives</td>
<td></td>
</tr>
<tr>
<td><strong>Managers’ Cynicism towards Cooperative Business Relationships</strong> (Adapted from Wanous et al., 2000)</td>
<td>0.74</td>
</tr>
<tr>
<td>...The idea of cooperative alliances is another business fad</td>
<td></td>
</tr>
<tr>
<td>...The people responsible for implementing cooperative relationship initiatives around here do not try hard enough to achieve success.</td>
<td></td>
</tr>
<tr>
<td>...The people responsible for implementing cooperative relationship initiatives around here do not have the resources they need to get the job done.</td>
<td></td>
</tr>
<tr>
<td><strong>Interfunctional Interaction Satisfaction</strong> (Adapted from Campbell, 1998)</td>
<td>0.89</td>
</tr>
<tr>
<td>....How would you describe the level of interaction, do departments have in your organisation?</td>
<td></td>
</tr>
<tr>
<td>...How flexible is your organizational structure in allowing personnel to interact or job-switch between departments?</td>
<td></td>
</tr>
<tr>
<td>...How would you describe your working relationship with other relevant departments</td>
<td></td>
</tr>
<tr>
<td><strong>Relationship Performance</strong></td>
<td>0.90</td>
</tr>
<tr>
<td>....Compared to the goals we set for ourselves for this relationship, our actual performance can be described as...</td>
<td></td>
</tr>
</tbody>
</table>
mean of cynicism towards cooperative business relationships to categorize the data into the two groups. This approach is aligned with the literature (e.g., Bone, 1995) where researchers testing a moderating variable divides the data into low and high groups through mean split. Responses scoring above the mean get assigned to the ‘high cynicism’ group, whereas subjects scoring below the mean were assigned to the ‘low cynicism’ group. In the “high cynicism” group (model 3), we find the overall model of organizational support and satisfaction variables impacting external relational behaviors significant ($R^2 = 0.320, F_{(5,52)} = 4.489, p<0.003$). Data suggests positive influence of top management relationship advocacy ($\beta = .209, t=2.120, p<0.042$), and infrastructure ($\beta = .203, t=2.206, p<0.035$) on external relational behavior. None of the other variables are significant in the model. In the “low cynicism” group (model 4) too we find the overall model of organizational support and satisfaction variables impacting external relational behaviors significant ($R^2 = 0.296, F_{(5,64)} = 3.777, p<0.006$). Data suggests positive main effects only for satisfaction with inter-functional interaction on external relational behavior ($\beta = 0.262, t=2.538, p<0.015$). None of the other variables are significant in the model.

Discussion and Implications

Exploring the issues involved in the development and maintenance of buyer-seller relationships remains an important research area for scholars and the topic of ‘trust’ greatly dominate the discussion in this area. Although trust is a basic factor needed to build and shape introrganizational relationships, researchers have asked more research that diversify the efforts in recognizing some introrganizational variables that may play important roles in shaping buyer-seller relationships (Andersen &

<table>
<thead>
<tr>
<th>Relationships</th>
<th>Antecedents to External Relationship Behaviors (ERB)</th>
<th>Outcome of ERB</th>
<th>Moderation test-High Cynicism</th>
<th>Moderation test-Low Cynicism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relationship Advocacy-- ERB</td>
<td>Ns</td>
<td>.209* (2.120)</td>
<td>ns</td>
<td></td>
</tr>
<tr>
<td>Infrastructure for Relationship Implementation-- ERB</td>
<td>.184* (2.519)</td>
<td>.203* (2.206)</td>
<td>ns</td>
<td></td>
</tr>
<tr>
<td>Interfunctional Interaction Satisfaction-- ERB</td>
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<td>ns</td>
<td>0.262* (2.538)</td>
<td></td>
</tr>
<tr>
<td>ERB—Relationship Performance</td>
<td></td>
<td>.210* (2.130)</td>
<td></td>
<td></td>
</tr>
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**TABLE 2:**

OLS model parameters (and t-statistics)

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</table>

$R^2$ | 0.308 | 0.311 | 0.320 | 0.296 |

$F$-statistic | $F_{(5,121)} = 7.384$ | $F_{(5,124)} = 43.351$ | $F_{(5,52)} = 4.489$ | $F_{(5,64)} = 3.777$ |

$p$ | <0.000 | <0.000 | <0.003 | <0.006 |

*p<0.05; ** p<0.005
The results of this study suggest that top management relationship advocacy, a key ingredient of organizational support, on its own is not a predictor of external relationship behavior. However, along with the other key factor i.e. infrastructure for relationship implementation, top management advocacy matters more when there is still cynicism among functional managers towards cooperative business relationship paradigm than when such cynicism is less prevalent. This is an important empirical finding and confirms what practitioners have feared all along. Notably, larger organizations tend to rely on established systems to make sure strategies are executed successfully and the top management’s time available to champion various causes is quite limited. Under such scenario, our results suggest that if the top management does a good job of communicating the rationale behind pursuing a cooperative relationship path, for instance, with their suppliers, and reduce the level of cynicism among its managers, the systems and processes themselves will insure the success of relationships. Our study also suggests that having dedicated infrastructure in place for conducting inter-organizational relationships does lead to successful execution of relationship marketing strategy.

Organizations understanding the importance of inter-organizational relationship should try to encourage their executives by dispelling fears that the partnerships were designed to take away jobs or that partner will exploit the sensitive information. The concerned firm should introduce structural changes that support a new relationship paradigm of doing business. An organization that attempts to get into a relationship with its suppliers may decide to concede the relationship in public. This step may send positive signals to its own executives and managers to view supplier firm as a partner rather an adversary. In summary, companies should view successful execution of relationship strategy as the cornerstone of their overall alliance strategy.

Certainly, like any other research study, our investigation also has its own set of limitations.
For example, the sample methodology reflects a number for trade-offs. The study’s sample comprises the professionals from different organizations. While this helps gain the generalizability, it does not control for different organizational factors in various firms. The research presented here offers only a snapshot in time. Also the study is cross-sectional in nature and therefore, it is difficult to comprehensively realize the order of effects. This constraint left us to assume some level of causality. Future researchers may study these variables in a longitudinal setting and provide a better understanding of the relationships between them. Similarly, an opportunity exists to further expand upon our study. Further, we have looked at cynicism on the buyer side only. It may be equally interesting to look at attitudes on sellers’ side and its consequences to relationship success. In terms of measurement limitations, we measured external relational behaviors as one global construct. However, there could be different types of relational behaviors and their relevance would also depend on different industries. For future research, it would be interesting to incorporate a multidimensional construct and explore links with organizational support dimensions.

Some of the theoretical arguments that we adapted to develop our hypothesized framework could prove complex to implement in practice. For example we align with a theoretical viewpoint that external relational behaviors will lead to relationship performance. However, if partnering firms exchange too much information then say firm ‘A’ can do what firm ‘B’ does and there could be no need for a relationship. Similarly, increased flexibility may come with increased costs which then might lead to lower relationship performance. A firm’s external relational behaviors, therefore, are good up to a point. Beyond that optimal point there could be diminishing returns or even negative effects. Therefore, it would be interesting to evaluate this relationship in different situations and different formats (e.g., linear vs. inverted U effects). Future studies could examine different contingency factors, involving those for the market environment, organizational culture and most importantly reward mechanisms. Reward system has been traditionally considered as an element of strategy and as such has been studied in the context of attaining “congruence” with other strategic elements (Balkin & Gomez-Mejia, 1990). There has been evidence that middle managers are not motivated to implement corporate strategies that conflict with their own self-interest (Guth & MacMillan, 1986). However, due to data limitations, we were unable to include this construct. Future studies could include the reward system or control mechanism to better assess the impact of organizational support.

REFERENCES


Kothandaraman and Agnihotri


