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A

**THE IMPACT OF
INTRA-ORGANIZATIONAL BEHAVIOR ON
INTER-ORGANIZATIONAL RELATIONSHIPS**

by

THOMAS TELLEFSEN

A dissertation submitted to the Graduate Faculty in Business in partial fulfillment of the requirements for the degree of Doctor of Philosophy, The City University of New York.

1998

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ABSTRACT

The Impact of Intra-Organizational Behavior on Inter-Organizational Relationships

By

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Adviser: Professor Nermin Eyuboglu

This dissertation examines the impact of a firm's internal behavior on its external exchange relationships. Specifically, it investigates how conflicts between a firm's boundary people and internal support personnel may ripple outward and affect the consistency of the firm's behavior with its trading partners. It also examines how a firm's external consistency may affect its trading partner's perceptions and evaluations. The hypotheses are tested with data from separate surveys of sales and purchasing managers. The sales data are analyzed with multiple regression. The results support the proposal that internal conflicts reduce external consistency. They also support the proposal that a salesperson's ability to use friendships and other methods of informal influence to overcome these conflicts can lead to higher levels of external consistency. The data do not support proposed relationships between a salesperson's access to formal power or ability to use defensive tactics and external consistency. The purchasing data are analyzed with LISREL and ANACOVA. The results support the proposals that increases in a firm's external consistency leads to increases in its trading partner's trust, satisfaction and commitment.

This study has implications for researchers and practitioners. The findings may help researchers gain greater insight into the factors that drive organizational exchange. The results suggest that it may be useful for researchers to expand their analysis of exchange relationships to include events that occur deep inside each partner's organization. The findings also suggest that practitioners may need to reassess their techniques for managing important exchange relationships. It may be useful for them to consider options for improving their intra-organizational cooperation in order to strengthen their inter-organizational relationships.

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This project also benefited from the input of many faculty members and students at Baruch College. Several faculty members including Dr. Gopal Iyer, Dr. Mark Johnson, Dr. Keysuk Kim, Dr. David Lichtenthal and Dr. David Rachman provided helpful comments and suggestions during the early phases of conceptual development. Also, several Ph.D. students including Michael Callow, Deborah Cohn, Martha Cook, David Falk, Dawn Lerman, Sharon Smith, Sungmin Ryu and Diane Vaccaro aided with early attempts to relate the conceptual material to industrial situations and with the early stages of scale refinement.

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CHAPTER I **INTRODUCTION**

This paper proposes and tests the relationship between a firm's *internal* politics and its *external* relationships. Specifically, it proposes that the goal conflicts and political activities that occur between a firm's boundary personnel and in-house support units will affect the firm's ability to behave consistently in the marketplace. This paper then proposes that the firm's level of consistency will influence the way in which the firm is evaluated by its trading partners. These relationships are tested with data from separate surveys of sales and purchasing managers. The sales results support the link between a supplier's internal politics and external consistency. The purchasing results support the relationship between a buyer's evaluations of a supplier's consistency and the buyer's satisfaction, trust and commitment.

These relationships represent a significant extension of the existing literature. This paper represents the first attempt to link a detailed analysis of an organization's internal behavior with a detailed analysis of its exchange relationships.

To date, most researchers have focused on a smaller set of explanatory variables. They have attempted to explain *inter-organizational* exchange on the basis of *inter-organizational* behaviors and attitudes. These constructs have included communications, opportunism, trust, commitment, dependence/power, etc. (cf. Anderson, Lodish and Weitz 1987; Anderson and Narus 1984, 1990; Anderson and Weitz 1989, 1992; Boyle, Dwyer, Robincheaux and Simpson 1992; Eyuboglu, Didow and Buja 1992; Frazier 1983a; Frazier and Rody 1991; Frazier and Summers 1984;

Ganesan 1994, 1996; Gaski 1986; Gundlach, Achrol and Mentzer 1995; Hallen, Johanson and Seyed-Mohamed 1991; Heide 1994; Heide and John 1988, 1990, 1992; Keith, Jackson and Crosby 1990; Metcalf and Frear 1993; Morgan and Hunt 1994; Noordewier, John and Nevin 1990; Provan and Skinner 1989; etc.).

In contrast, researchers have given very little attention to the impact of an organization's *internal* attributes. To date, the limited work in this area has examined the impact of one organization-wide variable (i.e., culture) on an organization's customer or marketing orientation (Jaworski and Kohli 1993; Narver and Slater 1990). However, this literature has not yet examined the specific elements of an organization's internal behavior. It also has not examined how these internal issues may affect the more traditional constructs such as inter-firm trust and commitment.

This paper extends this work. It uses *intra*-organizational constructs to explain variations in the more traditional *inter*-organizational constructs. By doing so, this paper increases our understanding of the forces that drive organizational exchange. These relationships represent the primary contribution of this paper.

In addition, this paper makes several secondary contributions. One such area involves the role of "consistency" in exchange relationships. Several researchers have proposed that a decision maker's level of trust can be influenced by the consistency of the other party's communications and actions (Dwyer, Schurr and Oh 1987; Swan, Trawick, Rink and Roberts 1988). This paper builds on these past studies by proposing and empirically testing the relationship between a supplier's level of external consistency and the buyer's satisfaction and commitment. This work provides an

expanded view of the impact of a firm's external consistency on its exchange relationships.

A third contribution involves value. A number of authors argue that value is the driving force behind exchange (Anderson 1995; Dwyer, Schurr and Oh 1987; Ford 1980; Macneil 1980; Morgan and Hunt 1994; Salmond and Spekman 1986; Varadarajan and Cunningham 1995; Varadarajan and Rajaratnam 1986; Wilson 1995). This paper develops this position further. It uses two concepts from the negotiations literature - Satisfaction with Outcomes and Satisfaction with the Interaction Process - to provide an enhanced perspective of the benefits that a trading partner may derive from a relationship. This paper then examines how each of these factors may influence a trading partner's commitment to a relationship. In this way, this paper helps to clarify the role of value in exchange.

All of these issues have strong implications for practitioners. First, they may help managers understand how conflicts inside their organizations can ripple outward and affect their customers. This may help managers develop better control systems and communications programs. These results can also help practitioners understand how their trading partners interpret their actions. This may help practitioners manage their relationships more effectively. Finally, this paper will help practitioners understand the role of value in exchange. This may help practitioners to develop more effective offerings and sales strategies.

I.A. OVERVIEW OF DISSERTATION

To fulfill these objectives, this paper first develops the above ideas conceptually and then tests them empirically. These efforts are presented in chapters II through V. Chapter II presents the conceptual development of the relationships discussed above. Toward that end, chapter II contains an analysis of the existing literatures on organizational behavior and organizational exchange. The organizational behavior literature provides strong guidance on the general nature of an organization's internal behavior. Similarly, the organizational exchange literature provides a detailed analysis of the factors that affect an organization's exchange relationships. However, neither literature provides strong guidance on the link between an organization's internal and external behavior. Accordingly, chapter II also draws upon the results of a qualitative study that was conducted as preparation for this paper. This study involved depth interviews with practitioners in sales, marketing and purchasing. The results help to clarify the link between internal and external behavior and provide examples of how these issues may be manifested in a variety of organizational settings. By combining these various sources, this chapter develops 16 hypotheses that link an organization's internal behavior with the strength and structure of its exchange relationships.

Chapter III summarizes the material presented in chapter II. Chapter III provides brief reviews of each of the major relationships and a restatement of the hypotheses.

Chapter IV presents the empirical analysis. This work was based upon separate surveys of sales managers and purchasing professionals. Before the surveys were launched, an extensive effort was undertaken to develop a dozen new scales. As part of this process, interviews were conducted with a number of practitioners and data were collected through three major pretest surveys. The refined questionnaires were then mailed to large samples of sales managers and purchasing professionals in a variety of industries. The resulting data were then analyzed with a variety of techniques.

The hypotheses concerning intra-organizational behavior were tested with multiple regression. The results supported two of the six hypotheses in this area. These findings indicated that goal conflicts between sales personnel and their in-house support units led to lower levels of external consistency. The results also indicated that a salesperson's ability to use informal power (i.e., friendships inside key support units) to resolve conflicts led to higher levels of external consistency. These findings supported the general position that internal politics affected external behavior.

The hypotheses concerning buyer's perceptions and evaluations were tested with LISREL and ANACOVA. The results supported seven of nine hypotheses in this area. The findings indicated that a buyer's perceptions of a supplier's external consistency affected the buyer's trust, satisfaction with outcomes and satisfaction with the interaction. The results also indicated that the buyer's trust and satisfaction with the interaction affected the buyer's commitment. These findings supported the

position that a supplier's external consistency could affect the strength of the exchange relationship by affecting the buyer's evaluations and attitudes.

Finally Chapter V reviews the results and offers possible explanations for several unexpected findings. It also suggests several ways in which practitioners may build on these findings to improve current business practices and to establish directions for future research.

CHAPTER II

CONCEPTUAL DEVELOPMENT

II.A. INTRODUCTION

This chapter proposes a series of hypotheses that link an organization's internal behavior with its external exchange relationships. These hypotheses represent conceptual extensions of our existing knowledge in marketing and organizational behavior. The support for these hypotheses is derived from the literatures concerning organizational exchange, organizational behavior, marketing management, sales person performance, industrial buyer behavior and psychology.

This chapter also draws upon the results of a qualitative study. The objective of this study was to obtain feedback from practitioners about the theorized relationships. Toward that end, depth interviews were conducted with 16 sales, marketing and purchasing professionals. The participants had an average of eleven years of professional experience. They also represented a variety of industries. Their comments provide useful illustrations of how the theorized relationships may be manifested in typical industrial settings.

To put this chapter into perspective, the major topics and relationships are summarized below. The remainder of this chapter is divided into six major sections (i.e., sections B through G). The key points of each section are presented below.

B. *Intra-Organizational Behavior*: There are several political factors that drive an organization's internal behavior. These include goal conflicts, formal power, informal power and defensive behavior (Burrell and Morgan 1979; Fox 1974; Mintzberg 1983). This paper examines the way in which these political forces may affect the relationship between a company's boundary personnel and support personnel. It is proposed that these elements may affect the consistency in the organization's overall communications and behavior with its trading partners. Each of these issues is summarized below.

- 1) *Goal conflicts* occur when individuals or sub-units seek to fulfill incompatible objectives within the same organization. These conflicts can motivate individuals to engage in incompatible actions (Burrell and Morgan 1979; Fox 1974; Mintzberg 1983). It is proposed that there is a strong potential for goal conflicts between an organization's boundary people and support personnel. It also is proposed that, as part of this conflict, boundary people and support personnel will be motivated to try to fulfill different and incompatible objectives through the same exchange relationship. If unchecked, these conflicts could reduce the consistency in the firm's communications and behavior with its trading partner. It also is proposed that the firm's boundary people will be motivated by self-interest to reduce the impact of these conflicts on the organization's external behavior. It is proposed that boundary people will attempt to maintain an image of consistency in an attempt to maintain the good will of the trading partner and thereby strengthen

the relationship. Toward that end, it is proposed that boundary people will use several forms of political influence to try to suppress the external impact of these internal conflicts. These forms of influence include formal power, informal power and defensive behavior.

- 2) *Formal Power* represents the ability of one party to use the official chain of command to force a second party to take some action (cf. Mintzberg 1983). It is proposed that boundary people will attempt to use the formal power of their managers to force internal personnel to support their commitments to their trading partners. It is proposed that this ability will increase the firm's external consistency.
- 3) *Informal Power* represents the ability of one party to use personal friendships to influence a second party to take some action (cf. Workman 1993). It is proposed that boundary people will use their friendships with members of internal units to gain support for their commitments to their trading partners. It is proposed that this ability will increase the firm's external consistency.
- 4) *Defensive tactics* involve political ploys that enable relatively weak organizational members to slow down or side step unwanted directives (Ashforth and Lee 1990). It is proposed that boundary people will use defensive tactics to dampen the external impact of internal conflicts. It is proposed that this will increase the firm's external consistency.

C. *Communications-Related Factors*: It is proposed that the relationship between goal conflicts and external consistency also may be affected by two factors that influence the informal communications between a firm's internal support units and its external trading partners. These include the internal unit's degree of direct customer contact and membership in a boundary group.

- 1) *Direct contact* represents the degree to which members of internal support units are able to interact directly with the trading partner. It is proposed that direct contact will reduce external consistency. If an internal unit has direct contact, then it will be able to communicate and act upon its goals directly with the trading partner. It is proposed that this will decrease the level of external consistency.
- 2) *Boundary groups* are inter-departmental teams that coordinate the exchange-related efforts of various sub-units so as to maximize the organization's net impact in the marketplace (cf. Deeter-Schmelz and Ramsey 1995; Moon and Armstrong 1994). It is proposed that boundary teams will lead to higher levels of external consistency. If boundary people and support units are all members of one team, then they may be forced to resolve their conflicts before they interact with the customer. Therefore, it is proposed that boundary unit membership will lead to higher levels of external consistency.

All of the above suggests that a variety of internal factors may lead to varying degrees of consistency in a firm's external behavior. The following sections attempt to trace the impact of this consistency on the trading partner's perceptions and attitudes.

Because the following sections discuss individuals on both sides of the dyad, it will be useful to adopt a standard nomenclature. Accordingly, this paper will examine the political behavior inside one company (organization "A") and the response of its trading partner (organization "B"). It also will examine the behavior of A's boundary person ("ABP"), A's internal support unit ("ASU") and B's decision maker ("BDM").

- D. *Attributed Consistency*: It is proposed that, when BDM evaluates the consistency in A's behavior, s/he will attribute different degrees of responsibility for that consistency to A and ABP. In general, decision makers may form distinct perceptions about a trading partner's overall organization (e.g. Anderson and Narus 1990; Anderson and Weitz 1989; Morgan and Hunt 1994) and individual boundary person (e.g. Hawes, Mast and Swan 1989; Michaels and Day 1985; Swan, Trawick, Rink and Roberts 1988). Also, decision makers may form different evaluations for the organization and boundary personnel of the same trading partner (Frazier 1983a; Ganesan 1996). Thus, it is reasonable to suggest that BDM may form separate evaluations for A and ABP. If so, then BDM may attribute different degrees of responsibility for a given level of consistency to each actor.

It also is proposed that BDM's perception of A's and ABP's level of consistency will influence BDM's trust, satisfaction with the outcome of the relationship, satisfaction with the interaction process and commitment to the relationship. Each of these issues is discussed below.

- E. Trust: It is proposed that BDM's perceptions of consistency will alter his/her trust in A and ABP. Trust represents the degree to which one party (the trustor) believes that a second party (the trustee) will behave in a desired manner in a situation in which the trustor may have some gain or loss depending upon the trustee's actions (cf. Bradach and Eccles 1989; Deutsch 1960b; Frost, Simpson and Maughan 1978; Giffen 1967; Matthews and Shimoff 1979; Mayer, Davis and Schoorman 1995; Moorman, Zaltman and Deshpande 1992; Rempel, Holmes and Zanna 1985; Swan, Trawick and Silva 1985; Zand 1972). A decision maker may have separate levels of trust for an exchange partner's overall organization and boundary person (Ganesan 1996). Therefore, BDM may have different levels of trust for A and ABP.

One of the key requirements for trust is consistency. If the trustee behaves consistently, the trustor will perceive that the trustee is dependable and honest. This in turn will raise the trustor's level of trust (Hawes, Mast and Swan 1989; Swan, Trawick, Rink and Roberts 1988; Swan, Trawick and Silva 1985). Therefore, it is proposed that attributed consistency will raise BDM's trust in A and/or ABP.

- F. *Impact on Evaluations:* It is proposed that BDM's perceptions of A's and ABP's consistency will also influence BDM's evaluation of the overall relationship. In general, a decision maker may have different degrees of satisfaction with the benefits derived from a relationship (referred to herein as "satisfaction with the outcome") and with the ease of communication and negotiation during the relationship (referred to as "satisfaction with the interaction") (Eyuboglu and Buja 1993).

It is proposed that BDM's perceptions of A's and ABP's level of consistency will affect both forms of satisfaction. First, external consistency should increase the likelihood that A will fulfill its promises to its trading partner. This should increase BDM's satisfaction with the outcome. Similarly, if A communicates and behaves consistently, it should be easier to negotiate and complete transactions with A. Thus it should increase BDM's satisfaction with the interaction.

- G. *Impact on Commitment:* It is proposed that trust, satisfaction with the outcome and satisfaction with the interaction will have direct effects on commitment. First, it is proposed that increases in trust should lead to increases in commitment. This general pattern has been found in several empirical studies (Anderson and Weitz 1989; Ganesan 1994, 1996; Moorman, Zaltman and Deshpande 1992; Morgan and Hunt 1994). The reason is risk. Higher levels of trust imply a reduced risk of non-performance. It also implies

that BDM will face less risk of exploitation if it shares information or engages in joint planning with A. All this should increase A's attractiveness and increase the likelihood that BDM will be willing to engage in relationship-building activities (Dwyer, Schurr and Oh 1987; Macneil 1980; Wilson 1995). Thus, higher levels of trust should lead to higher levels of commitment.

Second, it also is proposed that increases in satisfaction with the outcome will lead to increases in commitment. Decision makers seek to form relationships with trading partners that they believe will provide the greatest value (Anderson 1995; Dwyer, Schurr and Oh 1987; Macneil 1980; Wilson 1995). Thus, it is reasonable to propose that increases in satisfaction with the outcome will lead to increases in commitment.

In addition to these direct effects, it also is proposed that there will be an interaction between trust and satisfaction with the outcome. When decision makers choose between different trading partners they must try to balance the potential rewards and risks of each alternative (Hakansson and Wootz 1979; Swan, Trawick, Rink and Roberts 1988). This suggests that a decision maker may consider trust and outcome simultaneously to form a risk-adjusted estimate of value. Accordingly, it is proposed that the impact of a given level of satisfaction with the outcome on commitment will be higher when BDM perceives a higher level of trust than when s/he perceives a lower level of trust.

Finally, it is proposed that increases in satisfaction with the interaction will lead to increases in commitment. Inter-organizational exchange can involve a number of direct, personal encounters between the representatives of

the two organizations (Hakansson and Wootz 1979; Mummalaneni and Wilson 1991). It is reasonable to expect that decision makers will want to leverage their time by working with trading partners that provide more productive and efficient interactions. Thus, it is proposed that increases in satisfaction with the interaction will lead to increases in commitment.

- H. *Relative Impact of Personal and Organizational Perceptions:* The above proposes that there are organizational and personal forms of consistency and trust. It also proposes that these constructs affect satisfaction with the outcome, satisfaction with the interaction and commitment. The final section of the paper proposes that the organizational and personal forms of consistency and trust may have different degrees of influence on the other variables. It is proposed that the influence that is exerted by organizational and personal forms of these constructs will be moderated by the value that BDM derives from A and from ABP. In general, it is possible for a decision maker to derive value from the trading partner's overall organization (cf. Varadarajan and Cunningham 1995; Varadarajan and Rajaratnam 1986) or from its boundary person (cf. Moorman, Zaltman and Deshpande 1992; Zaltman and Moorman 1988; Strauss 1962). If one of these actors is contributing a greater share of the total value, then it is reasonable to suggest that any inconsistencies by that actor will have a greater impact on BDM's satisfaction. Also, if BDM is deriving a greater share of the benefits from one actor, then it is reasonable to suggest that the greatest risks will involve non-performance by that actor. It

follows that BDM will place the greatest emphasis on his/her trust in that actor.

These relationships are developed more fully in the remainder of this chapter. To lay the foundation for these issues, the following section provides a detailed examination of an organization's internal behavior and the ways in which it may affect an organization's external behavior.

II.B. INTRA-ORGANIZATIONAL BEHAVIOR

During the past 50 years, there has been a steady growth in the conceptual and empirical analysis of intra-organizational behavior (Burrell and Morgan 1979). This literature strongly suggests that modern organizations are highly political entities. It suggests that individual members and sub-groups work within the overall organization to fulfill a wide variety of personal goals. When these goals clash, individuals and sub-units may resort to a number of different sources of formal and informal influence to alter the organization's official agenda or avoid unwanted directives. As a result, the internal environment of a modern organization can be characterized by a great diversity of goals, attitudes and actions (Burrell and Morgan 1979; Eisenhardt and Zbaracki 1992; Fox 1974; Mintzberg 1983; Zaleznik 1970).

Research suggests that these patterns are very widespread. As Schein (1977) observes, "power struggles, alliance formation, strategic maneuvering and 'cut-throat' actions may be as endemic to organizational life as planning, organizing and controlling". Various manifestations of these patterns have been found in many

different types of organizations including; education (Corwin 1969; Pfeffer 1977), financial services (Pearce and DeNisi 1983; Smith 1966), manufacturing (Fox 1974; Izraeli 1975; Lawrence and Lorsch 1967; Seiler 1963), mining (Scott, Mumford, McGivering and Kirkby 1963), non-profit (Pfeffer and Leong 1970; Provan, Beyer and Kruytbosch 1980), publishing (Brass 1985), research (Perreault and Miles 1978), retail (Pettigrew 1975) and social services (Simon 1957). They also have been observed in a number of different countries including the United States (Brass 1985; Lawrence and Lorsch 1967; Pearce and DeNisi 1983; Pfeffer and Salancik 1978; Selznick 1949; Seiler 1963; Simon 1957; Smith 1966), the United Kingdom (Child 1973; Fox 1974; Pettigrew 1975; Scott, Mumford, McGivering and Kirkby 1963), France (Crozier 1964) and Israel (Izraeli 1975).

Researchers use a variety of different labels to describe these patterns. These terms include “collective action” (Astley and Van de Ven 1983; Cohen, March and Olsen 1972; Frankwick, Ward, Hutt and Reingen 1994; Walker, Ruekert and Roering 1987), “the political perspective” (Eisenhardt and Zbaracki 1992) and “the plurality paradigm” (Burrell and Morgan 1979; Fox 1974). This paper will refer to these patterns as “collective action” so as to be consistent with the more typical applications in the literature (cf. Astley and Van de Ven 1979; Frankwick, Ward, Hutt and Reingen 1994; Walker, Ruekert and Roering 1987).

A consistent theme in all of these perspectives is that the basis of internal diversity is goal conflict. Accordingly, this section begins with this topic.

II.B.1. Goal Conflicts and Behavior

At the heart of intra-organizational behavior is goal conflict. This occurs when different individuals and/or sub-units of the same organization seek to fulfill incompatible objectives (Burrell and Morgan 1979; Fox 1974; Mintzberg 1983). The reason for these conflicts involves the variety of goals and scarcity of resources that can exist within one organization. The variety of goals exists due to the range of interests of the organizational members. Individuals join organizations to satisfy personal needs that they cannot fulfill as well on their own. For example, individuals may join organizations to acquire income, security, power, prestige, etc.. Individuals then continue to emphasize those personal needs throughout their period of membership. As a result, different members of the same organization can seek to fulfill a wide variety of different goals (Mintzberg 1983; Zaleznik 1970).

These goals come into conflict when they involve incompatible applications of scarce resources. For example, different members may have the incompatible desire to obtain the same promotion (Zaleznik 1970), acquire the same resource (Mintzberg 1983) or control the same task (cf. Barclay 1991; Crozier 1964; Walton and Dutton 1969; Workman 1993). In such cases, the fact that different members desire to use the same resource to fulfill different goals can place them in opposition to one another.

Goal conflicts also may exist between sub-units (Mintzberg 1983). For example, if sub-units serve similar functions, then they may have the incompatible desire to prove that they are each best at performing a given task (Katz 1964; Simon 1957). There also may be conflicts between sub-units that fulfill different functions. In these cases, the sub-units may have different performance and/or compensation

standards. This can lead to conflicts as each sub-unit attempts to maximize its performance rating through actions that may adversely affect the ratings of other sub-units (Shapiro 1977; Walton and Dutton 1969).

These conflicts can lead to variations in behavior. Organizational members respond to stimuli in ways that best serve their most important goals. If individuals seek to fulfill different goals, then they may respond differently to the same organizational event (Dalton 1959; Mintzberg 1983; Simon 1957). For example, organizational members who have different goals may try to manipulate a given situation for their personal benefit. They may try to set different work schedules (Crozier 1964), adhere to different production rates (Lupton 1963) or propose different products or systems (Barclay 1991; Workman 1993).

This tendency can be amplified by the need for joint action. Organizations are designed to be highly integrated structures. Organizations derive their efficiency by orchestrating the efforts of all its members into one efficient system. This creates a set of interlocking dependencies between the members (Barnard 1938; March and Simon 1958; Simon 1947; Selznick 1948; Weber 1947). When different members pursue different goals, it can be difficult for them to coordinate their work. Different individuals and sub-units may disagree on the best course of action. This can lead to further variation in behavior as individuals and sub-units try to compensate for each other's incompatible actions (cf. Crozier 1964; Seiler 1963; Smith 1966; Walton, Dutton and Cafferty 1969). Thus, the net effect of goal conflicts can be to create variations in the internal behavior of the organization.

II.B.1.a. Goal Conflicts and Boundary Personnel

There is a strong potential for these types of conflicts to occur between boundary personnel and the members of other sub-units within an organization. The reasons involve orientation, compensation and interdependence. First, boundary personnel tend to be the most externally oriented members of an organization. By design, they are expected to focus on their organization's relationships with its trading partners (Leifer and Delbecq 1978). As a result, boundary people tend to emphasize outwardly oriented goals such as maintaining strong exchange relationships. In contrast, members of internal sub-units tend to emphasize more inwardly oriented goals that are related to their particular functions. For example, research and development personnel may emphasize the acquisition of new knowledge. Manufacturing personnel may emphasize improvements in productivity (Dutton and Walton 1966; Lawrence and Lorsch 1967).

These differences can be amplified by differences in compensation. Boundary personnel are often compensated on the basis of their success in external events. For example, salespeople often receive at least part of their compensation through sales commissions (Steinbrink 1978). Similarly, purchasing agents may be compensated on the basis of their ability to reduce acquisition costs. On the other hand, internal personnel may be judged by very different standards. For example, design engineers may be judged on the basis of defect rates. Manufacturing managers may be judged according to whether they meet production schedules (Morris, Paul and Rahtz 1987). Thus, an organization can create financial motivation for boundary personnel and

internal personnel to emphasize different goals (Dutton and Walton 1966; Shapiro 1977; Walton and Dutton 1969).

There is a high probability for these different goals to come into conflict. This is caused by the high degree of interdependence that exists between boundary and internal personnel. Boundary people often rely upon internal personnel to help them fulfill their missions (Gronroos 1995; Spekman and Johnston 1986). For example, when marketers attempt to adapt their organization to the marketplace, they must work with the personnel who design, produce and deliver the organization's products. These individuals may work in other departments such as distribution, engineering, production, and research (Gronroos 1995; Workman 1993). Also, when marketers and salespeople make promises to their customers, they often rely upon other members of the organization to provide fulfillment (Biltner 1995).

Similarly, purchasing managers must insure that their acquisitions meet the needs of internal users such as engineers and production personnel (Johnston and Lewin 1994; Sheth 1973; Webster and Wind 1972). Also, purchasing managers often do not have the authority to make large purchase decisions independently. Instead, they must negotiate with other interested parties who also try to influence the final decision (Silk and Kalwani 1982; Thomas 1982). As a result, purchasing managers must work closely with a large number of people from different departments (Patchen 1974).

This blend of different goals and interdependence can lead to conflict by causing boundary people and internal members to seek to use the same resource to fulfill incompatible goals. For example, salespeople may desire flexible manufacturing

schedules to meet customer demands and increase customer satisfaction. In contrast, manufacturing personnel may desire long production runs to increase their efficiency and lower costs (Dutton and Walton 1966). Similar goal conflicts can occur between boundary people and internal members over a variety of issues. These include manufacturing schedules (Dutton and Walton 1966; Shapiro 1977), large purchases (Anderson and Chambers 1985; Barclay 1991) and new product development (Frankwick, Ward, Hutt and Reingen 1994).

II.B.1.b. Goal Conflicts and External Consistency

It is proposed that goal conflicts between boundary personnel and internal personnel will affect an organization's "external consistency". This represents "the degree of uniformity or homogeneity in the organization's overall communications and behavior with its trading partners". It can include such behaviors as keeping promises, adhering to the same set of facts throughout a relationship, delivering goods on the date specified, providing a uniform level of responsiveness and service, etc..

The proposed link between goal conflicts and external consistency is based upon the general relationship between goal conflicts and behavior. As noted, goal conflicts can lead to variations in an organization's internal behavior. If boundary personnel and personnel from internal units are attempting to fulfill different goals, then given the above, it follows that they may respond differently to the same exchange episode. If so, then these goal conflicts may lead to unintended variations in the way that the overall organization behaves toward a particular trading partner. For example, if boundary people make commitments that are not compatible with the

goals of internal members, then those members may respond by providing only partial fulfillment or by forcing the boundary people to renegotiate. Either way, the net result would be for the overall organization to behave inconsistently with its trading partner.

The results of the qualitative study were consistent with this position. The sales respondents reported that they relied upon the support of a variety of internal units. These units had a direct effect on the salespeople's ability to serve their customers. For example, these departments could set deadlines for incoming orders, set production quotas that determined product availability, allocate scarce products among different customers, establish credit terms and reimburse customers for damaged goods.

The respondents also identified a variety of goal conflicts between salespeople and their support units. The core issue involved differences in performance standards. As one respondent commented, "Sales is interested in revenue, in-house departments are interested in cost containment". This difference led to a variety of specific goal conflicts. For example:

- Sales departments wanted higher levels of production and more flexible production scheduling to meet customer demands. Production departments wanted more rigid schedules to help control costs.
- Sales departments wanted liberal credit standards to attract new customers. Credit departments wanted stringent requirements to reduce their exposure to bad debt.
- Sales departments wanted to provide full refunds for damaged products so as to maintain customer satisfaction. Customer service departments wanted to limit refunds so as to meet reimbursement objectives.

These types of differences caused the sales and support units to respond differently to the same customer interactions. At times, these differences led to inconsistencies in the communications and behaviors that were presented to the exchange partner. For example:

- Salespeople frequently gave specific delivery dates to their customers. The manufacturing and distribution departments did not always make those deadlines. The salespeople believed that in-house managers were more concerned with efficiency than with satisfying individual customers.
- Salespeople occasionally tried to build customer satisfaction by offering to provide additional units of scarce products. The manufacturing managers did not always honor those promises. The salespeople believed that managers were hesitant to make costly alterations to production schedules.
- Salespeople occasionally offered liberal credit in an effort to attract new customers. Credit departments turned down some of these offers in an effort to reduce their exposure to bad debt. In such cases the salespeople had to renegotiate the contracts.
- Salespeople tried to reassure customers who were dissatisfied with damaged goods. Customer service departments were often less understanding and tried to limit reimbursements.

All of this is consistent with the proposition that internal goal conflicts can reduce external consistency. From this is derived:

H1: As the goal conflicts between ABP and ASU increase, the level of external consistency decreases.¹

II.B.2. Boundary Person Motivations

It is proposed that ABP will attempt to prevent any decreases in A's external consistency. The reasons are linked to ABP's core mission and high visibility. First, as a boundary person, ABP's primary function is to maintain harmonious, profitable relationships with A's trading partners. To do so, ABP must insure that BDM forms positive evaluations of A and ABP. One key component in those evaluations will be A's consistency. In general, trading partners view each other's degree of consistency as indications of reliability and safety. Decision makers believe that if a trading partner has been consistent in the past, then it can be relied upon in the future (Dwyer, Schurr and Oh 1987). By extension, BDM will find A to be more attractive if A behaves consistently. This implies that ABP must insure that BDM views A as a consistent partner in order to insure that BDM forms a positive evaluation.

Second, as a boundary person, ABP is in a very visible and vulnerable position. In general, boundary people serve as the principal conduit for inter-organizational communications and influence (Lichtenthal and Eyuboglu 1991). As a result, boundary people are highly visible to the decision makers on the other side of the dyad. These decision makers may view the trading partner's overall organization and boundary person as separate actors and may form separate evaluations about each of

¹ As noted in the introduction, this paper uses standard terms to refer to the actors in the relationship. It examines the political behavior inside organization "A" and the impact on its trading partner - organization "B". This paper also examines the behavior of A's support unit (ASU), A's boundary person (ABP) and B's decision maker (BDM).

them (Frazier 1983a; Ganesan 1996). Thus, BDM may form different evaluations about A and ABP.

The problem, from ABP's perspective, concerns how BDM may interpret a specific inconsistency. Since BDM may form separate evaluations about A and ABP, it is possible that BDM may attribute the inconsistency to A, ABP or both. Given ABP's central role, it is highly likely that s/he will be involved to some degree in any inconsistencies in the A-B relationship. This could increase the likelihood that BDM will attribute a significant portion of the responsibility for the inconsistency to ABP. If so, then the inconsistency may damage ABP's personal relationship with BDM even more than it damages the organizational relationship between A and B. In such cases, BDM may try to maintain the A-B relationship by working through another boundary person. Thus, the inconsistency could hurt ABP personally more than it could hurt A organizationally.

The respondents in the depth interviews provided several examples of such problems. For example:

- A salesperson promised delivery by a certain date. Due to conflicts inside the supplier's organization, the distribution department rerouted the salesperson's shipment to another customer. The salesperson's customer received its order long after the deadline. The customer blamed the salesperson. Thereafter, the customer continued to do business with the supplier but insisted on working with another salesperson.
- A salesperson promised delivery by a certain date. Due to in-house conflicts, the sales support unit did not key the sales order into the production system in a timely

fashion. As a result, the delivery was late. The customer blamed the salesperson.

In the future, the customer submitted all of its orders through a different salesperson.

- A salesperson promised a certain price to a new prospect. Afterward, the marketing department changed its pricing policies and refused to honor the salesperson's promise. The salesperson had to return to the prospect and renegotiate the agreement. The prospect accused the salesperson of "bait and switch" and refused to do business with him. The prospect eventually placed a large order with a different salesperson at the same company.

Because of the potential for ABP to suffer this type of personal damage, and because of the potential for inconsistencies to inhibit ABP from fulfilling his/her core mission, it is proposed that ABP will believe that it will be in his/her best interest to maintain a high degree of external consistency. This suggests, in turn, that ABP will be motivated to try to resolve, contain or avoid boundary conflicts so that they do not damage external consistency.

In general, organizational members may use a variety of political mechanisms to resolve conflicts in ways that meet their needs. These mechanisms include formal power, informal power and defensive behavior (Ashforth and Lee 1990; Burrell and Morgan 1979; Fox 1974; Mintzberg 1983). As discussed below, it is proposed that APB may use each of these mechanisms to insure that A maintains a consistent pattern of behavior with B.

II.B. 3. Formal Power and External Consistency

One way in which organizational members overcome goal conflicts is by cultivating formal power. This reflects an individual's ability to use the organization's official lines of authority to influence other members. In general, the organizational members with the most power establish the official organizational agenda and determine key issues such as resource allocations and staffing limits (Eisenhardt and Zbaracki 1992; Mintzberg 1983).

Usually, boundary people do not personally have a high degree of formal power. For example, sales representatives are frequently at the bottom of the organizational chart. Similarly, several studies have documented that purchasing managers often have limited formal authority in major purchase decisions (Pettigrew 1975; Strauss 1962).

However, boundary people may be able to employ formal power by relying on the authority of their managers. In general, individuals may gain access to formal power either by rising to positions of authority or by gaining the support of individuals in such positions (Mintzberg 1983). Thus, boundary people may be able to resolve a boundary goal conflict by escalating the issue and relying on their managers to force a satisfactory resolution. It is proposed that a boundary person's access to such power may increase the potential for external consistency. If a boundary person has access to formal power, then s/he may be able to force internal units to fulfill commitments that s/he made to external trading partners. This would reduce the ability of the support unit to engage in activities that would lead to external inconsistencies.

The respondents in the qualitative study provided several illustrations of this process. For example:

- In one organization, sales reps occasionally requested deadline extensions so that they had more selling time. Production managers resisted these requests because it disrupted their work schedules. The reps resolved these problems by escalating their requests to higher levels and relying upon the formal power of senior sales executives to force the issue.
- In another company, an internal manager kept delaying a time-sensitive sales order. The salesperson used her contacts with more senior managers to push the order through and make the deadline.
- In a similar case, a customer service representative refused to satisfy a customer's demands. The salesperson worked through more senior managers to force a more satisfactory response.

In contrast, when a boundary person does not have access to formal power, then s/he may be more vulnerable to the conflictory actions of internal personnel. It is proposed that when boundary people have limited access to formal power, the tendency for goal conflicts to lead to external inconsistencies will be amplified. The results of the qualitative study were consistent with this position. For example, sales reps in one organization occasionally negotiated deals with customers before gaining the approval of the appropriate brand manager. Sometimes the managers rejected these orders. When this happened, the reps had no recourse. They did not have access to formal power and could not contradict the brand managers. As a result, they had to return to their customers and renegotiate the deals.

All this suggests that a boundary person's ability to use formal power to resolve goal conflicts should lead to higher levels of external consistency. From this is derived:

H2: As ABP's use of formal power to resolve conflicts with ASU increases, external consistency also increases.

II.B.4. Informal Power and External Consistency

A second way in which organizational members attempt to resolve goal conflicts is through informal power. This represents an individual's ability to use friendships to influence other members (cf. Strauss 1962; Workman 1993). Individuals use friendships to overcome the effects of internal conflicts in three ways. First, they may use friendship to informally gain access to key decision makers and thereby influence their perspectives (Strauss 1962; Workman 1993). They also may try to change decisions by "calling-in" favors from friendly associates (Strauss 1962). Finally, they may form informal coalitions with like-minded individuals. The coalition's members then try to gain influence by coordinating their efforts to alter the organization's agenda (Bacharach and Lawler 1980; Eisenhardt and Zbaracki 1992; Hill 1969; Mintzberg 1983; Zaleznik 1970).

Boundary people may use all of these tactics when they try to overcome the effects of goal conflicts. For example, boundary people may cultivate friendly contacts with key decision makers in other departments. They then use those contacts to informally present their positions and sway exchange-related decisions (Strauss 1962; Workman 1993). Also, boundary people may develop coalitions with managers in other departments. They then orchestrate their internal political efforts with those

managers to alter the decisions of senior executives (Iacobucci and Hopkins 1992; Morris, Stanton and Calantone 1985; Steffle 1985).

It is proposed that ABP's ability to use informal power will lead to higher levels of external consistency. If ABP has friendly contacts with key members of ASU, then ABP should be able to use those contacts to overcome the effects of goal conflicts with ASU. This should reduce the tendency for ASU to behave in ways that contradict ABP's initial promises.

The feedback from the qualitative study was consistent with these proposals. Respondents from several different companies reported that senior salespeople actively cultivated friendships with members of key support units. In some cases, salespeople made special visits and telephone calls to factories and headquarters units to nurture important relationships. They then contacted their friends in these areas when they needed assistance with potentially conflictory issues. For example, salespeople relied upon their internal friendships to gain unusual credit approvals, rapid deliveries and customized orders for their customers. In this way, the salespeople were able to use their in-house friendships to help insure that their overall organizations behaved in a way that was consistent with the promises that they made to their customers. The respondents were unanimous in their belief that these informal friendships were more effective than formal systems when they had to resolve internal conflicts.

On the basis of all of the above it is proposed that:

H3: As ABP's use of informal power to resolve conflicts with ASU increases, external consistency also increases.

II.B.5. Defensive Tactics and External Consistency

A third way in which organizational members respond to goal conflict is to use defensive tactics. These methods involve efforts to slow down or sidestep an unwanted directive without changing the directive. These tactics can take a variety of forms and usually involve the use of the organization's policies against itself. For example, organizational members may adhere to petty rules, redirect issues, prolong tasks, reduce internal communications, plead ignorance, misrepresent facts, etc. (Ashforth and Lee 1990).

These tactics are used as a protective measure by weak members of an organization. In general, organizational policy favors the goals of the most powerful participants (Eisenhardt and Zbaracki 1992). Obviously, if there are goal conflicts within an organization, then not all members may be satisfied with the official outcomes. If the dissatisfied members do not have the formal or informal power to alter policies, then they may fall back on defensive tactics. These tactics may limit the degree to which the unwanted policies affect their personal goal fulfillment (Ashforth and Lee 1990).

Boundary people may rely upon defensive tactics to protect themselves from more powerful organizational members. Strauss (1962) provided several examples of how purchasing managers used such tactics. Strauss (1962) observed that purchasing managers often had limited formal authority and could have difficulty influencing the purchase decisions of more powerful executives. To slow down, avoid or change decisions by these executives, purchasing managers used a variety of defensive ploys. These tactics included enforcing petty rules, requiring written explanations, going

through the motions of compliance while knowing that the request would not be filled in time, exceeding formal authority, ignoring requisitions altogether, etc. (Strauss 1962).

It is proposed that a boundary person's ability to use such tactics will lead to higher levels of external consistency. If ABP is able to use defensive tactics, then it is reasonable to expect that ABP will apply them to reduce the impact of goal conflicts with the more powerful members of an ASU. This should reduce the ability of those members to fulfill their goals by forcing ABP to behave or communicate with B in ways that contradict ABP's prior communications.

The respondents in the qualitative study described several situations that were consistent with these relationships. They described a number of instances in which sales reps used defensive tactics to avoid directives that would have led to external inconsistencies. For example:

- Salespeople sometimes pre or post dated contracts to avoid rule changes that would adversely affect their customers.
- At other times, salespeople coached their customers on how to present their problems to the customer service department so as to avoid restrictive reimbursement rules.
- Some salespeople manipulated pricing programs to extend the period during which they could give their customers certain discounts. For example, some salespeople canceled and then reinstated existing customers so that, on paper, they appeared to be new accounts. This enabled the salespeople to continue to give the customers "new account" discounts.

- In some cases, marketing managers pushed new products that the salespeople thought were inconsistent with their past assertions to their customers. The salespeople expressed their support for the products in-house but did not actually present them to their customers.

Thus, the salespeople were able to employ a variety of defensive tactics to avoid rules that would have led to inconsistencies with their customers. On the basis of all of the above, it is proposed that:

H4: As ABP's use of defensive behavior to resolve conflicts with ASU increases, external consistency also increases.

At the same time, it also is possible that defensive tactics may be used in the reverse direction. Members of internal units may employ such tactics to avoid the influence of more powerful boundary people. The respondents in the qualitative study reported several such instances. In several cases, relatively weak support units attempted to avoid the influence of boundary people by restricting the flow of communications. For example, in one company, a key support unit insisted that all communications from boundary people be conducted through written reports. In another case, the members of a support unit avoided taking telephone calls from salespeople. In both cases, the end result was to reduce the salespeople's ability to apply personal pressure on the members of the support unit

It is proposed that such behavior will decrease the level of external consistency. If members of an ASU are able to use such tactics, then they may be able to slow down or sidestep commitments that ABP made to BDM. This could lead to

delayed or partial fulfillment and therefore to external inconsistencies. This suggests that:

H5: As ASU's use of defensive behavior to resolve conflicts with ABP increases, external consistency decreases.

II.C. COMMUNICATIONS-RELATED FACTORS

The above suggests that external consistency may be affected by various aspects of internal politics including formal and informal power and defensive tactics. The nature of organizational exchange suggests that external consistency also may be affected by factors that affect the communications between ASU and BDM. These factors include the extent of ASU's direct contact with the trading partner and ASU's membership in a formal boundary group. Each of these issues is discussed below.

II.C.1. Direct Contact and External Consistency

Sub-units may have varying degrees of direct contact with their organization's trading partners. Direct contact is defined as the ability for a sub-unit to interact with the trading partner. In some cases, sub-units may have little or no direct contact. For example, in the qualitative study, the sales-respondents identified several departments that affected their functions but did not interact with their customers. These departments included Credit, Marketing, Order Processing and Production. In other cases, sub-units may have extensive contact with customers. They may need this contact to support the exchange process or to coordinate joint projects. The sales-

respondents in the qualitative study identified several such departments. These included Accounting/Billing, Customer Service, Support Engineering and Technical Services.

It is proposed that direct contact will reduce external consistency. As noted above, boundary personnel and support personnel frequently seek to fulfill different goals. Also, as noted above, objectives guide behavior. Therefore, it is reasonable to expect that individuals with different goals (i.e., boundary personnel and support personnel) will communicate and behave differently when interacting with a trading partner. Thus, direct contact should lead to lower external consistency. Accordingly, it is proposed that:

<p>H6: As direct contact between ASU and BDM increases, A's external consistency decreases.</p>
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II.C.2. Boundary Group Membership and External Consistency

A second communications-related factor that may affect external consistency is a boundary group. Such groups contain individuals from a variety of sub-units who influence the organization's buying or selling efforts (cf. Deeter-Schmelz and Ramsey 1995; Lambert, Boughton and Baneville 1986; Moon and Armstrong 1994; Morris, Paul and Rahtz 1987; Spekman and Stern 1979; Webster and Wind 1972). These groups can have varying degrees of formal control over their members. In some cases, there is little or no formal control. For example, in many companies, purchase decisions are coordinated through "buying centers". These groups are often little more than ad hoc collections of individuals who are interested in a particular transaction. In such situations, there may be no one member who is given formal

authority over the group's actions (Lambert, Boughton and Baneville 1986; Spekman and Stern 1979). In contrast, other boundary groups can be much more formal. For example, some organizations use selling teams or national account groups to coordinate organization-wide efforts to service large accounts. Such groups may have permanent members who are drawn from various sub-units and may have a permanent manager who supervises the group's activities (Deeter-Schmelz and Ramsey 1995; Moon and Armstrong 1994).

It is proposed that ABP's and ASU's membership in a formal boundary group will increase external consistency. The purpose of these boundary groups is to marshal the organization's internal forces to derive maximum impact in an exchange relationship (Moon and Armstrong 1994). It is reasonable to expect that the group's manager will attempt to minimize the impact of any internal conflicts on the group's external performance. Therefore, it is proposed that external consistency will be higher when ABP and ASU are members of a formal boundary unit. From this is derived:

H7: A's external consistency will be greater when ABP and ASU are members of a boundary team than when they are not.

II.C.3. Recap

All of the above suggests that a variety of intra-organizational issues will affect A's degree of external consistency. The above also suggests that BDM will attribute a given level of consistency to A, ABP or both.

To understand how these issues will affect the exchange relationship, it is necessary to understand how they will influence BDM's perceptions and evaluations.

The remainder of this chapter explores this issue in detail. It is proposed that this impact will occur in three stages. First, it is proposed that external consistency will affect BDM's trust in A and ABP. Second, it is proposed that external consistency will also affect BDM's satisfaction with the outcomes of the relationship and the interaction process. Finally, it is proposed that trust and satisfaction will affect BDM's commitment to the relationship. These stages are examined separately. The following section explores the impact of consistency on trust. The sections thereafter examine the impact on satisfaction and commitment.

II.D. IMPACT ON TRUST

As a first step, it would be useful to clarify the meaning of trust. The literature presents a variety of different definitions for this construct (Mayer, Davis and Schoorman 1995; Wilson 1995). However, most definitions suggest that trust contains three key elements - expectancy, risk and dependency (cf. Anderson and Narus 1990; Anderson and Weitz 1989; Bradach and Eccles 1989; Deutsch 1960b; Driscoll 1978; Frost, Simpson and Maughan 1978; Ganesan 1994; Giffen 1967; Hawes, Mast and Swan 1989; Larzelere and Huston 1980; Matthews and Shimoff 1979; Mayer, Davis and Schoorman 1995; Moorman, Deshpande and Zaltman 1992; Morgan and Hunt 1994; Rempel, Holmes and Zanna 1985; Rotter 1967; Schurr and Ozanne 1985; Swan, Tradwick and Silva 1985; Zaltman and Moorman 1988; Zand 1972).

To explicitly recognize these three elements, this paper uses the following composite definition.

Trust represents the degree to which

- one person (the trustor)
- expects a second person or organization (the trustee)
- to behave in a desired or promised manner,
- in a situation in which the trustor may incur a gain or loss
- depending upon the words and actions of the trustee

Thus trust implies three conditions. First, the trustor forms a probability assessment of the trustee's likely behavior (Bradach and Eccles 1989; Rempel, Holmes and Zanna 1985). Second, the trustor faces some risky situation in which the outcome is dependent upon the actions of the trustee (Deutsch 1960b; Frost, Simpson and Maughan 1978; Giffen 1967; Matthews and Shimoff 1979; Mayer, Davis and Schoorman 1995; Moorman, Zaltman and Deshpande 1992; Swan, Trawick and Silva 1985; Zand 1972). Finally, the trustee is free to choose from alternative actions that may help or hinder the trustor (Deutsch 1960b; Lindsfold 1978; Zand 1972).

This definition points toward a possible link between attributed consistency and trust. When trustors attempt to form the probability assessment that underlies trust, they examine various characteristics of the trustee that may provide some indication of the trustee's future behavior (Deutsch 1960b; Frost, Simpson and Maughan 1978; Ganesan 1994; Giffen 1967; Hawes, Mast and Swan 1989; Johnson-George and Swap 1982; Larzelere and Huston 1980; Lindsfold 1978; Mayer, Davis and Schoorman 1995; Moorman, Deshpande and Zaltman 1993; Rempel, Holmes and Zanna 1985; Swan, Trawick, Rink and Roberts 1988; Swan, Trawick and Silva 1985; Zaltman and

Moorman 1988). One characteristic that may play a prominent role is the consistency of the trustee.

During the early stages of a relationship, exchange partners go through a period of mutual assessment. They engage in a series of low risk transactions to learn how each other behaves and to gauge each other's consistency. If the partners prove themselves in these transactions, then they may gradually escalate to more risky situations. In this way, the partners develop a track record of each other's consistency (Dwyer, Schurr and Oh 1987; Mathews and Shimoff 1979; Swan, Trawick and Silva 1985; Wilson 1995).

This consistency then enters into an assessment of trust in two ways. First, it provides an indication of dependability. If a trustee has fulfilled its commitments in the past, then the trustor may conclude that the trustee will continue to do so in the future. However, if the trustee has not behaved consistently, then the trustor may have doubts about the trustee's likely future action (Swan, Trawick and Silva 1985). Thus, perceptions of consistency can affect the trustor's probability assessment. As a result, these perceptions can affect the overall level of trust (Hawes, Mast and Swan 1989; Swan, Trawick, Rink and Roberts 1988; Swan, Trawick and Silva 1985).

Second, consistency also can provide an indication of honesty. If a trustee backs up its assertions with action, then the trustor may conclude that the trustee's original statements were accurate. Contrarily, if the trustee's actions are not consistent with its earlier statements, then the trustor may perceive that the trustee had lied (Swan, Trawick and Silva 1985). Either way, the assessment could have a strong impact on the probability assessment that underlies trust. If the accuracy of the

trustee's communications is in doubt, then the trustor will face an additional element of uncertainty. The trustor will have to weigh not only the probability of future behavior but also the probability that the data being used to make the decision are accurate and complete. As Larzelere and Huston (1980, pg. 596) note, "Attributed honesty appears to be a prerequisite for taking the partner's word at face value as indicative of future intentions". As a result, these perceptions can affect the overall level of trust (Hawes, Mast and Swan 1989; Moorman, Deshpande and Zaltman 1993; Swan, Trawick, Rink and Roberts 1988; Swan, Trawick and Silva 1985; Zaltman and Moorman 1988).

It is proposed that this link will occur at both the organizational and personal levels. A number of studies indicate that trustors may form perceptions of trust for an overall organization (Anderson and Narus 1990; Ganesan 1994; Morgan and Hunt 1994; Zaltman and Moorman 1988) or for an individual (Deutsch 1960b, 1969; Frost, Simpson and Maughan 1978; Giffin 1967; Hawes, Mast and Swan 1989; Johnson-George and Swap 1982; Kee and Knox 1970; Larzelere and Huston 1980; Lindsfold 1978; Loomis 1959; McDonald 1981; Mellinger 1956; Moorman, Deshpande and Zaltman 1993; Rempel, Holmes and Zanna 1985; Rotter 1967, 1971, 1980; Schlenker, Helm and Tedeschi 1973; Swan, Trawick, Rink and Roberts 1988; Swan, Trawick and Silva 1985; Swinth 1967; Wrightman 1964; Zaltman and Moorman 1988; Zand 1972). Given the above, it follows that if BDM attributes a level of external consistency to A, then it will increase his/her trust in A. Similarly, if BDM attributes the external consistency to ABP, then it will increase his/her trust in ABP.

The findings from the qualitative study were consistent with this position. The respondents reported a number of instances in which a lack of external consistency led to decreased trust. For example, one respondent related how attributed inconsistency led to reduced trust in the supplier's organization. In that case, the respondent, an industrial dealer, told a supplier's salesperson that she was preparing a proposal for a major new prospect. The salesperson promised to support the dealer in every way. The supplier then contacted the prospect directly and cut the dealer out of the relationship. The dealer attributed the inconsistency to the supplier's organization and felt complete distrust for the organization.

Several other respondents provided examples of how personal inconsistencies led to reduced trust in specific boundary people. In these cases, the inconsistency involved a discrepancy between the sales person's initial promise and the supplier's eventual actions. In each case, the buyer attributed the inconsistency to the salesperson. The buyers believed that the reps had lied to get the order. This caused the buyers to perceive that the reps were dishonest and not trustworthy. In several instances, the respondents emphasized that they had different levels of trust for the supplier's salesperson and overall organization. For example in several of the above cases the buyers continued to do business with the same supplier but insisted on working with different salespeople.

All of the above suggests that consistency has a direct affect on trust.

Accordingly it is proposed that:

H8a: As the consistency that BDM attributes to A increases, BDM's trust in A also increases.

H8b: As the consistency that BDM attributes to ABP increases, BDM's trust in ABP also increases.

II.E. IMPACT ON EVALUATIONS

It is proposed that external consistency also will have a strong impact on BDM's evaluation of the overall relationship. In general, a decision maker may form separate evaluations about two different aspects of an exchange relationship. First, s/he may evaluate the outcome of the relationship. This reflects the benefits that the decision maker derives from his/her association with the other party. Second, a decision maker also may evaluate the general interaction process. This reflects the interpersonal process of negotiating and completing transactions (Eyuboglu and Buja 1993). These constructs will be referred to as "satisfaction with the outcome" and "satisfaction with the interaction" in this paper.

It is possible for a decision maker to form significantly different evaluations about these two dimensions within the same relationship (ibid.). For example, a decision maker may have to endure a highly contentious negotiations process to acquire a lucrative contract. If so, then s/he might be satisfied with the outcome but dissatisfied with the interaction process.

It is proposed that external consistency will increase BDM's satisfaction with the outcome and the interaction. However, as described below, the conceptual links between these constructs are somewhat different.

First, it is proposed that external consistency will increase satisfaction with the outcome by increasing the benefits of the relationship. Decision makers seek specific benefits when they enter an exchange relationship (Frazier 1983a). For example, the respondents in the qualitative study sought very specific benefits from their trading partners. These fell into several standard categories such as:

- product (quality, adherence to specifications, etc.)
- delivery (timeliness, completeness, etc.)
- credit (availability, terms, etc.)
- services (maintenance, credit on returns, etc.)

Many of these benefits can be affected by the partner's consistency. For example, if a supplier provides highly reliable deliveries, then it may lower the buyer's transaction and operating costs (Han, Wilson and Dant 1993). Conversely, the benefits can be reduced if the partner is highly inconsistent. The respondents in the qualitative study provided several examples of this type of problem. For example:

- If goods were delivered late or in the wrong quantity, the buyers could face disruptions in their production processes or could be forced to break their commitments to their customers.
- If low quality components were delivered, then the buyers might have to rebuild or reject finished products that contained the defective parts. Also, if the defective products were sent to the buyer's customers, then those customers would blame the buyer for the problems. This could reduce the buyer's brand equity.

Thus, external consistency may increase benefits. If so, then it follows that external consistency may increase the partner's satisfaction with the outcome. From this is derived:

<p>H9a: As the consistency that BDM attributes to A increases, BDM's satisfaction with the outcome that B derives from the A-B relationship also increases.</p> <p>H9b: As the consistency that BDM attributes to ABP increases, BDM's satisfaction with the outcome that B derives from the A-B relationship also increases.</p>

It also is proposed that external consistency will increase BDM's satisfaction with the interaction. If a partner adheres to a standard position or abides faithfully to past agreements, then it is likely to increase the efficiency of the interaction. Similarly, if different members of an organization all communicate the same priorities or give the same level of support, then it will increase the other party's sense of certainty within the relationship. It is reasonable to expect that if there is a high degree of efficiency and certainty in the interaction process, then there also will be an increase in the satisfaction with that process. The findings from the qualitative study were consistent with this position. Several buyer-respondents expressed frustration with salespeople who changed their position on key issues or who asked to renegotiate existing contracts.

Thus, it is reasonable to propose that external consistency will increase satisfaction with interactions. From this is derived:

H10a: As the consistency that BDM attributes to A increases, BDM's satisfaction with the interaction process in the A-B relationship also increases.

H10b: As the consistency that BDM attributes to ABP increases, BDM's satisfaction with the interaction process in the A-B relationship also increases.

II.F. IMPACT ON COMMITMENT

The above suggests that variations in attributed consistency may lead to variations in BDM's trust, satisfaction with outcome and satisfaction with the interaction. This section proposes that variations in these constructs will affect BDM's commitment to the A-B relationship. Commitment represents "a desire to develop a stable relationship, a willingness to make short term sacrifices to maintain the relationship and a confidence in the stability of the relationship" (Anderson and Weitz 1992, pg. 19). Commitment plays a pivotal role in exchange relationships (Anderson and Weitz 1989; Dwyer, Schurr and Oh 1987; Ganesan 1994, 1996; Gundlach, Achrol and Mentzer 1995; Macneil 1980; Moorman, Zaltman and Deshpande 1992; Morgan and Hunt 1994; Wilson 1995). It can serve as a psychological bond that keeps partners together when they encounter frustrations or setbacks. If partners are not committed, then they may resolve such problems by seeking new partners. However, if they are committed, then they will be motivated to try to maintain their relationship. This will cause them to work together to find common solutions (Day 1995; Dwyer, Schurr and Oh 1987; Macneil 1980).

It is proposed that increases in trust, satisfaction with outcome and satisfaction with the interaction will lead to increases in commitment. These relationships are discussed separately in the following three subsections.

II.F.1. Trust and Commitment

Several researchers have found that trust leads to commitment (Anderson and Weitz 1989; Ganesan 1994, 1996; Moorman, Zaltman and Deshpande 1992; Morgan and Hunt 1994²). The reason is risk. Commitment implies risk. As partners become more committed, they reduce their options and become more reliant upon each other. If one partner fails, then both may suffer. Also, the nature of relationship building can expose partners to potential exploitation. For example, to develop common solutions, partners may share information, develop joint plans and integrate systems. This can lead to a gradual reduction in each partner's defenses against the other. As these defenses drop, each party becomes more vulnerable to its partner (Dwyer, Schurr and Oh 1987; Macneil 1980). Trust provides reassurance about such issues. By definition, a high level of trust implies a low risk of exploitation. Thus, a high level of trust should convey a sense of security and increase a partner's willingness to accept the increased vulnerability that is associated with commitment (Dwyer, Schurr and Oh 1987; Wilson 1995).

All this suggests that increased trust should lead to increased commitment.

Accordingly it is proposed that:

² These studies examined various manifestations of this construct including "commitment" (Moorman, Zaltman and Deshpande 1992; Morgan and Hunt 1994), "long-term orientation" (Ganesan 1994, 1996) and "perceived continuity" (Anderson and Weitz 1989). However, these constructs are sufficiently similar for the results to be pooled in this analysis.

H11a: As BDM's trust in A increases, BDM's commitment to the A-B relationship also increases.

H11b: As BDM's trust in ABP increases, BDM's commitment to the A-B relationship also increases.

II.F.2. Satisfaction with the Outcome and Commitment

It also is proposed that there will be a strong relationship between satisfaction with the outcome and commitment. The reason involves the role of value in exchange. In general, organizational exchange is driven by a search for value (Anderson 1995; Dwyer, Schurr and Oh 1987; Macneil 1980; Wilson 1995; Williamson 1985). Businesses are profit seeking entities. When they require some resource, they compare the cost of internal production with the cost of external acquisition. They will obtain the resource externally only if it enables them to lower their costs and thereby increase their profits (Williamson 1985). As a result, decision makers seek to form relationships with those suppliers who can provide the most value. As Anderson (1995 pg. 248) notes, "value creation is the raison d'être of collaborative customer-supplier relationships".

Given the above, it is reasonable to suggest that decision makers will form the strongest relationships with those trading partners who deliver the most value. The literature provides some empirical support for this position. For example:

- One study found that an increase in a trading partner's "stake" in a relationship (i.e., the importance of the relationship to the partner) led to an increase in perceived continuity of the relationship (Anderson and Weitz 1989).

- A second study found that an increase in the importance of the product being exchanged led to an increase in the strength and collaborative nature of the relationship (Metcalf and Frear 1993).

In both cases, there was a direct relationship between the benefits derived from the relationship and the strength of bond between the partners.

This pattern suggests a possible relationship between satisfaction with the outcome and commitment. As noted, satisfaction with the outcome reflects the degree to which BDM is satisfied with the benefits of the relationship. It is reasonable to suggest that higher levels of satisfaction will reflect higher levels of value. If so, then higher levels of satisfaction with the outcome should lead to higher levels of commitment. This suggests that:

H12: As BDM's satisfaction with the outcome that B derives from the A-B relationship increases, BDM's commitment also increases.
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II.F.3. Interaction between Trust and Satisfaction with the Outcome

The above proposes that both trust and satisfaction with the outcome have direct effects on commitment. However, the nature of industrial exchange also suggests that there may be an interaction between these two variables. Specifically, it is proposed that the impact of satisfaction with the outcome on commitment will be greater when trust is high than when trust is low. This interaction is based upon the blend of factors that decision makers must consider when they evaluate alternative partners.

Decision makers must balance risk and reward. They must compare the potential benefits of a relationship with the potential for nonperformance or

exploitation (Hakansson and Wootz 1979; Swan, Trawick, Rink and Roberts 1988).

If a trading partner does not fulfill all of its promises, then the value of the relationship could be diminished or lost completely. For example, in many strategic alliances, the partners never acquire the anticipated level of value. The principal reasons involve the poor performance of the partners (Day 1995).

Because of these dangers, decision makers must factor in some estimate of risk when selecting exchange partners (Hakansson and Wootz 1979; Swan, Trawick, Rink and Roberts 1988). The results of the qualitative study were consistent with this position. Several respondents indicated that buyers tried to develop a risk-adjusted estimate of value when judging new suppliers. For example:

- A manufacturer had an opportunity to switch from an existing, trusted supplier to a new, unproven supplier. The new supplier offered a 5% discount off the old supplier's rates. The manufacturer did not make the switch. The savings were not sufficient to offset the increased risk of poor fulfillment by the new firm.
- A wholesaler was competing with a new entrant for a large order from an old customer. The new entrant offered significantly lower prices. However, the buyer made the purchase from the older wholesaler. The wholesaler believed that the deciding factor was his firm's reputation for reliable service.
- A service provider often encountered resistance when it tried to persuade potential customers to buy its services. The firm offered special systems that could significantly reduce the customer's operating costs. But customers were rarely persuaded simply by economic reasoning. The customers wanted reassurance that the service provider would fulfill its commitments. The service provider found that

prospects became much more receptive when they provided testimonials from past customers. The testimonials provided reassurance that the service provider would perform as promised.

Thus, decision makers may consider a blend of value and trustworthiness when selecting trading partners. If so, then this blend also may influence their willingness to form longer-term relationships with a given partner. Accordingly, it is reasonable to propose that:

<p>H13: A given level of BDM's satisfaction with the outcome will have a greater impact on BDM's commitment when BDM's trust in ABP and A is high than when it is low.</p>

II.F.4. Satisfaction with the Interaction and Commitment

It also is proposed that increases in satisfaction with the interaction will lead to increases in commitment. The reason involves the importance of the interaction process to decision makers. Inter-organizational negotiations can involve a number of direct, personal encounters between the representatives of the two organizations (Hakansson and Wootz 1979; Mummalaneni and Wilson 1991). As a result, a significant portion of a decision maker's time may be spent interacting with trading partners. It is reasonable to expect that decision makers will try to derive the maximum benefit from this time. If so, then they should be most attracted to those partners who provide the most efficient and productive interactions. By extension, it is reasonable to suggest that decision makers will seek to maintain relationships with trading partners who provide more satisfactory interactions. Thus, increases in satisfaction with the outcome should lead to increases in commitment.

There is some empirical support for this position. For example:

- One study found that decision makers were more committed to suppliers who provided more productive interactions (Moorman, Zaltman and Deshpande 1992).
- A second study found that decision makers were more satisfied when they had close personal bonds with their suppliers. That satisfaction, in turn, led to commitment (Mummalaneni and Wilson 1991).

Thus it is reasonable to suggest that higher levels of satisfaction with the interaction will lead to higher degrees of commitment. From this is derived:

H14: As BDM's satisfaction with the interaction process in the A-B relationship increases, BDM's commitment also increases.

II. G. RELATIVE IMPACT OF PERSONAL AND ORGANIZATIONAL PERCEPTIONS

The above proposes that external consistency and trust affect satisfaction with the outcome, satisfaction with the interaction and commitment. It also proposes that BDM may perceive different levels of consistency and trust for A and ABP. This section proposes that the personal and organizational forms of these constructs may have different degrees of influence on BDM's evaluations. Specifically, it is proposed that the influence of organizational and personal consistency and trust will vary with the relative contribution that is made by A and ABP. If BDM perceives that s/he derives more benefit from A, then s/he will give more weight to organizational consistency and trust. Contrarily, if BDM perceives that s/he derives more benefit from ABP, then s/he will give more weight to personal consistency and trust. The support for these relationships is based upon the way in which decision makers

evaluate the contributions of organizational and individual actors in exchange.

In general, it is possible for organizations and individuals to make unique contributions in an exchange relationship. Many benefits are derived from a trading partner's organizational capabilities. These benefits reflect the combined skills and actions of many people inside the trading partner's organization. Examples include the trading partner's products, technology, market reach, etc. (cf. Varadarajan and Cunningham 1995; Varadarajan and Rajaratnam 1986).

Other benefits are derived from the personal strengths of the individual boundary person. For example, a boundary person may have special skills, knowledge or discretionary resources. S/he may be able to use these strengths to help a decision maker understand issues, make better decisions and win internal political contests (cf. Moorman, Zaltman and Deshpande 1992; Zaltman and Moorman 1988; Strauss 1962).

Thus, a trading partner's organization and boundary person may provide different benefits within the same relationship. If so, then it is reasonable to suggest that the *relative* contribution of the two actors may be different. In some situations, most of the benefit may be derived from the trading partner's organizational capabilities. In such cases, the trading partner's representatives may be virtually interchangeable. The results of the qualitative study provided several examples of such situations. For example:

- A buyer purchased components from several suppliers. His primary interest was in the quality, price and availability of the supplier's products. He viewed the supplier's salespeople as a small part of the transaction process. He commented

that, “my relationship is with this company [i.e., a particular supplier] not with their salesperson.”

- A buyer purchased commodities from several suppliers. This buyer had a strong need for complete and timely deliveries. He felt that this was the job of the supplier’s overall organization. He viewed the supplier’s salespeople simply as messengers and sources of information.

At other times, a decision maker may derive the most of the benefit from the supplier’s boundary person. The results of the qualitative study contained several examples of such situations. For example:

- An industrial dealer dealt with several manufacturers that offered very similar products and prices. She valued her relationship with one manufacturer in particular. That company’s salesperson had spent a considerable amount of time educating her about the nuances of the industry and had helped her prepare presentations for prospective clients.
- A representative from a service company was having difficulty transferring the management of his accounts to his company’s service technicians. His clients placed a very heavy emphasis on his personal guidance and expertise. Even though he had fulfilled his formal duties (i.e., job analysis and negotiations), the clients insisted that he remained personally involved in the relationship. As a result, even though the rep had officially turned over the accounts to service technicians, he continued to visit the clients and provide consulting services and reassurance.

Thus, a trading partner's organization and boundary person may make different relative contributions to the benefits that are derived from a relationship. If so, then each actor may make a different relative contribution to satisfaction with the outcome and satisfaction with the interaction. This suggests that the consistency of each actor also may exert different degrees of influence on the evaluations.

The results of the qualitative study were consistent with this position. In general, buyers were most sensitive to the consistency of the key actor on the other side of the dyad. For example:

- The buyer who purchased raw materials derived benefit mainly from the supplier's organization. He identified several instances in which a supplier's salesperson made unrealistic promises. The buyer did not really care about these problems. He dismissed them as "salesperson puffery". Contrarily, he was extremely upset if the supplier's shipments were late.
- The representative for the service company noted that his customers derived a significant portion of their benefit from his personal input. These customers were very sensitive to any implications that he was discontinuing his personal relationship. If he did not call or visit, the customers complained and became restive.

Thus, it may be reasonable to suggest that the relative influence of personal and organizational consistency on satisfaction with the outcome and satisfaction with the interaction will vary with the relative contribution of the boundary person and organization to the total benefits that are derived from the relationship. From this is derived:

H15a: As A's relative contribution to the total benefits that B derives from the A-B relationship increases, the relative influence of A's consistency on BDM's satisfaction with the outcome and with the interaction process in the A-B relationship also increases.

H15b: As ABP's relative contribution to the total benefits that B derives from the relationship increases, the relative influence of ABP's consistency on BDM's satisfaction with the outcome and with the interaction process in the A-B relationship also increases.

A similar relationship can be proposed for the relative impact of organizational and personal trust on commitment. If most of the benefit in a relationship is derived from the trading partner's organization, then it is reasonable to suggest that the greatest risks will involve nonperformance by the overall organization. If so, then it is reasonable to expect that the decision maker will place the greatest emphasis on organizational trust. Similarly, if most of the benefit in a relationship is derived from the boundary person's guidance or behavior, then it is reasonable to expect that the decision maker will emphasize personal trust. This suggests that:

H16a: As A's relative contribution to the benefits that B derives from the A-B relationship increases, the relative influence of BDM's trust in A on BDM's commitment to the A-B relationship also increases.

H16b: As ABP's relative contribution to the benefits that B derives from the A-B relationship increases, the relative influence of BDM's trust in ABP on BDM's commitment to the A-B relationship also increases.

CHAPTER III **HYPOTHESES**

III.A. INTRODUCTION

This chapter summarizes the relationships that were proposed in chapter II.

These relationships can be grouped into two stages.

- *Intra-Organizational Behavior:* It is proposed that a variety of forces *inside* A's organization will affect the consistency of its communications and behavior with B. It is proposed that ABP and ASU will be motivated to pursue different and potentially incompatible goals. These efforts, in turn, may reduce the consistency of the organization's behavior with its trading partner - B. It also is proposed that ABP will be motivated by self-interest to try to maintain a high degree of external consistency. Toward that end it is proposed that ABP will use several forms of intra-organizational influence to try to resolve conflicts in such a way that they do not ripple outward and reduce external consistency. The net effect of this internal competition will be to present some degree of external consistency to BDM.

- *Impact on BDM's Evaluations:* It is proposed that BDM may attribute this consistency to A's overall organization or to ABP. It also is proposed that BDM's perceptions of consistency will alter his/her evaluations in several ways. These include:

- **Attributed consistency will affect BDM's trust in A and/or ABP.**
- **Attributed consistency also will affect BDM's satisfaction with the outcome of the relationship and with the interaction process.**
- **Changes in trust and satisfaction will lead to changes in BDM's commitment.**

These issues are discussed in more detail below.

III.B. INTRA-ORGANIZATIONAL BEHAVIOR

It is proposed that several intra-organizational forces will affect external consistency. These forces include goal conflicts, formal and informal power and defensive tactics. These factors are discussed below.

The core problem involves goal conflicts. In general, goal conflicts occur when different members of an organization seek to fulfill incompatible objectives. These problems, in turn, can motivate members to engage in conflicting behavior. Thus, if ASU's goals are not compatible with ABP's goals, then the two parties may engage in conflicting behavior. If so, then their internal disputes may inadvertently lead to inconsistencies in the overall organization's communications and behavior with BDM. Thus, internal goal conflicts may lower external consistency. From this is derived:

H1: As the goal conflicts between ABP and ASU increase, the level of external consistency decreases.

This relationship may be affected by several factors. The first is formal power. Organizational members may acquire formal power either by rising to positions of authority or by relying on the power of their managers. In general, boundary people do not personally have significant amounts of formal power. Instead, they may try to elevate intra-organizational conflicts to higher levels of management and rely upon their manager's authority to force a satisfactory resolution. If ABP has access to enough formal power, then s/he may be able to force ASU to behave in a way that maintains external consistency. From this is derived:

H2: As ABP's use of formal power to resolve conflicts with ASU increases, external consistency also increases.

A second variable is informal power. Organizational members may rely on friends inside their organization to help them fulfill their objectives. They may ask friends to change policies or to give them special consideration. It is possible that ABP may develop friendships with members of ASU. If so, then s/he may use those contacts to help insure that ASU supports his/her commitments to B. This suggests that ABP's ability to use informal power should lead to higher levels of external consistency. From this is derived:

H3: As ABP's use of informal power to resolve conflicts with ASU increases, external consistency also increases.

A third variable is defensive behavior. Organizational members can use a variety of ploys to delay or avoid unwanted directives. These tactics can include a variety of actions such as adhering to petty rules, rerouting issues, feigning inability,

misrepresenting issues, etc.. It is proposed that such tactics will affect the level of external consistency. If ABP is able to use such tactics, then it may be able to slow down or derail efforts by ASU that would damage external consistency. On the other hand, if ASU is able to employ such tactics, then it may be able to delay or avoid fulfilling ABP's commitments to B. This would decrease the level of external consistency. From this is derived:

H4: As ABP's use of defensive behavior to resolve conflicts with ASU increases, external consistency also increases.

H5: As ASU's use of defensive behavior to resolve conflicts with ABP increases, external consistency decreases.

III.C. COMMUNICATIONS-RELATED FACTORS

It also is proposed that the link between goal conflicts and external consistency will be affected by communications-related factors that are inherent in the A-B relationship. These factors include ASU's level of direct contact with B and the presence of a boundary group.

The first issue involves ASU's level of external contact. Internal units can have varying degrees of contact with trading partners. Some units provide purely internal functions. These units may have no external contact. Other units may provide exchange-support services. For example, they may be involved with order processing, complaint resolution, technical support, etc.. In these cases the sub-unit may have extensive external contact.

It is proposed that ASU's degree of direct contact will affect the level of external consistency. It is reasonable to expect that both ABP and ASU will emphasize their own priorities when interacting with BDM. It follows that if ASU and ABP are engaged in goal conflicts, then they will communicate and behave differently with BDM. Thus, higher degrees of direct contact should decrease the level of external consistency. From this is derived:

H6: As direct contact between ASU and BDM increases, A's external consistency decreases.

It is proposed that an additional factor is ASU's membership in a formal boundary group. Some organizations use a matrix management arrangement to coordinate the customer-related activities of their support units. If ABP and ASU are members of such a group, then it is likely that the group's manager will monitor their performance. This should increase the potential for ABP and ASU to be forced to resolve their goal conflicts before they ripple outward and affect the customer. If so, then the presence of boundary teams should lead to higher levels of external consistency. From this is derived:

H7: A's external consistency will be greater when ABP and ASU are members of a boundary team than when they are not.

It is proposed that the net effect of these factors will be to create some degree of consistency in A's communications and behavior with B. It is proposed that this external consistency will affect an exchange relationship by affecting BDM's perceptions and evaluations. In general, decision makers may form separate

evaluations about a trading partner's overall organization and boundary person. Thus BDM may form separate evaluations about A and ABP. This in turn suggests that BDM may attribute a given level of consistency to A, ABP or both.

It is proposed that this attributed consistency will affect the relationship in three stages. First, it is proposed that consistency will affect BDM's trust in A and ABP. Second, it is proposed that consistency will also affect BDM's satisfaction with the outcomes of the relationship and the interaction process. Finally, it is proposed that trust and satisfaction will affect BDM's commitment to the relationship. These stages are examined separately. The following section explores the impact of consistency on trust. The sections thereafter examine the impact on satisfaction and commitment.

III.D. IMPACT ON TRUST

It is proposed that perceptions of consistency will affect BDM's trust in A and/or ABP. Decision makers evaluate the trustworthiness of potential trading partners by assessing the partner's past behavior. If the partner has behaved consistently, then the decision maker will judge that the partner is honest and/or dependable. These assessments in turn increase the decision maker's trust in the partner. This suggests that attributed consistency will increase BDM's trust in A and/or ABP. From this is derived:

H8a: As the consistency that BDM attributes to A increases, BDM's trust in A also increases.

H8b: As the consistency that BDM attributes to ABP increases, BDM's trust in ABP also increases.

III.E. IMPACT ON EVALUATIONS

It is proposed that external consistency also will affect BDM's evaluation of the overall relationship. First, it is proposed that external consistency will affect BDM's satisfaction with the outcome of the relationship. In general, organizations enter into exchange relationships to obtain specific benefits. These might include access to products, technology, markets, etc.. Many of these benefits are affected by the trading partner's consistency. For example, if a supplier has timely deliveries or sends components of the proper quality, then the buyer may be able to maintain more efficient production runs and reduce the cost of rebuilding defective products. Thus, it is reasonable to suggest that external consistency may lead to higher levels of satisfaction with the outcome of the relationship. From this is derived:

H9a: As the consistency that BDM attributes to A increases, BDM's satisfaction with the outcome that B derives from the A-B relationship also increases.

H9b: As the consistency that BDM attributes to ABP increases, BDM's satisfaction with the outcome that B derives from the A-B relationship also increases.

It also is proposed that external consistency will raise BDM's satisfaction with the interaction process. Decision makers can judge an exchange partner according to the ease or difficulty of negotiating and conducting transactions. If a trading partner is highly consistent, then it should increase the efficiency and certainty of the relationship. It is reasonable to expect that these patterns will increase a decision maker's satisfaction with the interaction process. Therefore, it is proposed that external consistency will raise satisfaction with the interaction. From this is derived:

H10a: As the consistency that BDM attributes to A increases, BDM's satisfaction with the interaction process in the A-B relationship also increases.

H10b. As the consistency that BDM attributes to ABP increases, BDM's satisfaction with the interaction process in the A-B relationship also increases.

III.F. IMPACT ON COMMITMENT

It is proposed that BDM's evaluation of trust, satisfaction with the outcome and satisfaction with the interaction will affect his/her commitment. First, it is proposed that higher levels of trust will lead to higher levels of commitment. The reason involves risk. Long-term relationships have the potential for higher degrees of risk. As partners develop closer and more enduring bonds, they become more open to each other. For example, they may begin to share proprietary information, integrate systems or engage in joint planning. As they do so, they lower their defenses and increase their vulnerability to exploitation by the other party. Thus, closer relationships imply higher potential risk. Trust reflects an assessment of risk. Higher

levels of trust imply a low perceived risk of exploitation. Therefore, higher levels of trust should support the development of more enduring relationships. Thus, trust should lead to commitment. From this is derived:

H11a: As BDM's trust in A increases, BDM's commitment to the A-B relationship also increases.

H11b: As BDM's trust in ABP increases, BDM's commitment to the A-B relationship also increases.

It also is proposed that satisfaction with the outcome of the relationship will lead to commitment. The reason is based on value. In general, decision makers attempt to build relationships with partners that provide the most value. Satisfaction with the outcome provides an indication of BDM's assessment of value. It is reasonable to suggest that BDM will be more interested in maintaining relationships with partners that provide greater value. Thus, higher levels of satisfaction with the outcome should lead to higher levels of commitment. From this is derived:

H12: As BDM's satisfaction with the outcome that B derives from the A-B relationship increases, BDM's commitment also increases.

It also is proposed that there may be an interaction between trust and satisfaction with the outcome. When decision makers evaluate potential trading partners, they must balance risk and reward. If a partner promises a high level of value, but fails to deliver, then the decision maker may suffer. As a result, decision makers attempt to form a risk-adjusted estimate of the value of a trading partner. This suggests that there may be an interaction between trust and satisfaction with the outcome of the relationship. From this is derived:

H13: A given level of BDM's satisfaction with the outcome will have a greater impact on BDM's commitment when BDM's trust in ABP and A is high than when it is low.

It also is proposed that satisfaction with the interaction will affect commitment. The reason involves BDM's desire for personal efficiency. Decision makers often spend a considerable amount of time interacting with trading partners. It is reasonable to expect that they will want this time to be productive and pleasurable. If so, then it follows that a decision maker will be interested in forming more enduring relationships with trading partners that provide more satisfying interactions. Therefore, it is reasonable to suggest that higher levels of satisfaction with the interaction will lead to higher levels of commitment. From this is derived:

H14: As BDM's satisfaction with the interaction process in the A-B relationship increases, BDM's commitment also increases.

III.G. RELATIVE IMPACT OF PERSONAL AND ORGANIZATIONAL PERCEPTIONS

The above suggests that there may be personal and organizational forms of external consistency and trust. This section proposes that the two forms of these constructs may have different degrees of influence on BDM's evaluations.

In general, a decision maker may derive benefit from both actors on the other side of the dyad. First, s/he may derive benefits from the trading partner's organizational capabilities. For example, a trading partner's products are most likely produced through group effort. At the same time, s/he also may derive benefits from

the personal capabilities of the individual boundary person. For example, a salesperson may provide expert guidance.

It also is possible that a decision maker may derive different degrees of benefit from these two actors. For example, in some cases most of the benefit in the relationship may be derived from the trading partner's products. In such cases, a decision maker may use the boundary person simply as an order-taker. In other cases, the decision maker may view the trading partner's products as commodities. However, at the same time, s/he may rely on the boundary person to help him/her make effective decisions. Thus, a decision maker may derive more benefit from one actor or the other. If so, then it is reasonable to suggest that s/he may emphasize one actor or the other when evaluating the overall relationship.

This suggests, in turn, that the degree of consistency that is attributed to each actor may have a different effect on BDM's satisfaction with the outcome and the interaction. It is reasonable to suggest that an actor's level of consistency will have a greater impact if the actor is providing a greater share of the total benefits. Thus, the relative impact of A's and ABP's external consistency should vary with A's and ABP's relative contribution to total benefits. From this is derived:

H15a: As A's relative contribution to the total benefits that B derives from the A-B relationship increases, the relative influence of A's consistency on BDM's satisfaction with the outcome and with the interaction process in the A-B relationship also increases.

H15b: As ABP's relative contribution to the total benefits that B derives from the relationship increases, the relative influence of ABP's consistency on BDM's satisfaction with the outcome and with the interaction process in the A-B relationship also increases.

It also is proposed that there will be a similar pattern between personal and organizational trust. If a decision maker is deriving a greater share of his/her total value from one actor, then s/he will face the greatest loss if that actor does not fulfill its promises. If so, then it is reasonable to expect that the decision maker will place a greater emphasis on his/her trust in the actor that is providing the most value. From this is derived:

H16a: As A's relative contribution to the benefits that B derives from the A-B relationship increases, the relative influence of BDM's trust in A on BDM's commitment to the A-B relationship also increases.

H16b: As ABP's relative contribution to the benefits that B derives from the A-B relationship increases, the relative influence of BDM's trust in ABP on BDM's commitment to the A-B relationship also increases.

CHAPTER IV **RESEARCH METHODOLOGY** **AND RESULTS**

IV. A. INTRODUCTION

This section describes the steps that were taken to test the hypotheses that were presented in chapter III. These tests included a combination of qualitative and quantitative techniques. The first step involved a series of depth interviews with sales and purchasing professionals. These interviews provided insights into how practitioners conceptualized the issues discussed in chapter III. The results are summarized in section IV.B. below.

The next step involved formal hypothesis testing. Because of the nature of the hypotheses, it was necessary to gather data from two different types of respondents - sales managers and purchasing professionals. It would have been ideal to gather dyadic data. However, during the qualitative study it became obvious that it would be extremely difficult to gather such data. The respondents warned that sales managers would not be willing to discuss their firm's internal politics with a researcher and then allow that researcher to talk to their customers. There would be too much risk for the manager and his/her firm. As a result, it was decided to collect data from independent samples of sales managers and purchasing professionals. The selection of these respondents is discussed in section IV.C..

Due to the nature of the study, it was necessary to develop two different questionnaires (one for sales and one for purchasing) and ten new scales. As a result,

this project included an extensive effort to develop and test the new scales. These scales were then used to gather data from random samples of practicing sales managers and purchasing managers. The scale development and data collection processes for the sales and purchasing surveys are discussed in Section IV.D. and IV.E. respectively.

The data from these two surveys were used to test the hypotheses. These tests are presented in section IV.F.. The first six hypotheses were tested using the sales data and multiple regression. These results supported hypotheses 1 and 3. The results did not support hypotheses 2, 4, 6 and 7. Also, due to a lack of data, it was not possible to test hypothesis 5. These results are summarized in Table 1 below.

Table 1
Summary of Results - Intra-Organizational Relationships

	HYPOTHESIS	RESULT	METHOD
H 1	As the goal conflicts between ABP and ASU increase, the level of consistency decreases.	Supported	Multiple Regression
H 2	As ABP's use of formal power to resolve conflicts with ASU increases, external consistency also increases.	Not Supported	Multiple Regression
H 3	As ABP's use of informal power to resolve conflicts with ASU increases, external consistency also increases.	Supported	Multiple Regression
H 4	As ABP's use of defensive behavior to resolve conflicts with ASU increases, external consistency also increases.	Not Supported	Multiple Regression
H5	As ASU's use of defensive behavior to resolve conflicts with ABP increases, external consistency decreases.	Not Tested	-
H6	As direct contact between ASU and BDM increases, A's external consistency decreases.	Not Supported	Multiple Regression
H7	A's external consistency will be greater when ABP and ASU are members of a boundary team than when they are not.	Not Supported	Multiple Regression

The purchasing data were used to test hypotheses 8 through 14. The purchasing questionnaire had contained separate scales to measure trust in A and trust in ABP. However, it was not possible to empirically separate these two constructs. The scales were highly correlated and appeared to reflect the same underlying phenomenon. As a result, the two scales were combined into one generalized trust scale.

Because of this problem, it was necessary to adjust hypotheses 7 through 10. These hypotheses had originally been structured to test the different effects of personal and organizational trust. For example, hypotheses 11a and 11b were originally stated as follows:

H11a: As BDM's trust in A increases, BDM's commitment to the A-B relationship increases.

H11b: As BDM's trust in ABP increases, BDM's commitment to the A-B relationship increases.

To reflect the measurement issues, these hypotheses were combined to reflect the relationship between trust and commitment in general. The new hypothesis is shown below.

H11: As BDM's trust increases, BDM's commitment to the A-B relationship increases.

Similar adjustments were made to hypotheses 8, 9 and 10. In addition, it was not possible to test hypotheses 15 and 16. These hypotheses examined the different effects of personal and organizational factors on the relationship. Given the inability to

separate the personal and organizational measurements, it was not possible to test these relationships.

These revised hypotheses were tested using a combination of LISREL and ANACOVA. The results supported hypotheses 8, 9, 10, 11 and 14. The results did not support hypotheses 12 and 13. These findings are summarized in Table 2 below.

Table 2
Summary of Results - Inter-Organizational Relationships

	HYPOTHESIS	RESULT	METHOD
H8:	As A's external consistency increases, BDM's trust also increases.	Supported	LISREL
H9:	As A's external consistency increases, BDM's satisfaction with the outcome that B derives from the A-B relationship increases.	Supported	LISREL
H10:	As external consistency increases, BDM's satisfaction with the interaction process in the A-B relationship increases.	Supported	LISREL
H11:	As BDM's trust increases, BDM's commitment to the A-B relationship increases.	Supported	LISREL
H12:	As BDM's satisfaction with the outcome that B derives from the A-B relationship increases, BDM's commitment increases.	Not Supported	LISREL
H13:	A given level BDM's satisfaction with the outcome will have a greater impact on BDM's commitment when BDM's trust is high than when it is low.	Not Supported	ANACOVA
H14:	As BDM's satisfaction with the interaction process in the A-B relationship increases, BDM's commitment also increases.	Supported	LISREL

A detailed discussion of these topics is presented below.

IV. B. QUALITATIVE RESEARCH

As a preliminary step, depth interviews were conducted with a convenience sample of 16 industrial buyers, sales representatives and sales managers. The respondents were drawn from a variety of industries including apparel, capital equipment, computer software, furniture, greeting cards, pharmaceuticals, publishing, office supplies, soft drinks and travel. All respondents had significant work experience. Their length of professional experience ranged from 1 to over 20 years and averaged 11.5 years.

The interviews were conducted according to the guidelines suggested by Taylor and Bogdan (1984). At the start of each interview, the participant was informed of the general topic and guaranteed confidentiality. The participant was then asked to respond to a series of open-ended questions concerning intra and inter-organizational behavior. To preserve the conversational tone of the interviews, the sequence of topics was varied to reflect each participant's line of thought. The interviews lasted between 20 minutes and 2.5 hours depending upon the subject's time constraints. On average, the interviews lasted one hour.

The interviews made three contributions to this project. First, they provided insights into the types of knowledge that members of different professions typically have about the topics in this paper. For example, all three types of respondents (i.e., sales representatives, sales managers and purchasing managers) had a great deal of knowledge about their companies' exchange relationships. In addition, the sales

respondents had a very strong understanding of their companies' internal relationships. This helped to clarify which types of respondents should be used for the surveys.

Second, the interviews served as an initial review of the proposed relationships. The respondents offered many examples of how their firm's internal events affected their external behavior and how buyers evaluated their suppliers. These comments helped clarify how the proposed relationships might occur in typical industrial settings.

Finally, the interviews provided a starting point for scale development. The respondents provided insights into how practitioners typically describe the constructs discussed in chapter II. Their comments provided the basis for developing a number of items that were eventually included in the scales that were used during the survey portion of this project.

IV. C. QUANTITATIVE RESEARCH - SAMPLE SELECTION

To conduct a more rigorous statistical test of the hypotheses, it was necessary to gather quantitative data. The two major concerns in this area involved the selection of the proper respondents and the development of effective instruments. The issues involving sample selection are discussed in this section. The issues concerning scale and questionnaire development are discussed in the sections thereafter.

Respondents were selected carefully to avoid the potential for key informant bias. This is a common problem in industrial research. It involves the potential for individual members of an organization's to not have complete information about the organization's total experience. These constraints are caused by two problems. First,

due to the division of labor, most individuals are not exposed to the full range of organizational events. Second, due to differences in personal goals, individuals may not be motivated to gather information about certain events. As a result, different individuals may have different degrees of ability to provide accurate information about organizational events (Brown and Lusch 1992; Kumar, Stern and Anderson 1993; Philips 1981; Silk and Kalwani 1982).

To avoid these problems, researchers must choose respondents who have the experience and motivation to gather information about the topics of interest (Brown and Lusch 1992; Kumar, Stern and Anderson 1993). This study required respondents who were knowledgeable about three sets of issues. These included:

- Conflicts between internal support units and boundary people.
- Levels of external consistency between trading partners.
- A decision maker's assessment of a trading partner's consistency.

The results of the qualitative study indicated that industrial salespeople and buyers would be qualified to report on sub-sets of these issues. The sales-respondents were very knowledgeable about the first two issues. They were directly involved in intra-organizational issues. They worked closely with a number of internal units on a regular basis. They also were directly involved in their organization's contact with their customers. As a result, they were very aware of their organization's level of consistency. Also, the salespeople were highly motivated to monitor these issues. If a problem made a customer dissatisfied, it could cause the salesperson to lose sales and commissions.

The qualitative study also indicated that industrial buyers were knowledgeable about the second and third issues. They were directly involved in negotiating with suppliers and monitoring fulfillment. They also frequently made decisions concerning supplier selection. In addition, buyers were motivated to monitor and assess their suppliers carefully. Their incomes and careers were directly linked to their success in these issues. As a result, the buyer-respondents were well informed about their supplier's level of consistency.

The second step involved identifying specific samples for each group. Toward that end, an extensive effort was undertaken to identify alternative sources of names and references. There were several possible sources.

The first option was Baruch's alumni association. The 1995 alumni directory listed 77 salespeople and 31 purchasing agents. These people appeared to be strong candidates because of the recent compilation of the list and the school affiliation. The alumni were included in the first mailing. The data from this mailing were used for scale refinement and testing (discussed in IV.D. and E. below).

The second option involved trade associations. A review of the Encyclopedia of Associations indicated that there were over 20 professional associations related to sales and purchasing. Unfortunately, there were significant problems involved with most of these associations. In a number of cases the associations were too small (several hundred members) to be useful. In several other cases the associations either did not maintain a central membership list or would not provide access to their lists.

One association that was extremely supportive was Sales and Marketing Executives - International (SMEI). It is a long-standing and highly respected association with over 10,000 members nationwide. SMEI's leadership took an active interest in this project and offered valuable insights into how their membership might respond to the survey. They also permitted this researcher to present the project during their annual convention. This researcher was allowed to make a presentation during the general meeting and to maintain a booth (free of charge) in the exhibitors area. This was a very valuable opportunity. Thanks to the support of SMEI this researcher was able to gather quantitative data and to conduct a number of additional depth interviews with practitioners.

The final source involved commercial mailing lists. A number of list brokers offered lists of sales and purchasing personnel. One key difference involved the place of contact. Different brokers could provide either the business or home addresses for professionals in each field. Initially, an attempt was made to use a home list of professionals. Unfortunately the results were very weak. During a sample mailing involving 300 names the rate of undeliverables was 18.8% for the sales list and 11.6% for the purchasing list. In addition, several individuals wrote back to inform the researcher that the person identified on the list had either left the profession or was dead. Due to these problems, it was judged that this list would not be effective for the main survey.

Accordingly, a second mailing was conducted with business addresses. This list had very strong sample characteristics. The list contained purchasing and lower-

ranked sales managers in a wide variety of industries. In addition, the lists were verified annually and were guaranteed to be accurate. These lists performed very well. During a mailing to 3,464 professionals, the undeliverable rates were only 3.7% for sales and 3.8% for purchasing. In addition, the respondents indicated that they had the experience necessary to provide informed responses to the questionnaires. Accordingly, the main survey was based upon the results from this survey.

The actual results from these surveys are discussed below. The following section examines the efforts to gather data from sales respondents. The section thereafter focuses on the efforts involving purchasing respondents.

IV. D. INTRA-ORGANIZATIONAL SCALE DEVELOPMENT

To be able to statistically test hypotheses 1 through 7, it was necessary to develop scales for six constructs. These constructs are listed in Table 3 below.

Table 3
Constructs for Intra-Organizational Hypotheses

HYP.	Intra-Organizational Behavior (Measured through Sales Survey)
1-7	External consistency
1	Goal conflict
2	Formal power
3	Informal power
4 & 5	Defensive behavior
6	Direct contact
7	Boundary team

In addition, this portion of the study also included an attempt to develop a scale for "Trust in A". This construct was not directly related to hypotheses 1

through 7. However, this construct was included in the sales survey in order to examine the potential for direct relationships between a company's intra-organizational behavior and the perceptions of its trading partner.

As a first step, an extensive effort was made to identify existing scales. Then, for those constructs for which scales did not exist, a rigorous process was undertaken to develop new scales. This process was conducted according to the guidelines recommended by Churchill (1979). The following sub-sections describe these efforts in detail. The next section describes the results of the literature search. The sections thereafter describe the development of new scales.

IV. D. 1. Availability of Intra-Organizational Scales

The literature did not contain scales for any of the intra-organizational constructs listed above. There were three reasons for this problem. First, many studies of organizational behavior had been based upon case analysis and qualitative interviews (e.g. Crozier 1964; Dutton and Walton 1966; Eisenhardt and Bourgeois 1988; Frankwick, Ward, Hutt and Reingen 1994; Frankwick, Walker and Ward 1994; Izraeli 1975; Pettigrew 1975; Salancik and Pfeffer 1977; Seiler 1963; Shapiro 1977; Workman 1993). While these studies provided many insights into important relationships, they did not provide guidance on quantitative measurement.

A second set of studies used scales to quantitatively measure intra-organizational constructs. However, these scales were custom tailored for specific research settings. For example, Salancik and Pfeffer (1974) studied inter-departmental

power inside a university. To measure power, they used university-specific measurements such as committee representation. Similarly, other researchers used situation-specific surrogates for power. For example, several researchers estimated power on the basis of funding allocations (e.g. Pfeffer and Leong 1970; Provan, Beyer and Krubosch 1980). These scales were highly effective in their environments. However, they could not be easily generalized for other applications.

A third set of researchers had developed generalized scales for intra-organizational constructs. These scales provided useful guidance but could not be applied directly to this study. In a number of cases the researchers had measured a general construct that was included in this paper but had focused on a significantly different form of that construct.

Goal conflict was a good case in point. Pondy (1967) suggested that conflict could take several different forms. These included:

- Latent Conflict: the existence of incompatible objectives that *may* escalate into confrontation;
- Felt Conflict: the degree of emotional involvement in a conflict;
- Manifest Conflict: observable, conflictory behavior.

This paper focused on latent conflict. The objective was to separate the impact of incompatible objectives from the impact of various mechanisms for resolving that incompatibility. In contrast, past researchers had focused on various combinations of felt and manifest conflict (e.g. Corwin 1969; Ruekert and Walker 1987; Walton,

Dutton and Cafferty 1969). Their scales provided many useful insights into the measurement of conflict but could not be applied without modification to this project.

In other cases, researchers had measured various aspects of intra-organizational politics but had not focused on the constructs examined in this paper (e.g. Barclay 1991; Harrison 1979; Hemphill 1956; Lambert, Boughton and Banville 1986; Lawrence and Lorsch 1967; Likert and Likert 1976; Maltz and Kohli 1996; Ruekert and Walker 1987; Van de Ven and Ferry 1980). These authors' scales contained a number of items that could be adapted for use in this paper. However, their scales were focused on constructs or conceptual definitions that were different from the ones used in this paper. As a result, the work of these authors was used as a starting point for developing new scales that were more focused on the specific constructs in this paper.

The situation was somewhat different for the measurement of trust in A. As noted in chapter II, trust represents the degree to which the trustor is willing to rely on the trustee in a risky situation. The literature contained several scales for this construct (e.g. Doney and Cannon 1997; Moorman, Zaltman and Deshpande 1992; Morgan and Hunt 1994, etc.). The items in these scales all emphasized reliance. However, they dealt with the element of risk in a variety of ways. For example, some researchers asked their respondents to focus on situations that were inherently risky. As a result, not all of the items in these scales explicitly mentioned risk. Since this paper was attempting to measure behavior across a wider range of situations, it would not be possible to focus on only high risk situations. Accordingly, several of these

scales were combined for the current study. Items that did not imply risk were dropped and new items that included an element of risk were added. The result was a new trust scale that was essentially a composite of several prior scales.

IV. D. 2. Scale Development Process.

Due to the limited ability to use existing scales it was necessary to create a number of new scales. This process was based upon the recommendations made by Churchill (1979). In brief these steps included:

1. **Define constructs:** Definitions were derived from the work presented in chapter II.
2. **Develop a representative pool of items for each construct:** Items were derived from existing scales, the literature and the depth interviews. The items were stated in the first person and represented observable, behavioral manifestations of each construct. For example, a typical item for the defensive behavior scale was, "I slowed down this sub-unit's request by adhering to petty rules".
3. **Edit Items:** The items were then edited to remove ambiguities and double-barreled statements.
4. **Refine through peer review:** Four Ph.D. students examined a scrambled list of items and attempted to identify the construct that was most closely associated with each item. This led to further clarification of a number of items and to the deletion of several items that appeared to be related to more than one construct.
5. **Create preliminary scales and questionnaires:** The items were combined into scales and placed in self-report questionnaires. The preliminary questionnaire covered

seven pages (cover sheet, instruction page and five pages of questions) and contained 53 items. It was designed according to the guidelines suggested by several authors to improve comprehension (Bourque and Fielder 1995; DeVellis 1991; Fowler 1988; Mangione 1995). For example, the scales were arranged in a logical sequence, the response options were standardized for most scales and the entire questionnaire followed a two-column format (questions on the left, responses on the right). In this way, respondents could learn the mechanical aspects of the questionnaire quickly and then focus on the actual issues.

6. **Test with Sample Data and Revise:** The preliminary questionnaire was subjected to a number of qualitative and quantitative field tests. These tests led to a number of new insights and to major revisions. The following section provides an overview of that testing process and of the general results. The section thereafter provides a detailed analysis of each scale that was used in the hypothesis tests.

IV. D. 3. Preliminary Tests

The first test involved depth interviews with a convenience sample of four practitioners. The participants reviewed the questionnaires line by line with the researcher. The objective was to determine if the questionnaires were self-explanatory and if the items reflected typical business situations. In general, the feedback was very positive. The respondents indicated that the topics and items were realistic and pertinent to their professions. They recommended several minor revisions to clarify the instructions and items.

In the second test, the revised questionnaires were mailed to 204 sales representatives. The subjects were drawn from Baruch's alumni directory (77 subjects) and from a commercial mailing list (127 subjects). Of these, 33 (16.2%) were returned as undeliverable.

The mailings included several features that were recommended by Bourque and Fielder (1995) to improve response rates. For example, each subject received a pre-notification letter that stressed the importance of the study and the potential value of the individual's contribution. The letters were personally addressed, printed on school stationary, signed by the researcher and mailed first class. The questionnaires were sent approximately one week later. This packet contained the questionnaire, a postage paid return envelope and a new cover letter. This letter was also personally addressed and signed. In addition, the letter reiterated the importance of the subjects' participation and informed them of their rights as specified in CUNY's guidelines for ethical research. As an added incentive, the letter also offered to enter all respondents who returned a completed questionnaire in a contest to win either audio tapes on personal selling or a text book on effective purchasing.

The mailing also included a special feature to help ensure that there would be a sufficient degree of variation in the data. The instructions that were included with the questionnaires were modified to guide the respondents to focus on different types of relationships. The sales respondents were asked to focus on a situation in which the salesperson tried to make a major sale in the face of strong competition. Half of the respondents were asked to report on a situation in which the salesperson got the sale.

The other half was asked to report on a situation in which the salesperson did not get the sale.

A similar approach was taken with the purchasing questionnaire. The purchasing respondents were asked to focus on a situation in which they had considered several alternative suppliers for a major purchase. Half of the respondents were asked to report on their relationship with the supplier from whom they purchased the item. The other half of the respondents were asked to report on their relationship with one of the suppliers that they had rejected. It was hoped that this would guide the respondents to report on situations that involved varying degrees of trust, satisfaction and commitment.

The salespeople returned 25 completed questionnaires for a 14.6% response rate. Most of these questionnaires contained patterns that indicated a strong response bias. Entire pages were filled with either straight line or ping-pong responses. The respondents were indicating, in essence, that the constructs related to internal conflict and politics did not exist and that they had the complete trust of their clients. These results contradicted the general patterns that were discussed in the literature and the findings of the qualitative study.

As a result, a second qualitative pre-test was conducted to identify potential problems. Depth interviews were conducted with a convenience sample of four different practitioners. These respondents reviewed the questionnaire line by line with the researcher. Their responses were similar to those from the first set of interviews. They indicated that the topics and items were realistic and relevant.

Then they were presented with a summary of the survey results and asked to comment. All four respondents offered the same interpretation. They all noted that the questionnaire focused on highly sensitive issues (intra-organizational conflict and politics). In addition, the items were stated in the first person and in behavioral terms. As a result, a completed questionnaire was tantamount to a “confession” of having personally engaged in unauthorized political manipulations. The four respondents stated that they were willing to complete the questionnaire because they knew and trusted the researcher. However, they believed that if they (or other practitioners) received such a questionnaire in the mail from an unknown source they would probably discard it. They felt that most practitioners would be very concerned about potential career damage that could occur if such material reached their employers or competitors.

The respondents also had a minor concern about size. Because of the number of scales and the method of printing, the entire package contained nine sheets of paper (a seven page questionnaire, a cover letter and a response form). This “looked” like a big task as it came out of the envelope.

To address these issues, the sales questionnaire was completely redesigned. The most significant changes involved the focus of the questionnaire and the wording of the items. The original questionnaire had asked respondents to report on a current exchange relationship in which they were involved personally. The depth interview respondents suggested that this wording was “too close for comfort”. As a result, the instructions were revised to ask respondents to report about an exchange relationship

they had “participated in or observed” in “either their current or a previous position”. Several practitioners suggested that this wording would give respondents “plausible deniability” and increase their comfort with the questionnaire.

At the same time, the items were revised to match the new tone of the questionnaire. The items were changed from the first person to the third person. They also were reworded to contain less sensitive language. For example, a typical item in the original defensive behavior scale was worded as follows:

“I stated that I supported the sub-unit’s wishes publicly but then did what I wanted privately.”

In contrast, a typical item in the revised scale stated that:

“The salesperson could subtly avoid having to comply with the instructions from these departments.”

In addition, the entire questionnaire was redesigned to be more visually appealing. One major concern was the length of the questionnaire. The respondents in the pre-tests recommended that the questionnaire should be limited to four pages. Several steps were taken to cut the questionnaire down to that size. For example, the instructions were condensed and put at the top of the questionnaire rather than on a separate cover page. Also, several items were deleted from the scales that contained a large number of items. These deletions were based upon the reliability and dimensionality tests that were conducted on the pre-test data.

Finally, to achieve the four page limit, it became necessary to delete one entire scale. It was decided that the best candidate would be the support-unit defensive

behavior scale (for use in hypothesis 5). This scale was selected for several reasons. First, the original questionnaire contained two defensive behavior scales. One scale measured the defensive behavior of the salesperson and the other measured the defensive behavior of the support unit. Thus, even if one of these scales was deleted, it would still be possible to test the impact of defensive behavior to some degree. Also, the items in the two defensive behavior scales contained similar language. Several respondents in the pre-tests suggested that these items seemed to be redundant. They warned that a large number of similar sounding items could lead to respondent frustration and lower response rates.

After all revisions, the questionnaire was reformatted and printed as four pages on a single 11" X 17" sheet of paper. In this way, the package looked smaller as it was taken from the envelope.

The revised questionnaire was retested through depth interviews with a new convenience sample of four different practitioners. The results were generally favorable although the respondents still warned about the time limitations of potential respondents.

The sales questionnaires were then tested through a second survey. This survey was conducted in through SMEI. The association permitted the researcher to distribute 200 questionnaires to its members during its annual convention. To increase the members trust, the researcher gave a presentation on a different topic during the general meeting and maintained a booth in the exhibitors' area. Attendees returned 17 completed questionnaires for a response rate of 8.5%.

These results were used to test the reliability and dimensionality of the likert scales in the questionnaire (i.e., organizational trust, external consistency, goal conflict, formal power, informal power and defensive behavior). The results indicated that the scales required further refinement. The coefficient alphas ranged from .19 (informal power) to .84 (external consistency). Also, factor analysis indicated that all but one of the scales contained two different dimensions. These issues were addressed by deleting the most problematic items. The trimmed scales all had alphas above .8 and had improved dimensionality. As a final step, several new items were created to replace the deleted items. These revised scales were then used for the main survey. The details of the main survey are provided below.

IV. D. 4. Main Sales Survey

The main sales survey was based upon a third sample of sales managers. A list of 2,000 managers was obtained from a commercial list broker - Hugo Dunhill Mailing Lists Inc.. The original sample of 2,000 names was reviewed for potential problems. Duplicates and entries with missing information (such as Mr. or Ms. designations) were deleted from the list. The cleaned list contained 1,759 sales managers.

Each subject received a personally addressed and signed cover letter, a questionnaire (see the appendix) and a postage paid response envelope. The letter explained the study and the subject's rights. It also emphasized the importance of the subject's contribution and offered to enter each respondent who submitted a

completed questionnaire in the contest described above. The entire package was mailed in personally addressed, hand-stamped envelopes.

As with the pre-test, the questionnaire instructions were modified to help insure a sufficient degree of variation in the data. Half of the subjects were asked to focus on situations in which the salesperson got a major order. The other half was asked to focus on situations in which the salesperson did not get the order.

Of the original 1,759 questionnaires that were mailed, 65 (3.7%) were undeliverable. Of the remaining 1,694 delivered questionnaires, 55 were completed and returned for a response rate of 3.2%. All the returned questionnaires were reviewed for completeness and unusual patterns. One questionnaire was missing information on key constructs and a second contained strong indications of response bias (i.e., straight line and ping-pong responses). Accordingly, both questionnaires were dropped from the results. The remaining 53 questionnaires were used for further analysis.

IV. D. 4. a. Preliminary Data Review

These responses were reviewed to insure that they focused on the types of sales situations that were included in this study. In general, the situations were similar to those that were discussed in chapter II. The majority (72%) focused on suppliers that were engaged in manufacturing. Smaller groups of respondents reported on service providers or wholesalers (approximately 10% each). The respondents also focused on highly experienced salespeople. The mean response to the question on

salesperson experience was 8.7. (The response options ranged from [1] Highly Inexperienced to [11] Highly Experienced.) These results indicated that the responses focused on business to business selling by seasoned salespeople.

In addition, the results contained a mixture of sales situations. Of the 53 remaining questionnaires, 35 (66%) focused on situations in which the salesperson got the sale. The other 18 (34%) questionnaires focused on situations in which the salesperson did not get the sale. These results suggested that the data reflected a reasonable variety of exchange relationships.

Several steps were also taken to check for non-response bias. First, the respondents were compared to the entire sample along two dimensions - firm size and location. Data were available on the number of employees for the firms in the original sample and in the final responses. As shown in Table 4 below, the distribution of firm sizes was similar for respondents and for the entire sample. The one difference occurred in the top category (i.e., firms with more than 5,000 employees). The percentage of respondents in this category was larger than the percentage of subjects in the original sample (13% vs. 3%). However, this difference was acceptable. The literature indicates that internal goal conflicts and the various forms of intra-organizational influence occur equally in both medium sized and large firms. Therefore, the respondents from both large and medium firms should have been equally capable of answering the questionnaire.

Table 4
Size of Supplier Firms

Number of Employees	Entire Sample	Respondents
100 to 500	77%	67%
500 to 5,000	20%	20%
More than 5,000	3%	13%

The respondents were also compared to the total sample in terms of location. The original sample included businesses in all 50 states. The 53 responses were obtained from 35 states across the country. As a result it was concluded that the data did not contain any regional bias.

As a final test of non-response bias, the average values reported by the early respondents were compared to the averages for the later respondents. To do so, the respondents were divided into three equal groups based upon date of response (i.e., early responders, middle responders, late responders). The mean values for each likert scale (i.e., external consistency, goal conflict, formal power, informal power and defensive behavior) were then compared across the categories. ANOVA indicated that there were no significant differences (all p values were greater than .4). All of these findings indicated that non-response bias was not a serious problem.

The scatter plots were then examined in detail. The plots indicated that it would be necessary to transform the data. The key construct - external consistency - showed a tendency for end piling. Its mean was 4.174 (on a five point scale) and its standard deviation was 0.870. This indicated that the majority of values were on the high side of the range. This problem was corrected through a normal score transformation. Also, to increase the comparability of the measurements, the same transformation was applied to the other scales that would be tested against External

Consistency (i.e., formal power, informal power, defensive behavior and direct contact).

Correlation tables were then calculated for the raw scores (Table 5) and for the transformed data (Table 6). As can be seen in the tables, the transformation clarified relationships between several of the key constructs. For example, with the raw scores, the correlation between external consistency and goal conflict is $-.45$. After the transformation, this correlation increases to $-.52$. Similar improvements occur in several other relationships. Accordingly, all the correlation analysis in this paper is based upon the transformed data.

Table 5
Correlation Table - Sales Survey
Raw Scores - 53 Cases

	External Consistency (CON SIS)	Goal Conflict (GOAL)	Formal Power (FORMAL)	Hierarchical Power (FORMAL1)	Procedural Power (FORMAL2)	Informal Power (INFORM2)	Defensive Behavior (DEFENSE)	Direct Contact (DIRECT)	Selling Teams (TEAM)	Trust in A (TRUSTORG2)
External Consistency	0.8977 <i>(alpha)</i>									
Goal Conflict	-0.4568 0.0006	0.8142 <i>(alpha)</i>								
Formal Power	0.3252 0.0175	-0.5499 0.0001	0.5499 <i>(alpha)</i>							
Hierarchical Power	0.1245 0.3743	-0.3850 0.0044	0.7296 0.0001	0.6323 <i>(alpha)</i>						
Procedural Power	0.3581 0.0085	-0.4498 0.0007	0.7916 0.0001	0.1597 0.2532	0.6359 <i>(alpha)</i>					
Informal Power	0.2233 0.1080	0.3027 0.0276	-0.0453 0.7475	-0.1342 0.3381	0.0545 0.6982	0.7210 <i>(alpha)</i>				
Defensive Behavior	-0.2667 0.0536	0.5952 0.0001	-0.2876 0.0368	-0.2454 0.0765	-0.1959 0.1598	0.4338 0.0012	0.7077 <i>(alpha)</i>			
Direct Contact	0.1958 0.1599	-0.1925 0.1673	0.0345 0.8065	0.1435 0.3052	-0.0785 0.5763	-0.1204 0.3907	-0.2772 0.0445	1.0000 0.0000		
Team Membership	0.0424 0.7629	-0.0788 0.5750	0.0363 0.7965	-0.0824 0.5574	0.1260 0.3686	-0.1089 0.4376	-0.0003 0.9982	0.0947 0.4999	1.0000 0.0000	
Trust in A	0.1950 0.1617	-0.2688 0.0516	0.3259 0.0173	0.3779 0.0053	0.1328 0.3432	-0.0795 0.5713	-0.3039 0.0269	0.3536 0.0094	0.1312 0.3489	0.6873 <i>(alpha)</i>

Table 6
Correlation Table - Sales Survey
Transformed Data - 53 Cases

	External Consistency (CONSIS)	Goal Conflict (GOAL)	Formal Power (FORMAL)	Hierarchical Power (FORMAL1)	Procedural Power (FORMAL2)	Informal Power (INFORM2)	Defensive Behavior (DEFENSE)	Direct Contact (DIRECT)	Selling Teams (TEAM)	Trust in A (TRUSTORG2)
External Consistency	0.8977 <i>(alpha)</i>									
Goal Conflict	-0.5228 0.0001	0.8142 <i>(alpha)</i>								
Formal Power	0.3718 0.0061	-0.5483 0.0001	0.5499 <i>(alpha)</i>							
Hierarchical Power	0.2234 0.1078	-0.3897 0.0039	0.7116 0.0001	0.6323 <i>(alpha)</i>						
Procedural Power	0.3428 0.0120	-0.4415 0.0009	0.7997 0.0001	0.1730 0.2153	0.6359 <i>(alpha)</i>					
Informal Power	0.1660 0.2348	0.2704 0.0502	-0.0327 0.8163	-0.1209 0.3885	-0.0035 0.9804	0.7210 <i>(alpha)</i>				
Defensive Behavior	-0.3065 0.0256	0.5805 0.0001	-0.3118 0.0230	-0.2711 0.0496	-0.2334 0.0926	0.4342 0.0012	0.7077 <i>(alpha)</i>			
Direct Contact	0.1774 0.2038	-0.1537 0.2718	0.0399 0.7769	0.1412 0.3131	-0.0669 0.6341	-0.1495 0.2854	-0.2312 0.0958	1.0000 0.0000		
Team Membership	0.1151 0.4118	-0.1078 0.4424	0.0495 0.7250	-0.0617 0.6607	0.1331 0.3421	-0.1333 0.3413	0.0035 0.9800	0.1328 0.3430	1.0000 0.0000	
Trust in A	0.3845 0.0045	-0.3547 0.0092	0.3494 0.0103	0.3773 0.0054	0.1919 0.1687	-0.0677 0.6300	-0.3436 0.0118	0.3358 0.0140	0.0774 0.5815	0.6873 <i>(alpha)</i>

IV. D. 4 b. Scale Review

Several steps were taken to insure that each scale in the data had acceptable psychometric properties. These steps included:

- **Reliability** was tested by calculating coefficient alpha.
- **Dimensionality** was tested through factor analysis. A scale was considered to be unidimensional if all of its items loaded onto one factor.
- **Discriminant Validity** was tested by comparing the scale's coefficient alpha with its correlations with other scales. A scale was considered to have evidence of discriminant validity if its coefficient alpha was substantially larger than its correlations (i.e., the items were more correlated with themselves than with any other construct).
- **Convergent Validity** was tested by comparing the results of a likert scale with a second measure of each construct. To facilitate this analysis, the questionnaires contained a series of single item scales that asked for a global evaluation of each construct. For example, the single item scale for external consistency asked: "*How consistent were the supplier's communications and behavior?*" The response options ranged from (1) Extremely Inconsistent to (11) Extremely Consistent. Similar scales were included for goal conflict, formal power, informal power and defensive behavior. A likert scale was considered to have evidence of convergent validity if it had a strong correlation with its related single item scale.

Each scale was examined for these four traits through an iterative process. If a scale did not fulfill one of these requirements, then the scale was adjusted and the revised scale was retested along all dimensions. This process was continued until the scale fulfilled all four criteria. The following sub-sections summarize the results for each of the scales that were used in the hypothesis tests (goal conflict, formal power, informal power, defensive behavior, direct contact, team membership and external consistency).

IV. D. 4. b. i. Goal Conflict - Sales Survey

Goal conflict was defined as the degree to which different members of the same organization seek to fulfill incompatible objectives (Burrell and Morgan 1979; Fox 1974; Mintzberg 1983). This paper focused on goal conflict between sales representatives and their in-house support units.

The literature contained several general measures of intra-organizational conflict. However, these scales were not sufficiently focused for this paper. Their items reflected a combination of latent and manifest conflict (cf. Baron 1984; Maltz and Kohli 1996; Ruckert and Walker 1987; Van de Ven and Ferry 1980). As discussed above, this paper focused on latent conflict. Accordingly, the items in these scales were used as a starting point for the development of a new scale.

The new scale (referred to as "GOAL") contained five likert items. The items represented a blend of modified items from existing scales (Maltz and Kohli 1996; Van de Ven and Ferry 1980) and new items. These items appear as questions 12, 16, 19,

24 and 26 in section B of the sales questionnaire (see the Appendix) and are shown in Table 7 below.

Table 7
Items in Goal Conflict Scale (GOAL)

B 12	<i>These departments emphasized the same priorities as the salesperson. (R¹)</i>
B 16	<i>These departments agreed with the salesperson about what was most important. (R)</i>
B 19	<i>The people in these departments were judged according to the same criteria as the salesperson. (R)</i>
B 24	<i>The members of these departments placed the same emphasis on satisfying customers as did the salesperson. (R)</i>
B 26	<i>These departments sought to fulfill objectives that were not compatible with the salesperson's objectives.</i>

(Unless otherwise noted, the response options for all likert scales presented in this paper ranged from [1] Strongly Disagree to [5] Strongly Agree.)

This scale had acceptable psychometric properties. Principal components analysis indicated that it was unidimensional. Only the first factor was significant (as per Buja and Eyuboglu 1992) and all five items loaded cleanly onto that factor. The scale was also reliable. Its coefficient alpha was .81. Finally, there was evidence of convergent and discriminant validity. The correlation between GOAL and the single item scale for Goal Conflict was .72. This provided support for convergent validity. Also, the alpha of .81 was substantially larger than GOAL's correlations with any of the other likert scales. This provided evidence of discriminant validity.

These results are summarized in Table 8 below.

¹ (R) indicates reverse coded items.

Table 8
Goal Conflict (GOAL) Diagnostics

Mean	2.539					
Std. Dev.	0.919					
Reliability	Alpha = .814					
Dimensionality (Factor Analysis)	The eigenvalues from principal components analysis are shown below.					
		1	2	3	4	5
	Eigenvalue	2.902	0.801	0.515	0.455	0.325
	Proportion	0.580	0.160	0.103	0.091	0.065
	Cumulative	0.580	0.740	0.843	0.935	1.000
	Only the first factor was significant (Buja and Eyuboglu 1992). The factor loadings are shown below.					
	FACTOR1					
	B12	0.824	<i>These departments emphasized the same priorities as the salesperson.</i>			
	B16	0.791	<i>These departments agreed with the salesperson about what was most important.</i>			
	B19	0.799	<i>The people in these departments were judged according to the same criteria as the salesperson.</i>			
	B24	0.796	<i>The members of these departments placed the same emphasis on satisfying customers as did the salesperson.</i>			
	B26	0.567	<i>These departments sought to fulfill objectives that were not compatible with the salesperson's objectives.</i>			
Validity	The correlation between GOAL and the single item scale for goal conflict was .726. The alpha of .814 was larger than the correlations between GOAL and any of the other likert scales.					

IV. D. 4. b. ii. Formal Power - Sales Survey

Formal power represented an individual's ability to use the organization's official lines of authority to influence other members or sub-units. This paper focused on the sales representatives use of their managers' formal power when interacting with their in-house support units.

The literature did not contain any scales that measured this construct. Several authors had developed measures of the general level of influence between groups (Van

de Ven and Ferry 1980) or within groups (Hemphill 1956). However, these scales did not focus on the specific role of formal authority.

Accordingly, this construct was measured with a new likert scale ("FORMAL"). This scale contained one modified item from an existing scale (Boyle, Dwyer, Robicheaux and Simpson 1992) and three new items. These items appeared in section B of the questionnaire as items 13, 17, 21 and 25 (see the appendix) and are shown below.

Table 9
Items in Formal Power Scale (FORMAL)

B 13	<i>When the salesperson disagreed with these departments about an important issue, top management supported the salesperson's position.</i>
B 17	<i>When the salesperson had problems with these departments, s/he was able to resolve them satisfactorily by appealing through formal channels.</i>
B 21	<i>Company policy required these departments to support the salesperson on customer-related issues.</i>
B 25	<i>The salesperson could usually win his/her position during disputes with these departments by working through the formal management hierarchy.</i>

This scale had weak psychometric properties. Principal components analysis indicated that the first two factors were significant (eigenvalues were 1.71 and 1.24) (as per Buja and Eyuboglu 1992). After rotation, two items loaded cleanly onto each factor. Given this dimensionality, it was not surprising that the scale also had weak reliability. Its coefficient alpha was only .54. In addition, this scale had limited discriminant validity. The correlation between FORMAL and GOAL (-.54) was approximately the same as FORMAL's alpha. These results are summarized in Table 10 below.

Table 10
Formal Power (FORMAL) Diagnostics

Mean	3.566				
Std. Dev.	0.706				
Reliability	Alpha = .549				
Dimensionality (Factor Analysis)	The eigenvalues from principal components analysis are shown below.				
		1	2	3	4
	Eigenvalue	1.713	1.244	0.568	0.474
	Proportion	0.428	0.311	0.142	0.118
	Cumulative	0.428	0.739	0.881	1.000
	The first two factors were significant (as per Buja and Eyuboglu 1992). The actual items and loadings are shown below.				
	Varimax Rotation				
	B13	0.842	0.052	<i>When the salesperson disagreed with these departments about an important issue, top management supported the salesperson's position.</i>	
	B17	0.226	0.826	<i>When the salesperson had problems with these departments, s/he was able to resolve them satisfactorily by appealing through formal channels.</i>	
	B21	0.853	0.076	<i>Company policy required these departments to support the salesperson on customer-related issues.</i>	
	B25	-0.071	0.878	<i>The salesperson could usually win his/her position during disputes with these departments by working through the formal management hierarchy.</i>	
Validity	The correlation between FORMAL and the single item scale for formal power was .595. The correlation between FORMAL and GOAL (-.54) was approximately the same as FORMAL's alpha.				

To correct these problems, each dimension was treated as a separate scale.

Each factor had a distinct identity. The first factor (referred to hereafter as "FORMAL1") contained two items (B17 and B25) that referred directly to "formal" power. Item B17 referred to "formal channels" while B25 referred to the "formal management hierarchy". Thus, this factor appeared to emphasize the access to formal, hierarchical power. This subset of formal power will be referred to hereafter as "hierarchical power". In contrast, the second factor ("FORMAL2") did not include the word "formal". Instead, the items in this factor used more general terms such as

“top management” (B13) and “company policy” (B21). Accordingly, this subset of formal power will be referred to hereafter as “procedural power”.

The two new scales had much stronger psychometric properties. Principal components analysis indicated that each scale was unidimensional. Also, each scale had improved reliability. Their coefficient alphas rose to .63 each. The scales also showed evidence of convergent and discriminant validity. The correlations between FORMAL1 and FORMAL2 and the single item scale for Formal Power were .45 and .46 respectively. Finally, both scales provided evidence of discriminant validity. Their coefficient alphas were substantially larger than the scales’ correlations with any of the other likert scales (see Table 6). These results are summarized in Tables 11 and 12 below.

Table 11
Hierarchical Power (FORMAL1) Diagnostics

Mean	3.603	
Std. Dev.	0.873	
Reliability	Alpha = .632	
Dimensionality (Factor Analysis)	The eigenvalues from principal components analysis are shown below.	
	1	2
	Eigenvalue	1.462 0.537
	Proportion	0.731 0.268
	Cumulative	0.731 1.000
	The first factor was significant (as per Buja and Eyuboglu 1992). The actual items and loadings are shown below.	
FACTOR1		
B13 0.855	<i>When the salesperson disagreed with these departments about an important issue, top management supported the salesperson's position.</i>	
B21 0.855	<i>Company policy required these departments to support the salesperson on customer-related issues.</i>	
Validity	The correlation between FORMAL1 and the single item scale for formal power was .450. The alpha for FORMAL1 (.632) was larger than any of the correlations between FORMAL1 and the other likert scales.	

Table 12
Procedural Power (FORMAL2) Diagnostics

Mean	3.528													
Std. Dev.	0.977													
Reliability	Alpha = . 635													
Dimensionality (Factor Analysis)	<p>The eigenvalues from principal components analysis are shown below.</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;">1</th> <th style="text-align: center;">2</th> </tr> </thead> <tbody> <tr> <td>Eigenvalue</td> <td style="text-align: center;">1.466</td> <td style="text-align: center;">0.533</td> </tr> <tr> <td>Proportion</td> <td style="text-align: center;">0.733</td> <td style="text-align: center;">0.266</td> </tr> <tr> <td>Cumulative</td> <td style="text-align: center;">0.733</td> <td style="text-align: center;">1.000</td> </tr> </tbody> </table> <p>The first factor was significant (as per Buja and Eyuboglu 1992). The actual items and loadings are shown below.</p>			1	2	Eigenvalue	1.466	0.533	Proportion	0.733	0.266	Cumulative	0.733	1.000
	1	2												
Eigenvalue	1.466	0.533												
Proportion	0.733	0.266												
Cumulative	0.733	1.000												
	<p>FACTOR1</p> <p>B17 0.856</p> <p>B25 0.856</p>	<p><i>When the salesperson had problems with these departments, s. he was able to resolve them satisfactorily by appealing through formal channels.</i></p> <p><i>The salesperson could usually win his/her position during disputes with these departments by working through the formal management hierarchy.</i></p>												
Validity	<p>The correlation between FORMAL2 and the single item scale for formal power was .465. The alpha for FORMAL2 (.635) was larger than any of the correlations between FORMAL2 and the other likert scales.</p>													

IV. D. 4. b. iii. Informal Power - Sales Survey

Informal power represented an individual's ability to use friendships to influence other members and sub-units (cf. Strauss 1962; Workman 1993). This paper focused on the sales representatives' use of informal power when interacting with their in-house support units.

The literature did not contain any scales that addressed this construct. Accordingly, a new scale was developed for this paper. The items were based upon the discussions of informal power in the literature (Strauss 1962; Workman 1993) and the results of the qualitative study.

The new likert scale (INFORM) contained four items. These items appear as questions 14, 18, 22 and 27 in section B of the sales questionnaire (see appendix) and are shown in Table 13 below.

Table 13
Items in Informal Power Scale (INFORM)

B 14	<i>The salesperson could get help with customer-related issues by asking the members of these departments for personal favors.</i>
B 18	<i>The salesperson could use personal contacts in these departments to expedite customer requests.</i>
B 22	<i>The salesperson could rely on friends in these departments to assist him/her with customer-related problems.</i>
B 27	<i>The salesperson was on a first name basis with key members of this department.</i>

Several findings indicated that this scale could be improved by deleting item B27. First, principal components analysis indicated that the scale was unidimensional (only the first factor was significant) but that B27 did not load well. Its loading was only 0.43. Also, reliability analysis indicated that coefficient alpha could be improved substantially by removing that particular item. Finally, a close inspection of the item suggested that it was conceptually different from the other three items. The three items that had strong loadings all referred to using friends to obtain special favors. In contrast, B27 referred only to being “on a first name basis with key members of this department”. There could be a substantial difference between knowing someone and being able to rely on that person for special consideration. Because of these issues, the fourth item was dropped from the scale. The remaining three items were used in a new scale called INFORM2.

The new scale had acceptable psychometric properties. Principal components analysis indicated that it was unidimensional. Only the first factor was significant (as

per Buja and Eyuboglu 1992) and all three items loaded cleanly onto the first factor.

The scale was also reliable. Its coefficient alpha was .72. Finally, there were indications of convergent and discriminant validity. The correlation between INFORM2 and the single item scale for informal power was .77. This provided evidence of convergent validity. Also, the alpha of .72 was larger than any of the correlations between INFORM2 and the other likert scales. This provided evidence of discriminant validity. These results are summarized in Tables 14 and 15 below.

Table 14
Informal Power (INFORM) Diagnostics

Mean	INFORM 3.679				
Std. Dev.	0.718				
Reliability	Alpha = .657				
Dimensionality (Factor Analysis)	The eigenvalues from principal components analysis are shown below.				
		1	2	3	4
	Eigenvalue	2.031	0.936	0.578	0.453
	Proportion	0.507	0.234	0.144	0.113
	Cumulative	0.507	0.742	0.886	1.000
	Only the first factor was significant (as per Buja and Eyuboglu 1992). The actual items and loadings are shown below.				
FACTOR 1					
B14 0.710	<i>The salesperson could get help with customer-related issues by asking the members of these departments for personal favors.</i>				
B18 0.803	<i>The salesperson could use personal contacts in these departments to expedite customer requests.</i>				
B22 0.832	<i>The salesperson could rely on friends in these departments to assist him/her with customer-related problems.</i>				
B27 0.433	<i>The salesperson was on a first name basis with key members of this department.</i>				
Validity	The correlation between INFORM and the single item scale for informal power was .724. The alpha for INFORM (.657) was larger than the scale's correlations with the other likert scales.				

Table 15
Informal Power (INFORM2) Diagnostics

Mean	INFORMAL	3.427		
Std. Dev.		0.851		
Reliability	Alpha = .721			
Dimensionality (Factor Analysis)	The eigenvalues from principal components analysis are shown below.			
		1	2	3
	Eigenvalue	1.927	0.609	0.462
	Proportion	0.642	0.203	0.154
	Cumulative	0.642	0.845	1.000
	Only the first factor was significant (As per Buja and Eyuboglu 1992). The actual items and loadings are shown below.			
	FACTOR1			
	B14	0.756	<i>The salesperson could get help with customer-related issues by asking the members of these departments for personal favors.</i>	
	B18	0.819	<i>The salesperson could use personal contacts in these departments to expedite customer requests.</i>	
	B22	0.827	<i>The salesperson could rely on friends in these departments to assist him/her with customer-related problems.</i>	
Validity	The correlation between INFORM and the single item scale for informal power was .776. The alpha for INFORM (.721) was larger than the scale's correlations with the other likert scales.			

IV. D. 4. b. iv. Defensive Behavior - Sales Survey

Defensive Behavior represents efforts by organizational members to slow down or sidestep unwanted directives without actually changing the directive (cf. Ashforth and Lee 1990; Strauss 1962). This paper focused on the sales representatives' use of defensive behavior when interacting with their in-house support units.

The literature did not contain any scales for this construct. Several scales of general intra-organizational behavior contained individual items that addressed various aspects of defensive behavior (cf. Barclay 1991; Likert and Likert 1976; Van de Ven and Ferry 1980). However, the scales did not focus on this issue in detail.

Accordingly, a new likert scale ("DEFENSE") was developed for this project. This scale contained three items. They were based upon items in the existing scales, the general discussions of defensive behavior in the literature (Walton, Dutton and Cafferty 1969), the typologies of defensive behavior that appear in the literature (Ashforth and Lee 1990; Strauss 1962) and the results of the qualitative study. These items appear as questions 15, 20 and 23 in section B of the sales questionnaire (see the appendix) and are shown in Table 16 below.

Table 16
Items in Defensive Behavior Scale (DEFENSE)

B 15	<i>The salesperson could subtly avoid having to comply with instructions from these departments.</i>
B 20	<i>The salesperson could slow down or sidestep unwanted directives from these departments to avoid having to comply.</i>
B 23	<i>The salesperson could "work around" a department that was giving him/her trouble.</i>

This scale had acceptable psychometric properties. Principal components analysis indicated that it was unidimensional. Only the first factor was significant (as per Buja and Eyuboglu 1992) and all three items loaded cleanly onto that factor. The scale was also reliable. Its coefficient alpha was .70. Finally, there was evidence of convergent and discriminant validity. The correlation between DEFENSE and the single item scale for Defensive Behavior was .64. This provided support for convergent validity. Also, the alpha of .70 was substantially larger than DEFENSE's correlations with any of the other likert scales. This provided evidence of discriminant validity. These results are summarized in Table 17 below.

Table 17
Defensive Behavior (DEFENSE) Diagnostics

Mean	2.157			
Std. Dev.	0.810			
Reliability	Alpha = .707			
Dimensionality (Factor Analysis)	The eigenvalues from principal components analysis are shown below.			
		1	2	3
	Eigenvalue	1.900	0.695	0.403
	Proportion	0.633	0.231	0.134
	Cumulative	0.633	0.865	1.000
	Only the first factor was significant (as per Buja and Eyuboglu 1992). The factor loadings are shown below.			
	FACTOR 1			
B15	0.730	<i>The salesperson could subtly avoid having to comply with instructions from these departments.</i>		
B20	0.868	<i>The salesperson could slow down or sidestep unwanted directives from these departments to avoid having to comply.</i>		
B23	0.782	<i>The salesperson could "work around" a department that was giving him her trouble.</i>		
Validity	The correlation between DEFENSE and the single item scale for Defensive Behavior was .648. The alpha for DEFENSE (.707) was larger than the scale's correlations with the other likert scales.			

IV. D. 4. b. v. External Consistency - Sales Survey

External consistency was defined as the degree of uniformity in the supplier's communications and behavior with its customer. The literature did not contain any scales that measured this construct. As a result, a new scale was developed for this paper. The items were based upon the discussions of external consistency in the literature and the results of the qualitative study.

This construct was measured with a five item likert scale ("CONSIS"). These items appear in section A of the sales questionnaire as items 3, 5, 7, 8 and 9 (see the appendix). They are also shown in Table 18 below.

Table 18
Items in External Consistency Scale (CONSIS)

A 3	<i>The supplier fulfilled its commitments exactly as specified.</i>
A 5	<i>The supplier told the customer that it would take certain actions but then it failed to do so. (R)</i>
A 7	<i>The supplier provided a uniform level of service.</i>
A 8	<i>This supplier kept all its promises to this customer.</i>
A 9	<i>The supplier's behavior was consistent with its communications with the customer.</i>

This scale had acceptable psychometric properties. Principal components analysis indicated that it was unidimensional. Only the first factor was significant (as per Buja and Eyuboglu 1992) and all five items loaded onto factor one. The scale was also reliable. Its coefficient alpha was .89. Finally, there was evidence of convergent and discriminant validity. The correlation between CONSIS and the single item scale for external consistency was .61. This provided support for convergent validity. Also, the alpha of .89 was substantially larger than the scale's correlations with any of the other likert scales. This provided evidence of discriminant validity. These results are summarized in Table 19 below.

Table 19
External Consistency (CONSIS) Diagnostics

Mean	4.158					
Std. Dev.	0.871					
Reliability	Alpha = .899					
Dimensionality (Factor Analysis)	The eigenvalues from principal components analysis are shown below.					
		1	2	3	4	5
	Eigenvalue	3.553	0.536	0.429	0.259	0.221
	Proportion	0.710	0.107	0.085	0.051	0.044
	Cumulative	0.710	0.817	0.903	0.955	1.000
	Only the first factor was significant (as per Buja and Eyuboglu 1992).					
A 3	0.824	<i>The supplier fulfilled its commitments exactly as specified.</i>				
A 5	0.842	<i>The supplier told the customer that it would take certain actions but then it failed to do so.</i>				
A 7	0.791	<i>The supplier provided a uniform level of service.</i>				
A 8	0.876	<i>This supplier kept all its promises to this customer.</i>				
A 9	0.874	<i>The supplier's behavior was consistent with its communications with the customer.</i>				
Validity	The correlation between CONSIS and the single item scale was .617. The alpha was larger than the correlations with the other likert scales.					

IV. D. 4. b. vi. Direct Contact - Sales Survey

Direct contact represented the degree to which the support departments inside the supplier's organization were able to interact directly with the customer. The literature did not contain any scales to measure this construct. Accordingly, this construct was measured with the following single item scale.

“How often did these three departments² communicate directly with the customer?”

The response options ranged from (1) never to (11) constantly. This scale had reasonable properties. The mean was near the midpoint for the scale (5.11) and the standard deviation (3.05) indicated that there was a substantial amount of variability in the responses.

IV. D. 4. b. vii. Boundary Team - Sales Survey

Boundary teams represented inter-departmental groups that were responsible for coordinating a company's interactions with its trading partners (cf. Deeter-Schmelz and Ramsey 1995; Moon and Armstrong 1994). The literature did not contain any scales to measure this construct. Therefore, it was measured with three new categorical questions. The first question asked if the supplying organization had boundary teams. The second and third questions asked whether the sales representative and support departments were members of the team.

² Respondents had previously been asked to identify the three departments that had the most impact on the salesperson's ability to satisfy the customer.

The results indicated that selling teams occurred in a limited number of cases.

The results are shown below.

Number of cases in which:

the firm had boundary teams	21
the rep was a team member	18
one or more support departments were team members	21
the rep and one or more departments were members	18

These data were converted into an indicator variable (TEAM). The value (1) represented cases in which the representative and the departments were members of a boundary team and the value (0) represented all other cases.

IV. D. 4. b. viii. Trust in A - Sales Survey

As noted in chapter II, the literature contained a wide variety of definitions for trust. It was proposed that this paper would use a composite definition that reflected the main themes found in the literature. This composite suggested that trust represented:

- the degree to which one person (the trustor),
- expected a second person or organization (the trustee),
- to behave in a desired or promised manner,
- in a situation in which the trustor might incur a gain or loss depending upon the words and actions of the trustee.

(cf. Anderson and Narus 1990; Anderson and Weitz 1989; Bradach and Eccles 1989; Deutsch 1960b; Driscoll 1978; Frost, Simpson and Maughan 1978; Ganesan 1994; Giffen 1967; Hawes, Mast and Swan 1989; Larzelere and Huston 1980; Matthews and Shimoff 1979; Mayer, Davis and Schoorman 1995; Moorman, Deshpande and Zaltman

1992; Morgan and Hunt 1994; Rempel, Holmes and Zanna 1985; Rotter 1967; Schurr and Ozanne 1985; Swan, Tradwick and Silva 1985; Zaltman and Moorman 1988; Zand 1972). As noted above, the sales survey contained a measure of the buyer's trust in the supplier's organization (i.e., "trust in A").

Given the diversity of definitions in the literature, it was not surprising that the literature also contained a variety of methods for measuring trust. These methods could be grouped into three broad categories. The first type used various forms of the prisoner's dilemma game. These experiments involved scenarios that reflected the blend of vulnerability and reliance that is implicit in the above definition (cf. Deutsch 1960b; etc.). This approach could not be used in this study. These methods were not readily transferable to a large scale survey that asked respondents to focus on actual experiences with existing suppliers.

The second approach used likert scales to measure several variables such as honesty, reliability, benevolence, etc.. The researchers then combined the scores for these sub-measures to create one total score for trust (cf. Ganesan 1994; Johnson-George and Swap 1982; Larzelere and Huston 1980; Maltz and Kohli 1996; Mellinger 1956; Rempel, Holmes and Zanna 1985; Swan, Trawick, Rink and Roberts 1988; etc.).

These scales were not used in this paper for two reasons. First, constructs such as honesty, dependability, etc. are conceptually distinct from the construct of trust. It is not clear that measurements of these constructs actually reflect the core construct of trust (Mayer, Davis and Schoorman 1995). Also, these scales generally

did not reflect the impact of risk. Therefore, they did not address one of the key sub-components of trust.

The third type of measurement also used likert scales. These scales were more narrowly focused and contained various operationalizations of a general willingness to rely on the trustee (cf. Anderson and Narus 1990; Dwyer and Oh 1987; John and Reve 1982; Moorman, Zaltman and Deshpande 1992; Morgan and Hunt 1994). The one limitation of most of these scales was that they did not explicitly recognize the role of risk. Only one of these scales (Moorman, Zaltman and Deshpande 1992) contained some risk-related items.

Accordingly, this paper used a new scale to measure Trust in A. This scale (TRUSTORG) contained five likert items. The scale contained a blend of modified items from existing scales (Moorman, Zaltman and Deshpande 1992; Morgan and Hunt 1994) and new items. These items appear in section A on page one of the sales questionnaire as items 19, 24, 28, 33 and 36 (see the appendix). They are also shown below.

Table 20
Items in Trust in A Scale (TRUSTORG)

A 1	<i>The customer relied on this supplier to act in the customer's best interest during major transactions.</i>
A 2	<i>The customer trusted this supplier to do important things that it couldn't do itself.</i>
A 4	<i>The customer was willing to make large purchases with this supplier even if it could not monitor the supplier's performance.</i>
A 6	<i>The customer was willing to rely on this supplier during an emergency.</i>
A10	<i>The customer did not trust this supplier. (R)</i>

This scale did not have acceptable psychometric properties. Principal components analysis indicated that TRUSTORG split into two factors. The

eigenvalues for the first two factors were 1.98 and 1.33 (see Table 21 below). The first factor contained three items that referred to reliance under conditions of risk (e.g. “a major transaction” or “an emergency”). The second factor contained two items with mixed identities. One item implied a very high degree of risk (i.e., “unable to monitor the supplier”). The second item was the only reverse coded item in the scale (i.e., “the customer did not trust this supplier”). Both items had scores that were substantially lower than the scores that were obtained for the items in factor one. It is possible the wording of these two items evoked strong reactions from the respondents and therefore created a response bias.

Table 21
Trust in A (TRUSTORG)

Mean	4.018					
Std. Dev.	0.598					
Reliability	alpha = 0.540					
Dimensionality (Factor Analysis)	The eigenvalues from principal components analysis are shown below.					
		1	2	3	4	5
	Eigenvalue	1.988	1.336	0.748	0.529	0.397
	Difference	0.652	0.587	0.219	0.131	
	Proportion	0.397	0.267	0.149	0.105	0.079
	The first two factors were significant (as per Buja and Eyuboglu 1992). The actual items and loadings are shown below.					
Varimax Rotation						
A1	0.801	0.016	<i>The customer relied on this supplier to act in the customer's best interest during major transactions.</i>			
A2	0.854	-0.088	<i>The customer trusted this supplier to do important things that it couldn't do itself.</i>			
A6	0.854	-0.088	<i>The customer was willing to rely on this supplier during an emergency.</i>			
A4	0.220	-0.754	<i>The customer was willing to make large purchases with this supplier even if it could not monitor the supplier's performance.</i>			
A10	0.234	0.810	<i>The customer did not trust this supplier. (R)</i>			
Validity	The alpha for TRUSTORG (.540) was larger than any of the correlations between TRUSTORG and the other likert scales.					

Because of these problems, the second factor was dropped from the scale. The trimmed scale (i.e., TRUSTORG2) contained only the three items in the first factor. This scale had acceptable psychometric properties. It was reliable ($\alpha = .68$) and unidimensional (principal components analysis indicated a one factor solution). There also was evidence of discriminant validity. The alpha (.68) was almost twice as large as TRUSTORG2's correlation with any of the other likert scales in the survey. Unfortunately, it was not possible to test convergent validity for this scale. One single item scale had to be dropped from the questionnaire due to space limitations. The single item for Trust in A was deleted because it was the most established construct and because it was not involved directly in the hypothesis tests. A summary of the results is shown in Table 22 below. This scale was used for the remainder of the sales study.

Table 22
Trust in A (TRUSTORG2)

Mean	4.207		
Std. Dev.	0.768		
Reliability	alpha = 0.687		
Dimensionality (Factor Analysis)	The eigenvalues from principal components analysis are shown below.		
		1	2
	Eigenvalue	1.826	0.722
	Difference	1.103	0.270
	Proportion	0.608	0.240
	0.150		
	The first factor was significant (as per Buja and Eyuboglu 1992).		
A1	0.802	<i>The customer relied on this supplier to act in the customer's best interest during major transactions.</i>	
A2	0.842	<i>The customer trusted this supplier to do important things that it couldn't do itself.</i>	
A6	0.687	<i>The customer was willing to rely on this supplier during an emergency.</i>	
Validity	The alpha for TRUSTORG2 (.687) was almost twice as large as the correlation between TRUSTORG2 and any of the likert scales contained in the survey.		

IV. D. 4. b. ix. Recap

This section examined the scales that were used to measure eight constructs including goal conflict, formal power, informal power, defensive behavior, direct contact, sales team, external consistency and trust in A. After modification these scales had acceptable levels of reliability, dimensionality and validity. The following section discusses the development process that was used for the inter-organizational scales.

IV. E. INTER-ORGANIZATIONAL SCALE DEVELOPMENT

To be able to statistically test hypotheses 8 through 16, it was necessary to develop scales for six constructs. These constructs are listed below.

Table 23
List of Scales Required for Inter-Organizational Constructs

HYP.	Inter-Organizational Behavior (Measured through Purchasing Survey)
8 - 10, 15	External consistency
8, 11, 13, 16	Trust in A
9, 11, 13, 16	Trust in ABP
9, 12, 13, 15	Satisfaction with the outcome
10, 14, 15	Satisfaction with the interaction
11 - 16	Commitment

The development of scales for these constructs followed the same pattern that was described above. First, the literature was surveyed for existing scales. Then the same scale development process was followed for those constructs that could not be measured through existing scales. The following sub-sections describe these efforts in detail. The next section describes the results of the literature search. The sections thereafter describe the development of new scales.

IV.E.1. Availability of Inter-Organizational Scales

The literature was more helpful with the inter-organizational constructs. A number of authors had developed scales to measure the constructs included in this paper (e.g. Anderson and Narus 1990; Anderson and Weitz 1989, 1992; Doney and Cannon 1997; Dwyer and Oh 1987; Ganesan 1993, 1994; Giffin 1967; Gundlach, Achrol and Mentzer 1995; Johnson, George and Swap 1982; Larzelere and Huston 1980; Maltz and Kohli 1996; Moorman, Zaltman and Deshpande 1992; Morgan and Hunt 1994; Noordewier, John and Nevin 1990; Rempel, Holmes and Zanna 1985). For two constructs it was possible to use existing scales. Commitment was measured with the scale that was developed by Anderson and Weitz (1992). Satisfaction with the outcome of the relationship was measured with the scale presented by Doney and Cannon (1997). Both scales had strong psychometric properties and had performed well during field surveys. These scales were revised only slightly to conform to the editorial tone of the questionnaire (i.e., how the instrument referred to the respondent and the trading partner in question) or to save space.

The literature did not contain scales that could be used for several other constructs. These included external consistency, satisfaction with interaction and personal trust. Accordingly, an extensive effort was conducted to develop new scales for these constructs.

IV.E.2. Scale Development Process.

Scale development was based upon the same process that was described in section V.C. above. In general, the process followed the pattern that was proposed by Churchill (1979). This involved defining the constructs, developing a pool of items, editing, peer review and the preparation of preliminary questionnaires.

This process was followed for the adaptation of the two existing scales and the development of four new scales. The preliminary questionnaire covered nine pages (cover sheet, instruction page and seven pages of questions) and contained 67 questions. As described below, this questionnaire was tested in a variety of ways.

IV. E. 3. Preliminary Tests

The first test involved depth interviews with a convenience sample of four practitioners. The researcher went over the questionnaire line by line with each practitioner. The buyers helped to identify a number of ambiguous statements and helped to clarify how practitioners refer to certain constructs. As a result of this feedback, a number of minor enhancements were made to the questionnaire.

The second test involved a mail survey of 203 purchasing managers. These subjects were drawn from Baruch's alumni directory (31 subjects) and from a commercial mailing list (172 subjects). Of these, 24 (11.8%) were returned as undeliverable.

This mailing contained the same features that were included in the preliminary sales mailing. Each subject was first sent a pre-notification letter. They were then sent

a second letter and the questionnaire one week later. Both letters were printed on school stationary, were personally addressed and were signed by the researcher. The letters emphasized the value of the study and the subject's participation. The letters also informed the subjects of their rights (as specified in CUNY's guidelines) and offered to enter all respondents in a contest to win a book on effective purchasing. The respondents also received a postage paid reply envelope.

This mailing yielded 22 completed questionnaires for a 12.3% response rate. These questionnaires did not contain any strong indications of response bias. Instead, they seemed to possess a reasonable amount of variation. These results were used to conduct preliminary tests of reliability and dimensionality. In general the results were favorable. The coefficient alpha's ranged from .90 (external consistency) to .95 (personal trust). In addition, factor analysis indicated that all the scales were unidimensional. These results were used as the basis for making minor adjustments to the scales by rewording or deleting weakly correlated items.

In addition, several factors suggested that it would be useful to reformat the questionnaire. First, several purchasing managers had indicated that the size of the package was a problem. Even though the questionnaire contained only 67 items, the entire package covered eleven sheets of paper (questionnaire, cover letter and response form). As a result, it looked daunting. Also, the low response rate and the problems with the sales questionnaires all indicated that it would be useful to streamline the questionnaire.

In an effort to save space, the instructions were simplified and several supplemental scales were dropped. In addition, two different versions of the questionnaire were prepared. One version contained all of the likert scales and single item scales that would be required to test the hypotheses. These scales were condensed into four pages and were printed on a single 11" X 17" sheet of paper. The second version contained all of the above scales plus a set of single item scales that would be used to test convergent validity. The inclusion of these extra scales necessitated the addition of a fifth page. This was presented as an insert inside the fold of the 11" X 17" sheet. Each version was sent to one half of the subjects in the main survey.

IV. E. 4. Main Purchasing Survey

The main purchasing survey was based upon a second sample of purchasing managers. A list of 2,000 names was purchased from a commercial list broker - Hugo Dunhill Mailing Lists Inc.. This list was reviewed for entries with missing information and duplications. After problematic entries were deleted, 1,705 names remained for the actual mailing.

Each purchasing manager received a personally addressed and signed cover letter, a questionnaire (see the appendix) and a postage paid response envelope. The letter was similar to the one that was sent to the sales managers. It explained the respondent's rights, emphasized the importance of the study and offered to enroll all

respondents in the contest described above. The package was mailed in a personally addressed, hand stamped envelope.

The instructions that were sent with the questionnaires were modified to help insure a sufficient degree of variation in the data. Half of the subjects were asked to focus on a supplier from whom they had made a major purchase. The other half was asked to focus on a supplier that they had considered for a major purchase but had ultimately rejected.

Of the original 1,705 questionnaires, 66 (3.8%) were not deliverable. Of the remaining 1,639 questionnaires, 113 were completed and returned. This yielded a response rate of 6.9%. There were two interesting features in the response pattern. First, the questionnaires had been printed on two different weight stocks (due to the use of different printers). The questionnaires that were printed on heavy bond had a higher response rate (7.0%) than did the questionnaires that were printed on standard letter grade paper (5.9%). Also, the inclusion of the fifth page had no affect on the response rate. Both the four and five page versions had a 7.0% response rate. These results are summarized in Table 24 below.

Table 24
Summary of Purchasing Response Rates

	4 Page Letter Grade Paper	4 Page Heavy Bond Paper	5 Page Heavy Bond Paper	Total
# Mailed	195	710	800	1,705
# Undeliverable	10	27	29	66
% Undeliverable	5.13%	3.80%	3.63%	3.87%
# Responses	11	48	54	113
% Responses	5.94%	7.02%	7.00%	6.89%

IV. E. 4. a. Preliminary Data Review

An initial review of the data indicated that the respondents had the experience and knowledge necessary to complete the questionnaire. First, all respondents were involved in some form of industrial purchasing. The majority of the respondents (80.5%) worked for manufacturers. The remainder worked for a variety of organizations including service providers, wholesalers, retailers and schools.

In addition, the respondents were highly experienced. On average, the respondents had 13.9 years experience as purchasing professionals and 12.2 years experience with their present companies. They also focused on long-standing relationships. The average length of association between the supplying and buying firms was 11.8 years. In addition, the respondents had an average of 7.8 years of direct experience with the salesperson in the relationship. Finally, the buyers were deeply involved in the relationships. On average, the respondents were involved in 75% of all the buying firm's interactions with the supplying firm.

The results also contained a mixture of purchasing relationships. In 53 (47%) cases, the respondents reported on suppliers from whom they had made a major

purchase. In the other 60 (53%) cases, the respondents focused on potential suppliers that they had rejected. These results suggested that there was substantial variation in types of purchasing relationships that were included in the data.

As with the sales data, several steps were taken to check for possible response bias. First, the respondents were compared to the overall sample. The respondents appeared to have come from a representative sub-set of the overall sample. For example, the original sample had included managers in all 50 states. The respondents were located in 30 states across the country. This indicated that there was no regional bias. Also, the sizes of the respondents firms were similar to the sizes for the non-respondents. As shown in Table 25 below, the portion of respondents in the three size categories was very similar to the portions for the entire sample.

Table 25
Size of Purchasing Firms

Number of Employees	Total Sample	Respondents
100 to 500	78%	71%
500 to 5,000	21%	29%
More than 5,000	1%	0%

As a final test, a comparison was made of the scores for the early and late respondents. The 113 respondents were divided into three equal categories according to their date of response (i.e., early, middle and late responders). The average values for each group for each of the likert scales (external consistency, satisfaction with the outcome, satisfaction with the interaction, trust in A, trust in ABP and commitment) were then compared using ANOVA. There were no significant differences across the three groups. This, combined with the previous findings, suggested that non-response bias was not a serious problem.

A review of the scatter plots did not indicate any problems. There were no extreme outliers and no indications of end piling. As a result, there were no deletions or transformations. All the tests presented in this paper involved the full 113 observations.

A review of the correlations indicated one potential problem. As can be seen in Table 26 below, there was a very strong correlation between organizational trust and personal trust. This made it impossible to prove discriminant validity for these two scales. As a result, the two scales were combined to create one scale that reflected both organizational and personal trust (called “combined trust”). The details of this analysis, and of the analysis of the other scales, are presented in the subsections below.

Table 26
Correlation Table - Purchasing Survey
113 Cases

	External Consistency (CON SIS)	Trust in A (TRUSTORG)	Trust in ABP (TRUSTPER)	Combined Trust (TRUSTALL)	Satisfaction with Outcomes (OUTCOME2)	Satisfaction with Interaction (INTERACT)	Commitment (COMMIT)
External Consistency	<i>0.9029</i> <i>(alpha)</i>						
Trust in A	0.7856 0.0001	<i>0.8410</i> <i>(alpha)</i>					
Trust in ABP	0.6945 0.0001	0.8657 0.0001	<i>0.9044</i> <i>(alpha)</i>				
Combined Trust	0.7618 0.0001	0.9586 0.0001	0.9724 0.0001	<i>0.9344</i> <i>(alpha)</i>			
Satisfaction with Outcomes	0.7289 0.0001	0.6847 0.0001	0.6325 0.0001	0.6803 0.0001	<i>0.8835</i> <i>(alpha)</i>		
Satisfaction with Interaction	0.6832 0.0001	0.7093 0.0001	0.6736 0.0001	0.7134 0.0001	0.7808 0.0001	<i>0.8488</i> <i>(alpha)</i>	
Commitment	0.7592 0.0001	0.8401 0.0001	0.7863 0.0001	0.8397 0.0001	0.6306 0.0001	0.7413 0.0001	<i>0.8859</i> <i>(alpha)</i>

IV. E. 4. b. Scale Review

The same set of tests that had been used with the sales scales were also applied to the purchasing scales. Each likert scale was tested for reliability, dimensionality, convergent validity and discriminant validity. The same methods were used as described in section IV. D. 2. above

- Reliability was tested with coefficient alpha.
- Dimensionality was tested with factor analysis.
- Convergent validity was tested by comparing the results of each likert scale with a single item scale for the same construct.
- Discriminant validity was tested by comparing the scale's coefficient alpha with its correlations with the other scales.

The details of these tests are provided for each of the scales below.

IV. E. 4. b. i. Trust - Purchasing Survey

As noted in above, this paper focused on a composite definition of trust. This composite suggested that trust represented:

- the degree to which one person (the trustor),
- expected a second person or organization (the trustee),
- to behave in a desired or promised manner,
- in a situation in which the trustor may incur a gain or loss depending upon the words and actions of the trustee.

This paper focused on two different forms of trust. "Trust in A" represented the buyer's degree of trust in the supplier's organization. "Trust in ABP" represented the buyer's trust in the supplier's salesperson. The purchasing survey contained a separate scale for each form.

Each scale contained a combination of items from existing scales as well as new items. The diagnostics for these scales are presented below. In general the scales had acceptable reliability, dimensionality and convergent validity. However, there was not sufficient evidence to support discriminant validity. The results indicated that the correlation between the two scales was virtually the same as their coefficient alphas. Accordingly, it was concluded that the two scales were actually measuring the same underlying construct. As a result, the two scales were combined into one general measure of trust. The details of this analysis are presented below.

Trust in A was measured with the five item likert scale (TRUSTORG) that was discussed in section IV. D. 4. b. viii. above. The only modification involved minor rewording to reflect the perspective of buyer-respondents. These items appear in section B on pages two and three of the purchasing questionnaire as items 19, 24, 28, 33 and 36 (see the appendix). They are also shown below.

Table 27
Items in Trust in A Scale (TRUSTORG)

B19	<i>I trust this supplier to do important things that I can't do myself.</i>
B24	<i>I would make a large purchase with this supplier even if I could not monitor its performance.</i>
B28	<i>I would rely on this supplier to support me in an emergency.</i>
B33	<i>I can rely on this supplier to act in my best interest during major acquisitions.</i>
B36	<i>I generally do not trust this supplier. (R)</i>

This scale had good reliability ($\alpha = .84$), was unidimensional (all items loaded onto one factor) and had evidence of convergent validity (the correlation between TRUSTORG and the single item scale for trust in A was .80). These results are summarized in Table 28 below.

Table 28 - Trust in A (TRUSTORG) Diagnostics

Mean	3.487					
Std. Dev.	0.980					
Reliability	Alpha = .841					
Dimensionality (Factor Analysis)	The eigenvalues from principal components analysis are shown below.					
		1	2	3	4	5
	Eigenvalue	3.114	0.770	0.601	0.308	0.205
	Proportion	0.622	0.154	0.120	0.061	0.041
	Cumulative	0.622	0.776	0.897	0.958	1.000
	Only the first factor was significant (as per Buja and Eyuboglu 1992). The actual items and loadings are shown below.					
	Factor 1					
	B19	0.663	<i>I trust this supplier to do important things that I can't do myself.</i>			
	B24	0.610	<i>I would make a large purchase with this supplier even if I could not monitor its performance.</i>			
	B28	0.908	<i>I would rely on this supplier to support me in an emergency.</i>			
	B33	0.876	<i>I can rely on this supplier to act in my best interest during major acquisitions.</i>			
	B36	0.840	<i>I generally do not trust this supplier. (R)</i>			
Validity	The correlation between TRUSTORG and the single item scale for Trust in A was .807.					

Trust in ABP was measured with a six item likert scale (TRUSTPER). This scale contained several items from existing trust scales (Moorman, Zaltman and Deshpande 1992; Morgan and Hunt 1994) that were adapted for personal trust and several new items. These items appear in section C on page four of the questionnaire. They included items 43 through 48 (see the appendix). They are also shown below.

Table 29
Items in Trust in ABP Scale (TRUSTPER)

C43	<i>If I were not able to review an important acquisition in detail. I would be willing to follow this person's recommendation.</i>
C44	<i>In general, I do not trust this person. (R)</i>
C45	<i>I can count on this person to do what is right on major acquisitions.</i>
C46	<i>If I had to purchase an important product or service for which I had limited expertise. I would not be willing to rely on this person's guidance. (R)</i>
C47	<i>I can share proprietary information with this person and know that s he will not misuse it.</i>
C48	<i>This person will come through for me when I really need it.</i>

This scale also had good reliability ($\alpha = .90$), was unidimensional (all items loaded onto one factor) and had evidence of convergent validity (the correlation between TRUSTPER and the single item scale for Trust in ABP was .84). These results are summarized in Table 30 below.

Table 30
Trust in ABP (TRUSTPER) Diagnostics

Mean	3.704						
Std. Dev.	0.999						
Reliability	Alpha = .904						
Dimensionality (Factor Analysis)	The eigenvalues from principal components analysis are shown below.						
		1	2	3	4	5	6
	Eigenvalue	4.121	0.639	0.406	0.319	0.287	0.226
	proportion	0.686	0.106	0.067	0.053	0.047	0.037
	Cumulative	0.686	0.793	0.861	0.914	0.962	1.000
	Only the first factor was significant (as per Buja and Eyuboglu 1992). The actual items and loadings are shown below.						
FACTOR1							
C43	0.837	<i>If I were not able to review an important acquisition in detail. I would be willing to follow this person's recommendation.</i>					
C44	0.856	<i>In general, I do not trust this person. (R)</i>					
C45	0.862	<i>I can count on this person to do what is right on major acquisitions.</i>					
C46	0.894	<i>If I had to purchase an important product or service for which I had limited expertise. I would not be willing to rely on this person's guidance. (R)</i>					
C46	0.665	<i>I can share proprietary information with this person and know that s he will not misuse it.</i>					
C47	0.836	<i>This person will come through for me when I really need it.</i>					
Validity	The correlation between TRUSTPER and the single item scale for trust in ABP was .847						

The problem with both of these scales involved discriminant validity. The correlation between TRUSTORG and TRUSTPER was .86. This was larger than TRUSTORG's alpha (.84) and close to TRUSTPER's alpha (.90). This suggested that the two scales were actually measuring the same underlying construct (i.e., generalized trust). A review of the data indicated that this relationship was consistent across the observations. The scatter plots indicated that there were no strong outliers. Also, a review of the correlations at the item level showed that all of the items in the two scales were strongly correlated with each other. As a result, it would not be possible to adjust the results by deleting items.

Due to these problems, the two scales were combined to create one overall measure of trust (TRUSTALL). This scale contained all eleven items from the two original scales. This new scale had acceptable psychometric properties. Because this measure represented a combination of trust in A and in ABP, it was named "Combined Trust". TRUSTALL's coefficient alpha rose to .93. Thus, it had stronger reliability than either of the previous scales. It was also unidimensional. During factor analysis, all eleven items loaded strongly onto one factor. It also had strong evidence of validity. The correlation between TRUSTALL and the average of the single items scales for trust in A and trust in ABP was .87. This provided support for convergent validity. In addition, the new alpha was larger than TRUSTALL's correlation with any of the other likert scales. This provided evidence of discriminant validity. Because of these improvements, the combined scale was used in the hypothesis tests. These results are summarized in Table 31 below.

Table 31
Combined Trust (TRUSTALL) Diagnostics

Mean	3.603						
Std. Dev.	0.958						
Reliability	Alpha = .934						
Dimensionality (Factor Analysis)	The eigenvalues from principal components analysis are shown below.						
		1	2	3	4	5	6
	Eigenvalue	6.816	0.860	0.755	0.615	0.541	0.369
	Proportion	0.619	0.078	0.068	0.056	0.049	0.033
	Cumulative	0.619	0.697	0.766	0.822	0.871	0.905
	Only the first factor was significant (as per Buja and Eyuboglu 1992).						
FACTOR1							
B19	0.621	<i>I trust this supplier to do important things that I can't do myself.</i>					
B24	0.571	<i>I would make a large purchase with this supplier even if I could not monitor its performance.</i>					
B28	0.866	<i>I would rely on this supplier to support me in an emergency.</i>					
B33	0.820	<i>I can rely on this supplier to act in my best interest during major acquisitions.</i>					
B36	0.862	<i>I generally do not trust this supplier. (R)</i>					
C43	0.797	<i>If I were not able to review an important acquisition in detail, I would be willing to follow this person's recommendation.</i>					
C44	0.866	<i>In general, I do not trust this person. (R)</i>					
C45	0.844	<i>I can count on this person to do what is right on major acquisitions.</i>					
C46	0.880	<i>If I had to purchase an important product or service for which I had limited expertise, I would not be willing to rely on this person's guidance. (R)</i>					
C47	0.604	<i>I can share proprietary information with this person and know that s he will not misuse it.</i>					
C48	0.834	<i>This person will come through for me when I really need it.</i>					
Validity	The correlation between TRUSTALL and the average for the single item scales for trust in A and trust in ABP was .87. The alpha of .93 was larger than the correlations between TRUSTALL and all the other likert scales.						

IV. E. 4. b. ii. External Consistency - Purchasing Survey

External consistency was defined as the degree of uniformity in the supplier's communications and behavior with its customer. As noted above, the literature did not contain any scales that measured this construct. This construct was measured with a five item likert scale (CON SIS). This scale contained the same items as the CON SIS

scale that was included in the sales survey. This scale appears as items 21, 26, 30, 34 and 37 in section B of the purchasing questionnaire (see the appendix). They are also shown in Table 32 below.

Table 32
Items in External Consistency Scale (CONSIS)

B21	<i>This supplier fulfilled its commitments exactly as specified.</i>
B26	<i>This supplier told us that it would take certain actions but then failed to do so. (R)</i>
B30	<i>This supplier provided a uniform level of service.</i>
B34	<i>This supplier kept all of the promises that it made to us.</i>
B37	<i>This supplier's behavior was consistent with its communications.</i>

CONSIS demonstrated acceptable psychometric properties. It was reliable ($\alpha = .90$) and unidimensional (all items loaded strongly onto one factor). It also had evidence of validity. The correlation between CONSIS and the single item scale for external consistency was .77. This provided support for convergent validity. Also, the alpha of .90 was larger than the correlations between CONSIS and all the other likert scales. This provided support for discriminant validity. Due to the strength of these findings, this scale was used without modification during the hypothesis tests. The results are summarized in Table 33 below.

Table 33
External Consistency (CONSENS) Diagnostics

Mean	3.604					
Std. Dev.	1.057					
Reliability	Alpha = .902					
Dimensionality (Factor Analysis)	The eigenvalues from principal components analysis are shown below.					
		1	2	3	4	5
	Eigenvalue	3.607	0.470	0.419	0.280	0.223
	Proportion	0.721	0.094	0.083	0.056	0.044
	Cumulative	0.721	0.815	0.899	0.955	1.000
	Only the first factor was significant (as per Buja and Eyuboglu 1992). The actual items and loadings are shown below.					
	FACTOR1					
	B21	0.90007	<i>This supplier fulfilled its commitments exactly as specified.</i>			
	B26	0.82656	<i>This supplier told us that it would take certain actions but then failed to do so. (R)</i>			
	B30	0.83038	<i>This supplier provided a uniform level of service.</i>			
	B34	0.87999	<i>This supplier kept all of the promises that it made to us.</i>			
	B37	0.80616	<i>This supplier's behavior was consistent with its communications.</i>			
Validity	The correlation between CONSENS and the single item scale for external consistency was .771. The alpha of .909 was larger than the correlations between CONSENS and all the other likert scales.					

IV. E. 4. b. iii. Satisfaction with the Outcome - Purchasing Survey

Satisfaction with the outcome was defined as buyer's overall approval of the benefits that his/her organization obtained from the relationship. This was measured with a seven item scale. The items were derived from a scale that was used by Doney and Cannon (1997). Their original scale asked respondents to indicate how the supplier performed in comparison to other similar suppliers in a number of specific areas such as Product/Service Features, Delivery Speed, etc.. The response options ranged from (1) Much Worse than Others to (5) Much Better Than Others.

This project used a very similar scale. The only modification was to combine certain similar items in order to save space on the questionnaire. The final scale

contained nine items. These appeared as questions A4 through A12 on page one of the questionnaire (see Appendix II). These items are also shown in Table 34 below.

Table 34
Items in Satisfaction with the Outcome Scale (OUTCOME)

A 4	<i>Product/service features</i>
A 5	<i>Product/service quality</i>
A 6	<i>Product/service availability</i>
A 7	<i>Price</i>
A 8	<i>Terms of sale</i>
A 9	<i>Delivery speed</i>
A10	<i>Delivery reliability</i>
A11	<i>After-sale service</i>
A12	<i>Technical support</i>

During the initial review of the survey results, it was discovered that the last two items in this scale (After-sale service and Technical support) had very strong correlations with the scale that measured (INTERACT). Upon review it was realized that these two items were very similar conceptually to the construct being measured by INTERACT (i.e., the buyer's experience while working with the supplier's representatives). To avoid any overlap between the constructs, these last two items were dropped from the scale. Accordingly, the final scale (labeled "OUTCOME2") contained the seven items related to product, price and distribution (items A4 through A10).

The revised scale had strong psychometric properties. It was reliable (alpha = .88) and unidimensional (all items loaded onto one factor). There were also indications of convergent and discriminant validity. The correlation between OUTCOME2 and the single item scale for the same construct was .78. Also, OUTCOME2's alpha was larger than the scale's correlations with any of the other scales in the data. These results are summarized in Table 35 below.

Table 35
(OUTCOME2) Diagnostics

Mean	3.392						
Std. Dev.	0.802						
Reliability	Alpha = .883						
	The eigenvalues from principal components analysis are shown below.						
		1	2	3	4	5	6
	Eigenvalue	4.196	0.984	0.639	0.532	0.367	0.169
	Proportion	0.599	0.140	0.091	0.076	0.052	0.024
	Cumulative	0.599	0.740	0.831	0.907	0.960	0.984
	Only the first factor was significant (as per Buja and Eyuboglu 1992). The actual items and loadings are shown below.						
	Factor 1						
	A 4	0.773	<i>Product/service features</i>				
	A 5	0.870	<i>Product/service quality</i>				
	A 6	0.882	<i>Product/service availability</i>				
	A 7	0.578	<i>Price</i>				
	A 8	0.586	<i>Terms of sale</i>				
	A 9	0.834	<i>Delivery speed</i>				
	A10	0.828	<i>Delivery reliability</i>				
Validity	The correlation between OUTCOME2 and the single item scale for satisfaction with the outcome was .783. The alpha of .883 was larger than the correlations between OUTCOME2 and all the other likert scales.						

IV. E. 4. b. iv. Satisfaction with the Interaction - Purchasing Survey

Satisfaction with the interaction was defined as the buyer's overall approval of his/her experiences while negotiating and completing transactions with the supplier.

This was measured with a four item scale (INTERACT). Since the literature did not contain any scales to measure this construct, all four items were new.

This scale asked the respondent to compare his/her experience with the supplier in question with his/her experience with other similar suppliers. The scale listed four performance areas (e.g. Ease of obtaining information) and then asked the respondent to indicate how much better or worse this supplier had been in relation to

other suppliers. The response options ranged from (1) Much Worse than Others to (5) Much Better Than Others. The four items appeared as questions 13 through 16 on page one of the questionnaire (see the appendix). They are also listed in Table 36 below.

Table 36
Items in Satisfaction with the Interaction Scale (INTERACT)

A13	<i>Ease of obtaining information</i>
A14	<i>Ease of negotiations</i>
A15	<i>Ease of placing orders</i>
A16	<i>Ease of resolving complaints</i>

This scale had good psychometric properties. Its alpha was .84. This indicated that it was reliable. It also was unidimensional. During factor analysis all four items loaded strongly onto one factor. It also had strong indications of convergent validity. The correlation between INTERACT and the single item scale for the same construct was .73. Finally, there was also evidence of discriminant validity. INTERACT's alpha was larger than the correlations between INTERACT and any of the other scales in the questionnaire. These results are summarized in Table 37 below.

Table 37
Satisfaction with the Interaction (INTERACT) Diagnostics

Mean	3.298				
Std. Dev.	0.811				
Reliability	Alpha = .848				
Dimensionality (Factor Analysis)	The eigenvalues from principal components analysis are shown below.				
		1	2	3	4
	Eigenvalue	2.758	0.559	0.352	0.330
	Proportion	0.689	0.139	0.088	0.082
	Cumulative	0.689	0.829	0.917	1.000
	Only the first factor was significant (as per Buja and Eyuboglu 1992).				
Factor 1					
A13	0.841	<i>Ease of obtaining information</i>			
A14	0.860	<i>Ease of negotiations</i>			
A15	0.752	<i>Ease of placing orders</i>			
A16	0.862	<i>Ease of resolving complaints</i>			
Validity	The correlation between INTERACT and the single item scale for satisfaction with the interaction was .730. The alpha of .848 was larger than the correlations between INTERACT and any of the other likert scales.				

IV. E. 4. b. v. Commitment - Purchasing Survey

Commitment was defined as “a desire to develop a stable relationship, a willingness to make short term sacrifices to maintain the relationship and a confidence in the stability of the relationship” (Anderson and Weitz 1992 pg. 19). This paper focused on the buyer’s commitment to the relationship with the seller.

A number of researchers have developed scales to measure various forms of this construct (cf. Anderson and Weitz 1992; Ganesan 1993, 1994; Gundlach, Achrol and Mentzer 1995; Moorman, Zaltman and Deshpande 1992; Morgan and Hunt 1994; Noordewier, John and Nevin 1990).

This paper used a modified version of the scale that was developed by Anderson and Weitz (1992). This scale contained ten likert items that tapped all the

facets of the above definition. In the study conducted by Anderson and Weitz (1992), this scale had good reliability ($\alpha = .90$) and discriminant validity. The original scale was modified for use in this study by deleting four items. Three of the items referred to the specific type of relationship that was examined in the original study (i.e., distributors and manufacturers). These items were dropped so that the scale could be applied to the greater variety of situations. A fourth item was deleted due to space limitations. This item was selected on the basis of factor loadings and reliability results during the pretest.

The final scale (COMMIT) contained six items. This scale appeared on pages two and three of the questionnaire as items 20, 23, 25, 29, 32 and 35 (see the appendix). They are also presented in Table 38 below.

Table 38
Items in Commitment Scale (COMMIT)

A20	<i>I have a strong sense of loyalty to this supplier.</i>
A23	<i>I am continually on the lookout for another source to replace this supplier. (R)</i>
A25	<i>Our relationship with this supplier is a long-term alliance.</i>
A29	<i>If another company made a better offer, I would switch to them even if it meant dropping this supplier. (R)</i>
A32	<i>I am not very committed to this supplier. (R)</i>
A35	<i>I expect to be doing business with this supplier for a long time.</i>

This scale had strong psychometric properties. It had strong reliability ($\alpha = .88$). It also was unidimensional. All six items loaded onto one factor. There also was evidence of convergent and discriminant validity. The correlation between COMMIT and the single item scale for this construct was .86. Also, the alpha was larger than the correlations between COMMIT and any of the other likert scales. These results are summarized below.

Table 39
Commitment (COMMIT) Diagnostics

Mean	3.314						
Std. Dev.	1.065						
Reliability	Alpha = .885						
Dimensionality (Factor Analysis)	The eigenvalues from principal components analysis are shown below.						
		1	2	3	4	5	6
	Eigenvalue	3.835	0.680	0.489	0.400	0.346	0.247
	Proportion	0.639	0.113	0.081	0.066	0.057	0.041
	Cumulative	0.639	0.752	0.834	0.901	0.958	1.000
	Only the first factor was significant (as per Buja and Eyuboglu 1992). The actual items and loadings are shown below.						
FACTOR1							
A20	0.817	<i>I have a strong sense of loyalty to this supplier</i>					
A23	0.714	<i>I am continually on the lookout for another source to replace this supplier. (R)</i>					
A25	0.808	<i>Our relationship with this supplier is a long-term alliance.</i>					
A29	0.834	<i>If another company made a better offer, I would switch to them even if it meant dropping this supplier. (R)</i>					
A32	0.749	<i>I am not very committed to this supplier. (R)</i>					
A35	0.863	<i>I expect to be doing business with this supplier for a long time.</i>					
Validity	The correlation between COMMIT and the single item scale for Commitment was .862. The alpha of .885 was larger than the correlations between COMMIT and any of the other likert scales.						

IV. E. 4. b. vi. Recap

This section presented the development of scales to measure five constructs - trust, external consistency, satisfaction with the outcome, satisfaction with the interaction and commitment. After several adjustments, all five scales had acceptable psychometric properties. These scales, along with the intra-organizational scales that were presented in section IV.C., were used to test the hypotheses. These tests are described in the section below.

IV.F. HYPOTHESIS TESTING

As noted earlier, the objective of this portion of the project was to statistically test 16 hypotheses. The first 7 hypotheses focused on intra-organizational relationships and were tested with the data gathered during the sales survey.

Hypotheses 8 through 16 focused on inter-organizational relationships and were tested with the data gathered during the purchasing survey. These tests are presented in the two sub-sections below.

IV. F. 1. Test of Intra-Organizational Hypotheses

The hypotheses concerning intra-organizational behavior were developed in Chapter

II. They are summarized in Table 40 below.

Table 40
Hypotheses Concerning Intra-Organizational Behavior

<p>H1: As the goal conflicts between ABP and ASU increase, the level of external consistency decreases.</p> <p>H2: As ABP's use of formal power to resolve conflicts with ASU increases, external consistency also increases.</p> <p>H3: As ABP's use of informal power to resolve conflicts with ASU increases, external consistency also increases.</p> <p>H4: As ABP's use of defensive behavior to resolve conflicts with ASU increases, external consistency also increases.</p> <p>H5: As ASU's use of defensive behavior to resolve conflicts with ABP increases, external consistency decreases.</p> <p>H6: As direct contact between ASU and BDM increases, A's external consistency decreases.</p> <p>H7: A's external consistency will be greater when ABP and ASU are members of a boundary team than when they are not.</p>
--

These hypotheses were tested in two stages. First, the correlation table (Table 6) was reviewed for possible relationships. The hypotheses were then tested formally with multiple regression.

The correlation table indicated that there were several interesting patterns in the data. For example:

- CONSID had a significant negative correlation (-.52) with GOAL. This was consistent with hypothesis 1.
- CONSID had a significant positive correlation (.34) with FORMAL2 and a mildly significant positive correlation with FORMAL1 (correlation = .22 p = .10). These results were consistent with hypothesis 2.
- CONSID had a significant but negative correlation (-.30) with DEFENSE. This was opposite to the direction proposed by hypothesis 4.
- The correlations between CONSID, INFORM2, DIRECT and TEAM were not significant. These were counter to the proposals made in hypotheses 3, 6 and 7.

Hypotheses 1, 2, 3, 4, 6 and 7 were tested through multiple regression.

Unfortunately, it was not possible to test hypothesis 5. As noted above, the scale that would have measured ASU's defensive behavior was dropped from the final questionnaire due to space limitations. As a result, it was not possible to gather the data necessary to test hypothesis 5.

The dependent variable in the regression model was external consistency (CONSID). The independent variables included goal conflict (GOAL), hierarchical

power (FORMAL1), procedural power (FORMAL2), informal power (INFORM2), defensive behavior (DEFENSE), direct contact (DIRECT) and boundary teams (TEAM). The equation was structured as follows:

$$\text{CON SIS} = b_0 + b_1 \text{ GOAL} + b_2 \text{ FORMAL1} + b_3 \text{ FORMAL2} + b_4 \text{ INFORM2} + b_5 \text{ DEFENSE} + b_6 \text{ DIRECT} + b_7 \text{ TEAM} + u_i$$

Where:

b_0 = an intercept

$b_1, b_2, b_3, b_4, b_5, b_6, b_7$ = coefficients and

u_i = a disturbance term

The results are shown in Table 41 below:

Table 41
Multiple Regression for Hypotheses 1 through 7

Dependent Variable: CON SIS						
Analysis of Variance						
Source	DF	Sum of Squares	Mean Square	F Value	Prob>F	
Model	7	18.823	2.689	4.693	0.0005	
Error	45	25.879	0.597			
C Total	52	44.603				
Root MSE		0.761		R-square	0.422	
Dep Mean		-0.000		Adj R-sq	0.332	
C.V.		-1.03334E19				
Parameter Estimates						
Variable	DF	Parameter Estimate	Std. Error	T for H0	Prob > T	VIF
INTERCEP	1	-0.056	0.128	-0.444	0.659	0.000
GOAL	1	-0.453	0.156	-2.904	0.005	1.951
INFORM2	1	0.385	0.127	3.027	0.004	1.289
DEFENSE	1	-0.151	0.152	-0.999	0.323	1.808
FORMAL1	1	0.021	0.124	0.173	0.863	1.210
FORMAL2	1	0.098	0.130	0.753	0.455	1.317
DIRECT	1	0.120	0.119	1.012	0.316	1.117
TEAM	1	0.177	0.233	0.760	0.451	1.095

The model had acceptable statistical properties. It was significant ($F = 4.6$) and explained a substantial portion of the variance in CONSID ($R^2 = .42$). Despite the fact that all the independent variables focused on intra-organizational behavior, there was no indication of collinearity between any of the variables. The VIF's³ were all less than 2. Two of the independent variables were significant (GOAL and INFORM2) and had coefficients in the hypothesized directions. Finally, a review of the residuals indicated that the model provided a reasonable fit for the data. The residuals contained no significant outliers.

To determine if the model could be improved, the non-significant variables were eliminated through a stepwise backward process. At each iteration, the variable with the least significance was deleted and the model was recalculated. This process was continued until the model contained only significant variables. The sequence of deletions shown in table 42 below.

Table 42
Variables Deleted During Backwards Elimination

Step	Deleted Variable	p Value
1.	FORMAL1	0.863
2.	TEAM	0.455
3.	FORMAL2	0.382
4.	DEFENSE	0.346
5.	DIRECT	0.229

The reduced model is shown below.

³ VIF (Variance Inflation Factor) can be calculated as $1/(1-R_i^2)$. R_i^2 represents the squared multiple correlation coefficient that results when the independent variable " X_i " is regressed against all other independent variables. As a general rule, VIF's greater than 10 indicate potential collinearity. (A VIF of 10 equates to an R_i^2 of approximately .81) (Chatterjee and Price 1991).

Table 43
Reduced Equation for Hypotheses 1 through 7

Dependent Variable: CONSID						
Analysis of Variance						
Source	DF	Sum of Squares	Mean Square	F Value	Prob>F	
Model	2	16.769	8.384	15.018	0.0001	
Error	50	27.916	0.558			
C Total	52	44.686				
Root MSE		0.747		R-square	0.375	
Dep Mean		-0.000		Adj R-sq	0.350	
C.V.		-1.019156E19				
Parameter Estimates						
Variable	DF	Parameter Estimate	Std. Error	T for H0	Prob > T	VIF
INTERCEP	1	-1.22798E-17	0.102	-0.000	1.0000	0.000
GOAL	1	-0.603	0.114	-5.275	0.0001	1.078
INFORM2	1	0.328	0.114	2.857	0.0062	1.078

This model had acceptable statistical properties. It was highly significant ($F = 15.01$), explained a substantial portion of the variance in CONSID ($R^2 = .37$), had no signs of collinearity (All VIF's were below 2) and the residuals contained no outliers. In addition, the same two independent variables (GOAL and INFORM2) continued to be significant. These models were used to test hypotheses 1, 2, 3, 4, 6 and 7.

- GOAL was highly significant ($t = -5.27$) and had a negative coefficient. This suggested that increases in goal conflict would lead to decreases in external consistency. This supported hypothesis 1.
- INFORM2 was also significant ($t = 2.83$) and had a positive coefficient. This suggested that increases in informal power would lead to increases in external consistency. This supported hypothesis 3.

- FORMAL1, FORMAL2, DEFENSE, DIRECT and TEAM were not significant.

These results suggested that hypotheses 2, 4, 5 and 6 were not supported.

A complete interpretation of these results is presented in Chapter V. However, first the tests for hypotheses 8 through 16 are presented below.

IV. F. 2. Test of Inter-Organizational Hypotheses

Hypotheses 8 through 16 focused on the buyer's evaluations of the supplier. They were developed in chapter II and are summarized in Table 44 below.

Table 44
Original Hypotheses Concerning Inter-Organizational Behavior

H8a: As the consistency that BDM attributes to A increases, BDM's trust in A also increases.
H8b: As the consistency that BDM attributes to ABP increases, BDM's trust in ABP also increases.
H9a: As the consistency that BDM attributes to A increases, BDM's satisfaction with the outcome that B derives from the A-B relationship also increases.
H9b: As the consistency that BDM attributes to ABP increases, BDM's satisfaction with the outcome that B derives from the A-B relationship also increases.
H10a: As the consistency that BDM attributes to A increases, BDM's satisfaction with the interaction process in the A-B relationship also increases.
H10b: As the consistency that BDM attributes to ABP increases, BDM's satisfaction with the interaction process in the A-B relationship also increases.
H11a: As BDM's trust in A increases, BDM's commitment to the A-B relationship increases.
H11b: As BDM's trust in ABP increases, BDM's commitment to the A-B relationship increases.
H12: As BDM's satisfaction with the outcome that B derives from the A-B relationship increases, BDM's commitment also increases.

H13: A given level of BDM's satisfaction with the outcome will have a greater impact on BDM's commitment when BDM's trust in ABP and A is high than when it is low.

H14: As BDM's satisfaction with the interaction process in the A-B relationship increases, BDM's commitment also increases.

H15a: As A's relative contribution to the total benefits that B derives from the A-B relationship increases, the relative influence of A's consistency on BDM's satisfaction with the outcome and with the interaction process in the A-B relationship also increases.

H15b: As ABP's relative contribution to the total benefits that B derives from the relationship increases, the relative influence of ABP's consistency on BDM's satisfaction with outcomes and with the interaction process in the A-B relationship also increases.

H16a: As A's relative contribution to the benefits that B derives from the A-B relationship increases, the relative influence of BDM's trust in A on BDM's commitment to the A-B relationship also increases.

H16b: As ABP's relative contribution to the benefits that B derives from the A-B relationship increases, the relative influence of BDM's trust in ABP on BDM's commitment to the A-B relationship also increases.

As noted above, it was not possible to obtain separate measurements for trust in A and trust in ABP. As a result, it was necessary to revise the above hypotheses for testing purposes. Accordingly hypotheses 8, 9, 10 and 11 were revised to focus on general constructs (i.e., external consistency, combined trust) rather than the organizational and personal forms of these constructs (i.e., consistency attributed to A, consistency attributed to ABP, trust in A, trust in ABP). Also, it was not possible to test hypotheses 15 and 16. These hypotheses focused on the relative influence of personal and organizational levels of consistency and trust. Given the above problems, it was not feasible to test these relationships. The revised set of hypotheses are presented in table 45 below.

Table 45
Restated Hypotheses Concerning Inter-Organizational Behavior

<p>H8: As A's external consistency increases, BDM's trust also increases.</p> <p>H9: As A's external consistency increases, BDM's satisfaction with the outcome that B derives from the A-B relationship increases.</p> <p>H10: As A's external consistency increases, BDM's satisfaction with the interaction process in the A-B relationship increases.</p> <p>H11: As BDM's trust increases, BDM's commitment to the A-B relationship increases.</p> <p>H12: As BDM's satisfaction with the outcome that B derives from the A-B relationship increases, BDM's commitment increases.</p> <p>H13: A given level BDM's satisfaction with the outcome will have a greater impact on BDM's commitment when BDM's trust is high than when it is low.</p> <p>H14: As BDM's satisfaction with the interaction process in the A-B relationship increases, BDM's commitment to the A-B relationship also increases.</p> <p>H15: <i>not testable</i></p> <p>H16: <i>not testable</i></p>

As a preliminary step, the correlation matrix (Table 26) was reviewed for possible relationships. The table indicated that:

- **CONSIS had strong positive relationships with TRUSTALL (.76), OUTCOME2 (.72) and INTERACT (.68). These relationships were consistent with hypotheses 8, 9 and 10.**
- **COMMIT had strong positive relationships with TRUSTALL (.83), OUTCOME2 (.63) and INTERACT (.74). These relationships were consistent with hypotheses 11, 12 and 14.**

The formal hypothesis tests were conducted by using a combination of LISREL (for hypotheses 8, 9, 10, 11, 12 and 14) and ANACOVA (for hypothesis 13). To use LISREL, the six relationships were restated as a two stage model (see chart 1 below). The exogenous variable was external consistency (CONSIS - X_1). The endogenous variables were combined trust (TRUSTALL - Y_1), satisfaction with the outcome (OUTCOME2 - Y_2), satisfaction with the interaction (INTERACT - Y_3) and commitment (COMMIT - Y_4). The model was specified to contain the six paths shown in Table 46 below.

Table 46
Paths in LISREL Model

Path	Description
γ_{11}	External Consistency → Trust
γ_{21}	External Consistency → Outcomes
γ_{31}	External Consistency → Interaction
β_{41}	Trust → Commitment
β_{42}	Outcome → Commitment
β_{43}	Interaction → Commitment

The input for the model was the variance-covariance matrix shown in Table 47 below.

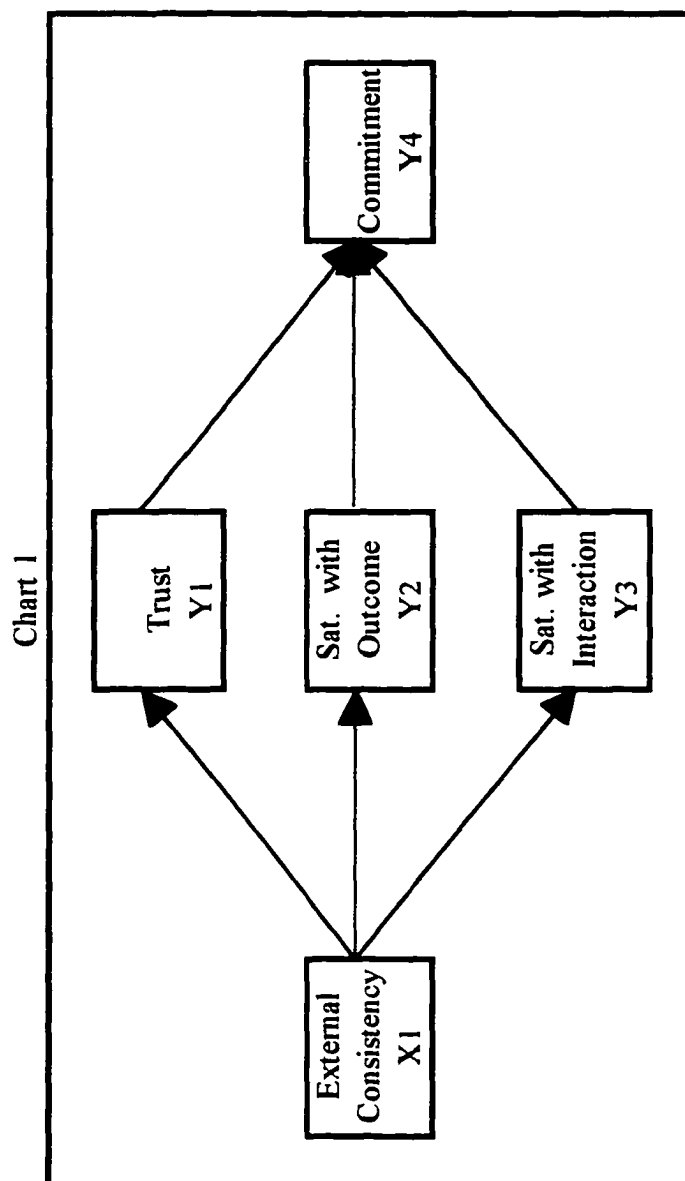


Table 47
Variance-Covariance Matrix

	CON SIS	TRUSTALL	OUTCOME2	INTERACT	COMMIT
CON SIS	1.119				
TRUSTALL	0.779	0.917			
OUTCOME2	0.624	0.527	0.644		
INTERACT	0.586	0.558	0.51	0.657	
COMMIT	0.859	0.862	0.541	0.640	1.134

As shown in Table 48 below, the model provided mixed results. The Adjusted Goodness of Fit Index (AGFI) was .17. This indicated that approximately 17% of the total variance in the data was explained by the model. In addition, the Root Mean Square Residual (RMSR) was 0.08. This suggested that the model generated one or more large residuals. Thus, the RMSR also indicated a limited fit for the data.

On the other hand, five of the six paths (γ_{11} , γ_{21} , γ_{31} , β_{41} and β_{43}) were significant (i.e., t values were greater than 2). In addition, the Squared Multiple Correlations (SMC's) were all approximately .5 or higher. This suggested that the model was explaining 50% or more of the variance in the individual variables.

Table 48
LISREL Results - Model 1

Goodness of Fit	0.779	Squared Multiple Correlations	
Adjusted Goodness of Fit	0.172	Trust	0.591
Root Mean Square Residual	0.086	Outcome	0.540
Chi Square with	75.48	Interaction	0.467
4 degrees of freedom	(P=.0001)	Commitment	0.739
Path	Description	Coefficient	t - value
γ_{11}	External Consistency → Trust	0.696	12.618
γ_{21}	External Consistency → Outcome	0.558	11.371
γ_{31}	External Consistency → Interaction	0.524	9.819
β_{41}	Trust → Commitment	0.740	10.918
β_{42}	Outcome → Commitment	-0.102	-1.280
β_{43}	Interaction → Commitment	0.424	5.550

The blend of low AGFI and high RMSR suggested that there were other significant relationships in the data. This raised the question of whether there were any unspecified paths that, if included in the model, could significantly change the results. Accordingly, an attempt was made to identify other paths and to test alternative models.

Toward that end, the standardized residuals matrix was reviewed for indications of large amounts of unexplained variance. As shown in Table 49, three residuals were greater than 2. Of these, the path β_{32} (satisfaction with the interaction \rightarrow satisfaction with the outcome) was the largest (3.41). This suggested that there was a strong relationship between satisfaction with the interaction and satisfaction with the outcome. This was consistent with the literature. Both measures represent an evaluation of a supplier's performance in comparison to other similar suppliers. Therefore, it would be reasonable to expect a strong degree of covariance between the two measures. Also, it is reasonable to expect that a supplier's performance during the initial interactions (i.e., negotiations, developing specifications, etc.) would have a strong impact on the supplier's ability to provide satisfactory outcomes.

Table 49
Model 1- Standardized Residuals

	TRUSTALL Y_1	OUTCOME2 Y_2	INTERACT Y_3	COMMIT Y_4	CONSIG X_1
TRUSTALL	0.000				
OUTCOME2	1.390	0.000			
INTERACT	2.310	3.412	0.000		
COMMIT	0.743	2.312	1.549	0.878	
CONSIG	0.000	0.000	0.000	0.919	0.000

This relationship was important for this study because of an unusual result in the first model. The only path that was not significant was path β_{42} (satisfaction with the outcome \rightarrow commitment). This contradicted the literature. As noted in Chapter II, a number of authors suggest that economic performance drives industrial relationships. Thus, path β_{42} should have been strongly positive. Instead, it was insignificant and negative (t value = -1.28). One possible cause might have been misspecification. It was possible that the large residual for path β_{32} (satisfaction with the interaction \rightarrow satisfaction with the outcome) was indicative of some important relationship that was artificially suppressing the relationship β_{42} (satisfaction with the outcome \rightarrow commitment).

To test this possibility, the model was re-specified to include path β_{32} (satisfaction with the interaction \rightarrow satisfaction with the outcome). The results are shown in Table 50 below.

Table 50
LISREL Results - Model 2

Goodness of Fit	0.897	Squared Multiple Correlations	
Adjusted Goodness of Fit	0.483	Trust	0.591
Root Mean Square Residual	0.067	Outcome	0.540
Chi Square with 3 degrees of freedom	32.03 (P=.0001)	Interaction	0.640
		Commitment	0.735
Path	Description	Coefficient	t - value
γ_{11}	External Consistency \rightarrow Trust	0.696	12.618
γ_{21}	External Consistency \rightarrow Outcome	0.558	11.371
γ_{31}	External Consistency \rightarrow Interaction	0.179	2.760
β_{41}	Trust \rightarrow Commitment	0.740	11.453
β_{42}	Outcome \rightarrow Commitment	-0.102	-0.964
β_{43}	Interaction \rightarrow Commitment	0.424	4.183
β_{32}	Interaction \rightarrow Outcome	0.619	7.259

Model 2 had much better explanatory power. The AGFI rose to .48. This suggested that almost half of the variance in the data was explained by the model. In addition, the RMSR dropped to 0.06. This suggested that Model 2 produced fewer large residuals. Also, as expected, path β_{32} (satisfaction with the interaction \rightarrow satisfaction with the outcome) was positive and significant (t value = 7.25). All this suggested that the inclusion of path β_{32} led to a better statistical fit.

However, the inclusion of the new path did not affect the relationships proposed by the six hypotheses. The SMC's, coefficients and t-values in Model 2 were very similar (in most cases identical) to the values that had been produced by Model 1. This suggested that the basic relationships being tested in this paper were not affected by path β_{32} .

As a final test of Model 2, the standardized residual matrix was reviewed for any remaining large residuals. As shown in Table 51, there was only one residual that remained above 2. This was for path β_{31} (satisfaction with the interaction \rightarrow Trust). This relationship was consistent with the literature. A number of authors have observed that buyers determine a supplier's trustworthiness by observing how the supplier behaves during the preliminary negotiations process.

Table 51
Model 2 - Standardized Residuals

	TRUSTALL <u>Y₁</u>	OUTCOME2 <u>Y₂</u>	INTERACT <u>Y₃</u>	COMMIT <u>Y₄</u>	CONSIS <u>X₁</u>
TRUSTALL	0.000				
OUTCOME2	1.390	0.000			
INTERACT	2.310	0.000	0.000		
COMMIT	0.746	1.107	1.865	1.107	
CONSIS	0.000	0.000	0.000	0.914	0.000

To insure that the hypothesis tests were not being skewed by any mis-specification, the model was revised again. The new model included the original six paths, plus path β_{32} (from Model 2) plus the new path β_{31} . This revision was not satisfactory. The new path was significant ($t = 3.74$). However, the model did not gain in explanatory power. The AGFI actually dropped slightly to .47. Also, the values for the paths associated with the six hypotheses did not change. Accordingly, in the interest of parsimony, this model was dropped.

The final hypothesis tests were conducted using Model 2. These results suggested that:

- Path γ_{11} (external consistency \rightarrow trust) was positive and highly significant ($t = 12.61$). This suggested that increases in external consistency would lead to increases in trust. This supported hypothesis 8.

Path γ_{21} (external consistency \rightarrow satisfaction with the outcome) was positive and highly significant ($t = 11.37$). This suggested that increases in external consistency would lead to increases in satisfaction with the outcome. This supported hypothesis 9.

- Path γ_{31} (external consistency \rightarrow satisfaction with the interaction) was positive and significant ($t = 2.76$). This suggested that increases in external consistency would lead to increases in satisfaction with the interaction. This supported hypothesis 10.

- Path β_{41} (trust \rightarrow commitment) was positive and highly significant ($t = 11.45$). This suggested that increases in trust would lead to increases in commitment. This supported hypothesis 11.
- Path β_{42} (satisfaction with the outcome \rightarrow commitment) was negative and not significant ($t = -0.96$). This suggested that there was no relationship between satisfaction with the outcome and commitment. This did not support hypothesis 12.
- Path β_{43} (satisfaction with the interaction \rightarrow commitment) was positive and significant($t = 4.18$). This suggested that increases in satisfaction with the interaction would lead to increases in commitment. This supported hypothesis 14.

The final hypothesis to be tested was hypothesis 13. This stated that:

H13: A given level BDM's satisfaction with the outcome will have a greater impact on BDM's commitment when BDM's trust is high than when it is low.

In essence, this hypothesis stated that the slope of the regression line for the equation $COMMIT = f(OUTCOME2)$ would be different for high and low levels of TRUSTALL. This relationship was tested using ANACOVA.

As a preliminary step, an indicator variable (TADUM) was created to reflect high and low conditions of TRUSTALL. The data were divided at the median (3.7). All observations with TRUSTALL values of 3.7 or lower were considered to be in the "Low Trust" condition and all observations with TRUSTALL values greater than 3.7 were considered to be in the "High Trust" condition.

The actual analysis was conducted in the following two steps:

1. Estimate Explained Variance

Multiple regression was used to estimate the portion of the explained variance in COMMIT that could be attributed to the independent variable (OUTCOME2), the moderating variable (TRUSTALL) and an interaction between the independent and moderating variables (OXTADUM). The results are shown in Table 52 below.

Table 52
COMMIT = f(OUTCOME2 | TADUM)

Dependent Variable: COMMIT							
Analysis of Variance							
		Source	DF	Sum of Squares	Mean Square	F Value	Prob>F
		Model	3	79.191	26.397	59.704	0.0001
		Error	108	47.750	0.442		
		C Total	111	126.942			
		Root MSE		0.664	R-square	0.623	
		Dep Mean		3.316	Adj R-sq	0.613	
		C.V.		20.046			
Parameter Estimates							
Variable	DF	Parameter Estimate	Std. Error	T for H0	Prob > T	Type I SS	
INTERCEP	1	0.862	0.417	2.066	0.0412	1232.252	
OUTCOME	1	0.561	0.141	3.979	0.0001	57.367	
TADUM	1	1.437	0.676	2.125	0.0359	21.698	
OXTADUM	1	-0.104	0.197	-0.531	0.5962	0.124	

2. Test for Parallelism

A test was conducted to determine whether the slope of the regression line was different for high and low values of TRUSTALL. The hypotheses were stated as:

$H_0: b_3 = 0$ (i.e., the coefficient for the interaction term (OXTADUM) was not significant)

$H_1: b_3 \text{ does not } = 0$

These hypotheses were tested by conducting a partial F test (Berenson, Levine and Goldstein 1983; Montgomery 1991). The test equation can be stated as follows:

$$F_{\alpha; p-2, n-p-1} = \frac{\text{Mean SSR } b_3}{\text{Mean SSE}}$$

The calculation of the test F is shown in Table 53 below.

TABLE 53
Test for Parallelism

COMMIT = f(OUTCOME2 TRUSTALL)	
SSR (b1, b2, b3)	79.191
SSR (b1)	57.367
SSR (b2)	21.698
SSR (b3)	0.124
p-2	1
MSSR (b3)	0.124
SSE (b1, b2, b3)	47.750
n-p-1	108
MSSE (b1, b2, b3)	0.442
Test F-value	0.282
Critical F-value	3.95
Do Not Reject Ho .	

The test F of .28 was smaller than the critical F of 3.95. Therefore, Ho could not be rejected. There was no evidence that the relationship between satisfaction with the outcome and commitment was different for high and low levels of trust. This did not support hypothesis 13.

IV. F. 3. Recap

This section presented the tests for hypotheses 1 through 14. The findings supported hypotheses 1, 3, 8, 9, 10, 11 and 14. The findings did not support hypotheses 2, 4, 6, 7, 12 and 13. In addition, due to data and measurement limitations,

it was not possible to test hypotheses 5, 15 and 16. The implications of these findings for the present study and for future research are discussed in Chapter V below.

CHAPTER V

DISCUSSION AND IMPLICATIONS

This dissertation proposed and tested the impact of a firm's intra-organizational behavior on its inter-organizational relationships. In particular, this paper examined how a boundary person's relationships with his/her support units could influence the degree of consistency in a firm's external behavior. It proposed that, due to differences in perspectives and objectives, there would be a natural tendency for conflicts to develop between boundary people and their support units. It then proposed that boundary people would be motivated by self-interest to try to control these conflicts so as to maintain a consistent pattern of behavior with their trading partners. This would enable them to retain the partner's goodwill and thereby maintain the relationship. It was suggested that boundary people would use several forms of influence to achieve this consistency including formal power, informal power and defensive behavior.

This paper also examined the impact of a firm's consistency on its trading partners. This paper proposed that trading partners would be very sensitive to the other party's external consistency. It also proposed that a firm's external consistency would affect its trading partner's trust, satisfaction with the outcome, satisfaction with the interaction and commitment.

These relationships were tested with data gathered from industrial salespeople and purchasing managers. The following two sub-sections summarize the findings

from each study and examine possible reasons for several unexpected findings. The sections thereafter discuss the limitations of this study and possible future directions.

V. A. INTERPRETATION OF INTRA-ORGANIZATIONAL FINDINGS

The sales survey led to several significant findings concerning intra-organizational behavior. First, the results supported the position that salespeople are involved in intra-organizational politics. The mean value for goal conflict (2.5) indicated that there was a substantial amount of goal conflict between the salespeople and their support units. Also, the mean values for hierarchical power (3.6), procedural power (3.5), informal power (3.6) and defensive behavior (2.1) indicated that salespeople used all of the traditional forms of influence to resolve these issues.

The data also indicated that these internal issues affected external behavior. The regression analysis indicated that higher levels of conflict between salespeople and their support units led to lower levels of consistency in the supplier's external behavior. This finding supported hypothesis 1. Similarly, the analysis also indicated that a salesperson's ability to use informal power led to higher levels of external consistency. This was consistent with hypothesis 3. Thus, these findings supported the general contention that a salesperson's role in internal politics would have a direct affect on the firm's external behavior.

The results did not support several other hypotheses. For example, in the regression equation the coefficients for hierarchical power and procedural power were both positive but were not significant. Thus, these results provided only weak directional support for hypothesis 2.

The data provided some surprising results related to hypothesis 4. This hypothesis stated that there would be a positive relationship between a salesperson's use of defensive behavior and the supplier's external consistency. However, the results were in the opposite direction. The correlation between defensive behavior and external consistency was significant and negative (-0.30 $p = .02$). In the regression equation, the coefficient for defensive behavior was negative but not significant (-0.15 $p = .32$). Thus, both results were opposite to the relationship predicted by hypothesis 4.

There are two possible explanations for this pattern. First, the negative relationship may have been caused by the difference between an individual defensive action and the cumulative effect of many such actions. It was proposed in chapter II that sales representatives would use defensive tactics to avoid policies that conflicted with their prior commitments to their customers. It also was proposed that these defensive actions would lead to greater consistency during a particular sales episode. However, it is possible that the ability to engage in defensive behavior may actually have a negative impact over the long term. By definition, defensive behavior represents an attempt to circumvent official policy without actually changing that policy. As a result, the defensive actions of sales representatives may be significantly different from the norms that are set by organizational policy. Over time, the cumulative effect of these defensive actions may be to increase the variability in the overall organization's behavior with the trading partner.

A second issue involves the potential for two parties to become locked in a cycle of defensive actions and reactions. In general, if one party in a relationship “breaks the rules” then the second party may seek retribution through a similar infraction (Hill 1990). It is possible that such a pattern could occur when a sales representative engages in defensive behavior. As discussed in chapter II, both sales representatives and support personnel are able to employ defensive tactics. It is possible that support personnel may respond to a salesperson’s defensive actions by engaging in some defensive behaviors of their own. If so, then the company may become locked in a self-feeding cycle of defensive actions. This in turn could reduce the firm’s overall consistency. Thus, the negative relationship between defensive behavior and external consistency may be due to a larger patterns of inter-locking defensive actions. It would be useful to explore the potential for such chain reactions in future research.

The data also did not support hypothesis 5. This hypothesis proposed a negative relationship between the degree of direct contact that support units had with a customer and the firm’s degree of external consistency. The correlation between direct contact and external consistency was positive but not significant ($.17$ $p = .20$). Similarly, the regression coefficient for direct contact was also positive but not significant ($.12$ $p = .31$).

The correlation table points toward one possible explanation. The correlation between direct contact and defensive behavior was negative and marginally significant

(-.23 $p = .09$). Such a relationship is reasonable. If a support unit has direct contact with a customer, then it will be difficult for a salesperson to sidestep directives issued by that department. The department could simply communicate the directive to the customer itself. If so, then the support unit's ability to interact directly with customers might dampen the potential for defensive behavior. By extension, it would also dampen the potential negative effect of defensive behavior on external consistency. Thus, direct contact may increase external consistency by reducing the potential for defensive behavior.

Finally, the data did not support hypothesis 6. This hypothesis proposed that firms that used boundary teams would have higher levels of external consistency. The data did not support this proposal. The correlation between boundary teams and external consistency was positive but not significant (.11 $p = .41$). The regression coefficient for boundary teams was also positive but not significant (.17 $p = .45$).

This finding may have been due to limitations in the data. There were only 21 cases that involved boundary teams. It is possible that this was not a large enough sample to detect a significant relationship.

V. B. INTERPRETATION OF INTER-ORGANIZATIONAL FINDINGS

The inter-organizational issues were tested with the data from the purchasing survey. In general, these results were significant and in the hypothesized direction. These findings indicated that increases in a supplier's external consistency would increase a buyer's trust, satisfaction with the outcome of the relationship and

satisfaction with the interactions that occurred during the relationship. These results were consistent with hypotheses 7, 8 and 9. The model also indicated that changes in trust and satisfaction with the interaction would lead to increases in commitment. This was consistent with hypotheses 10 and 13.

Only two of the hypotheses in this area (11 and 13) were not supported.

Hypothesis 11 predicted that increases in a buyer's satisfaction with the outcome of the relationship would lead to greater commitment. The literature provided strong conceptual support for this relationship. As noted in chapter II, a number of authors have argued that value drives exchange. Therefore, it would be reasonable to expect that a buyer's degree of satisfaction with a supplier's product, delivery, etc., would have a direct affect on his/her commitment. However, in the LISREL model the relationship between satisfaction with the outcome and commitment was not significant.

Interestingly, a previous empirical study had found the same lack of significance. Morgan and Hunt (1994) had used LISREL to study the relationship between several constructs and commitment. The only path in their model that was not significant was between relationship benefits (a construct that was very similar to satisfaction with the outcome) and commitment. Morgan and Hunt (1994) suggested that the problem may have been due to a potential problem in measuring relationship benefits. However, it is unlikely that there was a measurement problem in this paper. This study used a scale for satisfaction with the outcome that had been used

successfully by past researchers and that had met all the standard psychometric requirements.

It also is unlikely that supplier performance was not a significant issue. Both studies focused on important exchange relationships. In the Morgan and Hunt (1994) study, the respondents focused on “major suppliers”. On average, the respondents (tire dealers) obtained 54% of their goods from the supplier in question. In the study presented in this paper, the respondents focused on long-standing relationships. The average length of association between the respondents and the suppliers in question was 11.85 years. It is counter-intuitive to suggest that business people would maintain exchange relationships for over a decade, or buy the majority of their goods from a given supplier, if they were not receiving an adequate amount of value.

One possible explanation was suggested during the depth interviews. Two of the sales respondents (from different industries) made an interesting observation about the way that buyers evaluate supplier performance. They both stated that buyers usually set some minimal performance standards. If suppliers cannot rise to that standard then the buyers quickly drop them from consideration. But, if they do rise above the buyer’s benchmark, then the buyers will consider other factors such as the supplier’s trustworthiness or the ease of doing business with the supplier. Thus, value may not only drive exchange, it may also be the admission ticket to the bargaining table.

It is possible that the results in this paper, and in the Morgan and Hunt (1994) study, both reflect this pattern. Given the importance of the exchange relationships

included in these studies, it would be reasonable to expect that the suppliers had risen above the buyer's minimum performance standards. If so, then given the above, the buyers' evaluations would be based upon other factors. Thus, the fact that satisfaction with the outcome (or relationship benefits) was not significant might not indicate that it did not matter. Rather, it might indicate that the suppliers had "passed the test" on basic performance issues and that the buyers were now basing their evaluations on the other issues.

The second insignificant result involved hypothesis 13. This hypothesis predicted that there would be an interaction between two constructs - trust and satisfaction with the outcome - in their relationship with commitment. However, the data did not support this relationship. This suggested that trust and satisfaction with the outcome exert separate influences on commitment. This result was consistent with the above analysis. If buyers consider the economic benefits of doing business with a potential supplier first, and all other factors second, then it is reasonable to expect that there will not be an interaction between these constructs.

V. C. LIMITATIONS

This study contained several limitations. First, the response rates were low. This may have been caused by the nature of the topics and the structure of the questionnaires. The biggest issue may have been the sensitive nature of the topics in the sales survey. Despite the rewording of individual items, the questionnaire still addressed issues such as circumventing company policy or using friends to gain special

consideration. As noted in chapter IV, several practitioners suggested that these topics may have been too “politically incorrect” to gain strong responses from strangers. This view was partially supported by the variation in the response rates. During the SMEI conference, when potential respondents had an opportunity to meet the researcher and verify the academic nature of the study, the response rate was over 8%. When very similar questionnaires were sent through the mail to people who did not know the researcher, the response rate was less than 4%. It is possible that the original comments from the pre-mail interviews held true. Recipients may have been too uncomfortable with the topic to be willing to respond to a blind contact.

A second issue may have been the structure of the questionnaire. During the pre-mail interviews, several respondents emphasized the high degree of time pressure that was experienced by both sales and purchasing personnel. The questionnaires had been restructured to appear to be brief and easy. During pre-mail trials, the average completion time was under five minutes. However, the questionnaires still contained several pages of likert items. This may have simply looked like too much effort for many over worked practitioners.

In the future it might be useful to address both issues. It may be necessary to gather data in such a way that the researcher can reassure potential respondents about the true intent of the study. Accordingly, it may be necessary to either gather data in person or to obtain an endorsement from a well recognized professional association. It might also be useful to redesign the questionnaire to break up the long lists of likert items into more manageable sub-sets.

An additional limitation involved the inability to differentiate between the trust in A and in ABP. One possible cause of this problem may have been the wording of the items. All of the trust items were structured to emphasize the willingness to rely on the trustee during a risky situation. It is possible that the respondents were reacting to this constant emphasis on risk. If so, then it would have been reasonable for them to provide similar responses to the personal and organizational trust items. In future research, it may be useful to revise the research method. It may be more effective to ask the respondents to focus on a risky situation (e.g., a major purchase) and then structure the items to focus only on the core components of trust. In this way it would not be necessary to constantly reiterate the level of risk.

A final limitation of this study was that it used separate samples of sales and purchasing respondents. It would have been more effective to test these relationships with dyadic data (i.e., matched pairs of buyers and sellers). Dyadic data would have allowed for a more direct analysis of the link between a supplier's internal politics and a buyer's perceptions..

The results of the depth interviews indicated that it would have been extremely difficult to gather dyadic data for this topic. Several respondents observed that sales personnel would be very nervous about discussing the details of their internal politics with a researcher and then allowing that researcher to contact their customers. There would be too great a potential for sensitive information to leak out and damage important relationships. Because of these issues, it was decided to use unmatched samples of buyers and sellers.

V. D. IMPLICATIONS FOR PRACTITIONERS AND FUTURE RESEARCH

This study has a number of managerial implications. First, this paper points toward a new dimension in relationship management. The data demonstrate a strong link between events deep inside a supplier's organization and changes in a buyer's perceptions. This suggests that effective relationship management will require a balanced emphasis on external and internal coordination.

The study also suggests several options for achieving that coordination. For example, the results indicate that the use of informal power may have a positive effect on external consistency but defensive behavior may have a negative effect. If so, then it may be useful for managers to create opportunities for salespeople to develop informal links with their support departments. For example, managers may offer temporary job rotations between departments or create special awards that are linked to the success of inter-departmental groups. In this way, practitioners may foster more constructive avenues for conflict resolution.

The research also indicates that sales practitioners must monitor the consistency of their firm's actions carefully. The data suggest that buyers are strongly influenced by their perceptions of their supplier's consistency. As a result, suppliers may want to include some measure of external consistency in their marketing audits and in their customer satisfaction surveys. They also may want to insure that all of their employees understand the value of consistent behavior in the marketplace.

Finally, the results suggest that buyers may want to expand the way in which they monitor their key suppliers. During the depth interviews, the buyers indicated that most of their knowledge about their suppliers came from either the suppliers' representatives or from observing the suppliers' behavior. This study suggests that buyers may be able to gain greater insight into a supplier's future behavior by expanding their contacts inside the supplier's organization. If they can gather information from personnel in the supplier's internal support units, then they may be able to determine the degree of internal conflict and the typical pattern of conflict resolution. This information may then enable the buyers to predict the supplier's likely level of consistency in the future.

This study also points toward several possible avenues for future research. The data contained several relationships that were not covered in the hypotheses but could have strong implications for practitioners. For example, the data suggest that salespeople are significant players in an organization's political process. It would be fruitful to explore the extent of their influence and the degree to which it leads to the creation of de facto policies for customer support.

It also would be useful to explore the relationship between the different forms of political influence. The correlation table indicates that there is an inverse relationship between formal power and informal power and between formal power and defensive behavior. This suggests that salespeople who are not supported by their managers resort to alternate methods of influence. This is consistent with the literature. In general, organizational members with limited formal power tend to

compensate with informal power (Eisenhardt and Bourgeois 1988; Mintzberg 1983). Similarly, members with no power may resort to defensive behavior (Ashforth and Lee 1990; Strauss 1962). It would be useful to explore the types of situations that cause salespeople to step outside the formal channels. This could help managers to understand their salespeople better and to develop more effective methods for support and coordination.

It is also possible that the use of the various forms of influence may vary with the experience of the salesperson. During the qualitative research, a number of sales respondents stated that a salesperson's ability to use informal methods of influence (i.e., informal power and defensive behavior) tended to increase with time. Junior representatives tended to rely on formal channels while more seasoned veterans tended to rely on their own personal, informal networks inside their organizations. It is possible that the patterns that were identified in this paper may vary with the length of experience of the salesperson. In future research, it would be useful to seek respondents with different levels of experience and to examine the relationship between experience and political behavior more closely.

Another avenue for future research might involve potential interactions between constructs. As noted above, both formal power and defensive behavior were not significant in the regression analysis. It is possible that the reason involved potential interactions between these forms of influence and the level of conflict inside an organization. It is reasonable to expect that conflict resolution methods will have the strongest effect on external consistency when the level of conflict is the highest.

Therefore, it may be useful to explore the potential for these forms of influence to have different degrees of significance at different levels of conflict.

It also might be useful to explore a more direct link between a supplier's internal behavior and its customer's perceptions. The present study examined an indirect link. First, it examined how a supplier's internal behavior might affect its external behavior. Second, it examined how that external behavior might affect a customer's perceptions. In contrast, it might be productive to explore whether buyers are aware of their suppliers' internal politics, and if so, whether that awareness influences the buyer's evaluations.

The data from the sales survey contained several relationships that pointed in this direction. The survey measured several forms of intra-organizational behavior (i.e., goal conflict, formal power, informal power, etc.) and one form of buyer evaluation (i.e., trust in A). As shown in the correlation table (see table 6), there were several significant relationships between these variables. For example, trust in A had significant, negative correlations with goal conflict (-0.35 $p=0.009$) and with defensive behavior (-0.34 $p=0.01$). Similarly, trust in A had a significant positive correlation with hierarchical power (0.19 $p=0.005$). These findings suggested that firms with higher levels of goal conflict and defensive behavior had lower levels of customer trust. The findings also suggested that firms that provided their salespeople with more formal support achieved higher degrees of customer trust.

It would be interesting to explore whether these correlations point toward a more direct causal relationship. It is possible that buyers may consider a supplier's

internal operations when judging its trustworthiness. For example, if a buyer perceives that a firm has a high degree of internal conflict, then s/he might become concerned that the supplier's internal problems could inhibit its future action. If so, then the buyer might reduce his/her evaluation of the supplier's dependability, and by extension, its trustworthiness. Future research could explore these issues by gathering data from buyers concerning their perceptions of supplier's internal politics and trustworthiness.

Table 5
Correlation Table - Sales Survey
Raw Scores - 53 Cases

	External Consistency (CONSIS)	Goal Conflict (GOAL)	Formal Power (FORMAL)	Hierarchical Power (FORMAL1)	Procedural Power (FORMAL2)	Informal Power (INFORM2)	Defensive Behavior (DEFENSE)	Direct Contact (DIRECT)	Selling Teams (TEAM)
External Consistency	0.8977 <i>(alpha)</i>								
Goal Conflict	-0.4568 0.0006	0.8142 <i>(alpha)</i>							
Formal Power	0.3252 0.0175	-0.5499 0.0001	0.5499 <i>(alpha)</i>						
Hierarchical Power	0.1245 0.3743	-0.3850 0.0044	0.7296 0.0001	0.6323 <i>(alpha)</i>					
Procedural Power	0.3581 0.0085	-0.4498 0.0007	0.7916 0.0001	0.1597 0.2532	0.6359 <i>(alpha)</i>				
Informal Power	0.2233 0.1080	0.3027 0.0276	-0.0453 0.7475	-0.1342 0.3381	0.0545 0.6982	0.7210 <i>(alpha)</i>			
Defensive Behavior	-0.2667 0.0536	0.5952 0.0001	-0.2876 0.0368	-0.2454 0.0765	-0.1959 0.1598	0.4338 0.0012	0.7077 <i>(alpha)</i>		
Direct Contact	0.1958 0.1599	-0.1925 0.1673	0.0345 0.8065	0.1435 0.3052	-0.0785 0.5763	-0.1204 0.3907	-0.2772 0.0445	1.0000 0.0000	
Team Membership	0.0424 0.7629	-0.0788 0.5750	0.0363 0.7965	-0.0824 0.5574	0.1260 0.3686	-0.1089 0.4376	-0.0003 0.9982	0.0947 0.4999	1.0000 0.0000
Trust in A	0.1950 0.1617	-0.2688 0.0516	0.3259 0.0173	0.3779 0.0053	0.1328 0.3432	-0.0795 0.5713	-0.3039 0.0269	0.3536 0.0094	0.1312 0.3489

APPENDIX

Table 5a
Correlation Table - Sales Survey
Raw Scores - 53 Cases

Comparison of Likert Scales (columns) with Single Item Scales (Rows)

	External Consistency (CON SIS)	Goal Conflict (GOAL)	Formal Power (FORMAL)	Hierarchical Power (FORMAL1)	Procedural Power (FORMAL2)	Informal Power (INFORM2)	Defensive Behavior (DEFENSE)	Direct Contact (DIRECT)	Selling Teams (TEAM)	Trust in A (TRUSTORG2)
CONCON	0.5318 0.0001	-0.4544 0.0007	0.2639 0.0587	0.1146 0.4187	0.2849 0.0406	0.1492 0.2913	-0.2853 0.0403	0.2672 0.0555	0.1137 0.4223	0.4554 0.0007
GOALCON	-0.4194 0.0018	0.7309 0.0001	-0.4773 0.0003	-0.5009 0.0001	-0.2415 0.0815	0.2551 0.0653	0.5764 0.0001	-0.3069 0.0254	-0.0823 0.5580	-0.1626 0.2447
FOCON	0.2400 0.0865	-0.3935 0.0039	0.6097 0.0001	0.5000 0.0002	0.4327 0.0014	0.1752 0.2141	-0.2268 0.1059	-0.0741 0.6015	0.0482 0.7343	0.2978 0.0320
INFOCON	0.1154 0.4104	0.3567 0.0087	-0.1743 0.2120	-0.1629 0.2438	-0.1060 0.4501	0.7710 0.0001	0.4766 0.0003	-0.0930 0.5077	-0.0172 0.9028	-0.0328 0.8157
DEFCON	-0.1655 0.2409	0.5380 0.0001	-0.2452 0.0797	-0.1448 0.3057	-0.2241 0.1103	0.3777 0.0058	0.6473 0.0001	-0.1238 0.3818	0.1520 0.2821	-0.3510 0.0107

Table 5b
 Correlation Table - Sales Survey
 Raw Scores - 53 Cases
 Comparison of Single Item Scales (in columns and Rows)

	External Consistency CONCON	Goal Conflict GOALCON	Formal Power FOCON	Informal Power INFOCON	Defensive Behavior DEFCON
CONCON	1.0000 0.0000				
GOALCON	-0.3056 0.0276	1.0000 0.0000			
FOCON	0.3510 0.0116	-0.4315 0.0014	1.0000 0.0000		
INFOCON	0.1949 0.1661	0.2912 0.0344	0.1281 0.3654	1.0000 0.0000	
DEFCON	-0.3041 0.0300	0.3938 0.0039	-0.2714 0.0541	0.4372 0.0012	1.0000 0.0000

Table 6
Correlation Table - Sales Survey
Transformed Data - 53 Cases

	External Consistency (CONSIS)	Goal Conflict (GOAL)	Formal Power (FORMAL)	Hierarchical Power (FORMAL1)	Procedural Power (FORMAL2)	Informal Power (INFORM2)	Defensive Behavior (DEFENSE)	Direct Contact (DIRECT)	Selling Teams (TEAM)	Trust in A (TRUSTORG2)
External Consistency	0.8977 <i>(alpha)</i>									
Goal Conflict	-0.5228 0.0001	0.8142 <i>(alpha)</i>								
Formal Power	0.3718 0.0061	-0.5483 0.0001	0.5499 <i>(alpha)</i>							
Hierarchical Power	0.2234 0.1078	-0.3897 0.0039	0.7116 0.0001	0.6323 <i>(alpha)</i>						
Procedural Power	0.3428 0.0120	-0.4415 0.0009	0.7997 0.0001	0.1730 0.2153	0.6359 <i>(alpha)</i>					
Informal Power	0.1660 0.2348	0.2704 0.0502	-0.0327 0.8163	-0.1209 0.3885	-0.0035 0.9804	0.7210 <i>(alpha)</i>				
Defensive Behavior	-0.3065 0.0256	0.5805 0.0001	-0.3118 0.0230	-0.2711 0.0496	-0.2334 0.0926	0.4342 0.0012	0.7077 <i>(alpha)</i>			
Direct Contact	0.1774 0.2038	-0.1537 0.2718	0.0399 0.7769	0.1412 0.3131	-0.0669 0.6341	-0.1495 0.2854	-0.2312 0.0958	1.0000 0.0000		
Team Membership	0.1151 0.4118	-0.1078 0.4424	0.0495 0.7250	-0.0617 0.6607	0.1331 0.3421	-0.1333 0.3413	0.0035 0.9800	0.1328 0.3430	1.0000 0.0000	
Trust in A	0.3845 0.0045	-0.3547 0.0092	0.3494 0.0103	0.3773 0.0054	0.1919 0.1687	-0.0677 0.6300	-0.3436 0.0118	0.3358 0.0140	0.0774 0.5815	0.6873 <i>(alpha)</i>

Table 6a
 Correlation Table - Sales Survey
 Transformed Data - 53 Cases
 Comparison of Likert Scales (columns) with Single Item Scales (Rows)

	External Consistency (CON SIS)	Goal Conflict (GOAL)	Formal Power (FORMAL)	Hierarchical Power (FORMAL1)	Procedural Power (FORMAL2)	Informal Power (INFORM2)	Defensive Behavior (DEFENSE)	Direct Contact (DIRECT)	Selling Teams (TEAM)	Trust in A (TRUSTORG2)
CONCON	0.6179 0.0001	-0.4926 0.0002	0.2920 0.0357	0.1999 0.1554	0.2241 0.1102	0.1705 0.2267	-0.3539 0.0101	0.2487 0.0754	0.0643 0.6507	0.4814 0.0003
GOALCON	-0.4689 0.0004	0.7266 0.0001	-0.4561 0.0006	-0.4918 0.0002	-0.2248 0.1057	0.2243 0.1064	0.5970 0.0001	-0.3049 0.0264	-0.1281 0.3608	-0.3099 0.0239
FOCON	0.3489 0.0113	-0.4053 0.0029	0.5959 0.0001	0.4508 0.0008	0.4654 0.0005	0.1807 0.1999	-0.3049 0.0279	-0.0521 0.7139	0.0361 0.7996	0.3850 0.0048
INFOCON	0.1466 0.2951	0.2943 0.0325	-0.1496 0.2850	-0.1803 0.1965	-0.1006 0.4735	0.7766 0.0001	0.4692 0.0004	-0.0217 0.8776	-0.0343 0.8072	-0.0457 0.7454
DEFCON	-0.2002 0.1548	0.4679 0.0005	-0.2280 0.1040	-0.1079 0.4464	-0.2516 0.0719	0.3682 0.0072	0.6488 0.0001	-0.0696 0.6239	0.1439 0.3087	-0.3715 0.0067

Table 6b
 Correlation Table - Sales Survey
 Transformed Data - 53 Cases
 Comparison of Single Item Scales (in columns and Rows)

	External Consistency CONCON	Goal Conflict GOALCON	Formal Power FOCON	Informal Power INFOCON	Defensive Behavior DEFCON
CONCON	1.0000 0.0000				
GOALCON	-0.4515 0.0008	1.0000 0.0000			
FOCON	0.3933 0.0043	-0.4935 0.0002	1.0000 0.0000		
INFOCON	0.2242 0.1100	0.2405 0.0828	0.0928 0.5130	1.0000 0.0000	
DEFCON	-0.3198 0.0221	0.3759 0.0060	-0.3195 0.0223	0.3901 0.0043	1.0000 0.0000

Table 26
Correlation Table - Purchasing Survey
113 Cases

	External Consistency (CON SIS)	Trust in A (TRUSTORG)	Trust in ABP (TRUSTPER)	Combined Trust (TRUSTALL)	Satisfaction with Outcomes (OUTCOME2)	Satisfaction with Interaction (INTERACT)	Commitment (COMMIT)
External Consistency	<i>0.9029</i> <i>(alpha)</i>						
Trust in A	0.7856 0.0001	<i>0.8410</i> <i>(alpha)</i>					
Trust in ABP	0.6945 0.0001	0.8657 0.0001	<i>0.9044</i> <i>(alpha)</i>				
Combined Trust	0.7618 0.0001	0.9586 0.0001	0.9724 0.0001	<i>0.9344</i> <i>(alpha)</i>			
Satisfaction with Outcomes	0.7289 0.0001	0.6847 0.0001	0.6325 0.0001	0.6803 0.0001	<i>0.8835</i> <i>(alpha)</i>		
Satisfaction with Interaction	0.6832 0.0001	0.7093 0.0001	0.6736 0.0001	0.7134 0.0001	0.7808 0.0001	<i>0.8488</i> <i>(alpha)</i>	
Commitment	0.7592 0.0001	0.8401 0.0001	0.7863 0.0001	0.8397 0.0001	0.6306 0.0001	0.7413 0.0001	<i>0.8859</i> <i>(alpha)</i>

Table 26a
Correlation Table - Purchasing Survey
Likert Scales in Columns - Single Item Scales in Rows
52 Cases

	External Consistency (CON SIS)	Organizational Trust (TRUSTORG)	Personal Trust (TRUSTPER)	Combined Trust (TRUSTALL)	Satisfaction with Outcomes (OUTCOME2)	Satisfaction with Interaction (INTERACT)	Commitment (COMMIT)
CONCON	0.7717 0.0001	0.6282 0.0001	0.6723 0.0001	0.6748 0.0001	0.5549 0.0001	0.5781 0.0001	0.5602 0.0001
TORGCON	0.7735 0.0001	0.8077 0.0001	0.8682 0.0001	0.8673 0.0001	0.5880 0.0001	0.6798 0.0001	0.7467 0.0001
TPERCON	0.6744 0.0001	0.7457 0.0001	0.8479 0.0001	0.8300 0.0001	0.5029 0.0001	0.6179 0.0001	0.6917 0.0001
TALLCON	0.7482 0.0001	0.8041 0.0001	0.8891 0.0001	0.8788 0.0001	0.5634 0.0001	0.6714 0.0001	0.7446 0.0001
OUTCON	0.7632 0.0001	0.7836 0.0001	0.8314 0.0001	0.8390 0.0001	0.7831 0.0001	0.6656 0.0001	0.6974 0.0001
INTERCON	0.8161 0.0001	0.8454 0.0001	0.8955 0.0001	0.9054 0.0001	0.7168 0.0001	0.7310 0.0001	0.7580 0.0001
COMITCON	0.7640 0.0001	0.8503 0.0001	0.8616 0.0001	0.8874 0.0001	0.6208 0.0001	0.7164 0.0001	0.8625 0.0001

Table 26b
 Correlation Table - Purchasing Survey
 Single Item Scales in Columns and Rows
 52 Cases

	External Consistency CONCON	Organizational Trust TORGCON	Personal Trust TPERCON	Combined Trust TALLCON	Satisfaction with Outcomes OUTCON	Satisfaction with Interaction INTERCON	Commitment COMITCON
CONCON	1.0000 0.0000						
TORGCON	0.7695 0.0001	1.0000 0.0000					
TPERCON	0.7179 0.0001	0.8567 0.0001	1.0000 0.0000				
TALLCON	0.7702 0.0001	0.9590 0.0001	0.9678 0.0001	1.0000 0.0000			
OUTCON	0.6369 0.0001	0.7576 0.0001	0.6671 0.0001	0.7365 0.0001	1.0000 0.0000		
INTERCON	0.7874 0.0001	0.9176 0.0001	0.8317 0.0001	0.9050 0.0001	0.8621 0.0001	1.0000 0.0000	
COMITCON	0.6537 0.0001	0.8510 0.0001	0.7517 0.0001	0.8286 0.0001	0.8058 0.0001	0.8878 0.0001	1.0000 0.0000

Note: The following questionnaire was used in the sales manager's survey. The original questionnaire was presented in a columnar format. The questions appeared on the left and the response options appeared on the right. To meet the formatting requirements for this dissertation, it was necessary to delete the response columns. Accordingly, the following version presents the response options above or below each scale.

SALES PROFESSIONAL'S SURVEY

PLEASE THINK OF A SITUATION IN WHICH:

- *A SALESPERSON ATTEMPTED TO MAKE A MAJOR SALE,*
- *THE CUSTOMER CONSIDERED SEVERAL SUPPLIERS,*
- *THE SALESPERSON GOT THE SALE.*

PLEASE TELL US ABOUT THIS SITUATION.

*This situation could be one in which you were involved or one that you observed.
Your answers are completely confidential.*

A. CUSTOMER RELATIONSHIP

*THIS SECTION ASKS ABOUT THE RELATIONSHIP BETWEEN THE SUPPLIER
AND THE CUSTOMER IN THE ABOVE SITUATION*

PLEASE INDICATE THE DEGREE TO WHICH YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS. (Circle the appropriate number.)

(Response options: (1) Strongly Disagree to (5) Strongly Agree)

1. The customer relied on this supplier to act in the customer's best interest during major transactions.
2. The customer trusted this supplier to do important things that it couldn't do itself.
3. The supplier fulfilled its commitments exactly as specified.
4. The customer was willing to make large purchases with this supplier even if it could not monitor the supplier's performance.
5. The supplier told the customer that it would take certain actions but then it failed to do so.
6. The customer was willing to rely on this supplier during an emergency.
7. The supplier provided a uniform level of service.
8. This supplier kept all its promises to this customer.
9. The supplier's behavior was consistent with its communications with the customer.
10. The customer did not trust this supplier.

B. INTER-DEPARTMENTAL RELATIONSHIPS

THIS SECTION ASKS ABOUT THE RELATIONSHIP BETWEEN THE SALESPERSON AND THE OTHER DEPARTMENTS IN THE SUPPLIER'S FIRM IN THE ABOVE SITUATION

11. Please indicate the three types of departments that had the strongest influence on the salesperson's ability to satisfy the customer. (Check the types)

<input type="checkbox"/> Billing/Credit	<input type="checkbox"/> Engineering	<input type="checkbox"/> Production
<input type="checkbox"/> Customer Service	<input type="checkbox"/> Marketing	<input type="checkbox"/> Technical Support
<input type="checkbox"/> Distribution	<input type="checkbox"/> Order Processing	<input type="checkbox"/> Other _____

PLEASE INDICATE HOW OFTEN EACH OF THE FOLLOWING EVENTS OCCURRED IN THE SALESPERSON'S RELATIONSHIP WITH THESE DEPARTMENTS. (If the salesperson had different experiences with different departments, please focus on the department that was most important. (Circle the appropriate number.)

(Response options: (1) Strongly Disagree to (5) Strongly Agree)

12. These departments emphasized the same priorities as the salesperson.
13. When the salesperson disagreed with these departments about an important issue, top management supported the salesperson's position.
14. The salesperson could get help with customer-related issues by asking the members of these departments for personal favors.
15. The salesperson could subtly avoid having to comply with instructions from these departments.
16. These departments agreed with the salesperson about what was most important.
17. When the salesperson had problems with these departments, s/he was able to resolve them satisfactorily by appealing through formal channels.
18. The salesperson could use personal contacts in these departments to expedite customer requests.
19. The people in these departments were judged according to the same criteria as the salesperson.
20. The salesperson could slowdown or sidestep unwanted directives from these departments to avoid having to comply.

B. INTER-DEPARTMENTAL RELATIONSHIPS (continued)

(Response options: (1) Strongly Disagree to (5) Strongly Agree)

21. Company policy required these departments to support the salesperson on customer-related issues.
22. The salesperson could rely on friends in these departments to assist him/her with customer-related problems.
23. The salesperson could "work around" a department that was giving him/her trouble.
24. The members of these departments placed the same emphasis on satisfying customers as did the salesperson.
25. The salesperson could usually win his/her position during disputes with these departments by working through the formal management hierarchy.
26. These departments sought to fulfill objectives that were not compatible with the salesperson's objectives.
27. The salesperson was on a first name basis with key members of this department.

28. How often did members of these three departments communicate directly with the customer?
(Response options: (1) Never to (11) Constantly)

Some companies have special units that coordinate the efforts of several departments to provide better customer service. These units can have a variety of titles such as selling teams, selling centers, account groups, product groups, etc.. They may be led by a manager who works with the departments to resolve problems and insure that they work as a team.

29. Did the supplier have units like this? (check one) Yes No

If yes, please continue with question 30. If no, please go to question 32 on the next page.

30. Was the salesperson a member of such a unit? (check one) Yes No

31. Were any of the departments members of these units? (Check the appropriate category)
 None of the departments were members Two of the departments were members
 One of the departments was a member All three departments were members

C. GENERAL PERCEPTIONS

THIS SECTION ASKS FOR YOUR GENERAL VIEWS ABOUT THE CUSTOMER AND SUPPLIER.

32. How consistent were the supplier's communications and behavior?
(Response options: (1) Extremely Inconsistent to (11) Extremely Consistent)
33. How compatible were the salesperson's goals with the goals of the other departments?
(Response options: (1) Very Incompatible to (11) Very Compatible)
34. When the salesperson disagreed with one of these departments about an issue that affected the customer, how often was the salesperson able to gain approval through the formal management hierarchy?
(Response options: (1) Never to (11) Constantly)
35. When the salesperson disagreed with one of these departments about an issue that affected the customer, how often was the salesperson able to appeal to friends within those units for special consideration?
(Response options: (1) Never to (11) Constantly)
36. When the salesperson disagreed with one of these departments about an issue that affected the customer, how often was the salesperson able to side-step or slowdown the issue sufficiently to avoid having to comply with the other unit's wishes?
(Response options: (1) Never to (11) Constantly)
37. How much sales experience did this salesperson have?
(Response options: (1) Extremely Inexperienced to (11) Extremely Experienced)

38. What type of business did this supplier represent? (Check the type.)

- | | | |
|---|---|--------------------------------------|
| <input type="checkbox"/> Manufacturer | <input type="checkbox"/> Retailer | <input type="checkbox"/> Education |
| <input type="checkbox"/> Service Provider | <input type="checkbox"/> Wholesaler/Distributor | <input type="checkbox"/> Government |
| <input type="checkbox"/> Bank/Brokerage/Insurance | <input type="checkbox"/> Mfg.'s Representative | <input type="checkbox"/> Other _____ |

39. How many employees did this supplier have?

- | | | |
|------------------|------------------|-----------------------|
| _____ 1 to 99 | _____ 250 to 499 | _____ 1,000 to 4,999 |
| _____ 100 to 249 | _____ 500 to 999 | _____ 5,000 and over. |

In the space below, please provide any comments you may have about this topic.

40.

**PLEASE MAIL THIS QUESTIONNAIRE IN THE ENCLOSED POSTAGE PAID ENVELOPE
THANK YOU FOR YOUR PARTICIPATION.**

The following pages contain the purchasing questionnaire. To meet the publisher's formatting standards, it was necessary to delete the original response columns. Accordingly, the response options are presented either above or below each scale.

PURCHASING PROFESSIONAL'S SURVEY

PLEASE THINK OF A PURCHASE SITUATION DURING THE PAST SIX MONTHS IN WHICH YOU SERIOUSLY CONSIDERED MORE THAN ONE SUPPLIER.

*PLEASE TELL US ABOUT **THE FIRM THAT YOU DID NOT SELECT.***

Your answers are completely confidential.

1. How many years has your company been doing business with this supplier?
_____ years
2. How many years have you personally been doing business with this supplier?
_____ years
3. Approximately how many people from this supplier's organization did you interact with during the past six months?
_____ people

A. SUPPLIER PERFORMANCE

PLEASE TELL US HOW THIS SUPPLIER'S PERFORMANCE IN EACH OF THE FOLLOWING CATEGORIES COMPARED TO THE PERFORMANCE OF OTHER, SIMILAR SUPPLIERS DURING THE PAST SIX MONTHS. (Circle the appropriate number.)

(Response options: (1) Much Worse Than Others to (5) Much Better Than Others)

4. Product/Service Features
5. Product/Service Quality
6. Product/Service Availability
7. Price
8. Terms of Sale
9. Delivery Speed
10. Delivery Reliability
11. After-Sale Support
12. Technical Support
13. Ease of Obtaining Information
14. Ease of Negotiations
15. Ease of Placing Orders
16. Ease of Resolving Complaints

17. How much of the supplier's overall performance do you believe was due to the efforts, capabilities and resources of the supplier's salesperson?

(Response options: (1) None to (11) All)

18. How much of the supplier's overall performance do you believe was due to the efforts, capabilities and resources of the supplier's total organization?

(Response options: (1) None to (11) All)

B. SUPPLIER EVALUATION

Please tell us about your evaluations of this supplier by indicating how much you agree or disagree with each of the following statements. (Circle the appropriate number.)

(Response options: (1) Strongly Disagree to (5) Strongly Agree)

19. I trust this supplier to do important things that I can't do myself.
20. I have a strong sense of loyalty to this supplier.
21. This supplier fulfilled its commitments exactly as specified.
22. I am willing to rely on this supplier for key goods and services.
23. I am continually on the lookout for another source to replace this supplier.
24. I would make a large purchase with this supplier even if I could not monitor its performance.
25. Our relationship with this supplier is a long-term alliance.
26. This supplier told us that it would take certain actions but then failed to do so.
27. I am willing to depend upon this supplier for important resources.
28. I would rely on this supplier to support me in an emergency.
29. If another company made a better offer, I would switch to them even if it meant dropping this supplier.

(Response options: (1) Strongly Disagree to (5) Strongly Agree)

- 30. This supplier provided a uniform level of service.
- 31. I am willing to use this supplier as my sole provider for an important item.
- 32. I am not very committed to this supplier.
- 33. I can rely on this supplier to act in my best interest during major acquisitions.
- 34. This supplier kept all of the promises that it made to us.
- 35. I expect to be doing business with this supplier for a long time.
- 36. I generally do not trust this supplier.
- 37. This supplier's behavior was consistent with its communications.

- 38. When this supplier did not fulfill a commitment or changed its position on an important issue, how often did you believe that it was due to the salesperson?
(Response options: (1) Never to (11) Always)
- 39. When this supplier did not fulfill a commitment or changed its position on an important issue, how often did you believe that it was due to this supplier's overall organization?
(Response options: (1) Never to (11) Always)

C. SUPPLIER'S REPRESENTATIVE

PLEASE TELL US ABOUT YOUR EXPERIENCES WITH THE PERSON FROM THIS SUPPLIER WITH WHOM YOU INTERACTED THE MOST DURING THE PAST SIX MONTHS.

- 40. What was the primary function of the person at this supplier with whom you interacted **the most** during the past six months? (Circle the appropriate number.)

1 - Sales	5 - Finance / Accounting
2 - Distribution	6 - Customer Service
3 - Production	7 - General Management
4 - Technical Support	8 - Other _____
- 41. How many years have you been working with this person? _____ Years
- 42. Approximately what percentage of all the information that you received from this supplier during the past six months was communicated through this person? (Circle the appropriate number.)

10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

PLEASE TELL US ABOUT YOUR EVALUATIONS OF THIS PERSON BY INDICATING HOW MUCH YOU AGREE OR DISAGREE WITH EACH OF THE FOLLOWING STATEMENTS. (Circle the appropriate number.)

(Response options: (1) Strongly Disagree to (5) Strongly Agree)

43. If I were not able to review an important acquisition in detail, I would be willing to follow this person's recommendation.
44. In general, I do not trust this person.
45. I can count on this person to do what is right on major acquisitions.
46. If I had to purchase an important product or service for which I had limited expertise, I would not be willing to rely on this person's guidance.
47. I can share proprietary information with this person and know that s/he will not misuse it.
48. This person will come through for me when I really need it.

D. GENERAL ISSUES

Please answer the following general questions.

49. Approximately how many different people from your organization interacted with this supplier during the past six months? _____ people
50. During a typical transaction, approximately what percentage of all of your firm's interactions with this supplier involve you personally? (Circle the appropriate number.)
(Response options: 10% to 100%)
51. How consistent has this supplier's communications and behavior been during the past six months?
(Response options: (1) Extremely Inconsistent to (11) Extremely Constant)
52. How much do you trust this supplier?
(Response options: (1) Complete Distrust to (11) Complete Trust)
53. How much do you trust this supplier's representative?
(Response options: (1) Complete Distrust to (11) Complete Trust)

54. How does this supplier's performance compare with the performance of other similar suppliers?
(Response options: (1) Far Below Other Suppliers to (11) Far Above Other Suppliers)
55. How satisfied are you with your interactions with this supplier?
(Response options: (1) Extremely Dissatisfied to (11) Extremely Satisfied)
56. How committed are you to maintaining your firm's relationship with this supplier?
(Response options: (1) Extremely Uncommitted to (11) Extremely Committed)
57. How willing would you be to depend on this supplier for some important resource?
(Response options: (1) Extremely Unwilling to (11) Extremely Willing)

Please tell us a little about your organization and yourself.

58. What type of business does your firm represent? (Check the type.)

- | | | |
|---|---|--------------------------------------|
| <input type="checkbox"/> Manufacturer | <input type="checkbox"/> Retailer | <input type="checkbox"/> Education |
| <input type="checkbox"/> Service Provider | <input type="checkbox"/> Wholesaler/Distributor | <input type="checkbox"/> Government |
| <input type="checkbox"/> Bank/Brokerage/Insurance | <input type="checkbox"/> Mfg.'s Representative | <input type="checkbox"/> Other _____ |

59. How many employees does your firm have?

- | | | |
|------------------|------------------|----------------------|
| _____ 1 to 99 | _____ 250 to 499 | _____ 1,000 to 4,999 |
| _____ 100 to 249 | _____ 500 to 999 | _____ 5,000 and over |

60. How many years have you worked for this firm? _____ Years

61. How many years have you worked in a purchasing capacity? _____ Years

In the space below, please provide any comments you may have about this questionnaire or the topics it covered. If you need more space, please use the back of this page.

62.

**PLEASE MAIL THIS QUESTIONNAIRE IN THE ENCLOSED POSTAGE-PAID ENVELOPE.
THANK YOU FOR YOUR PARTICIPATION.**

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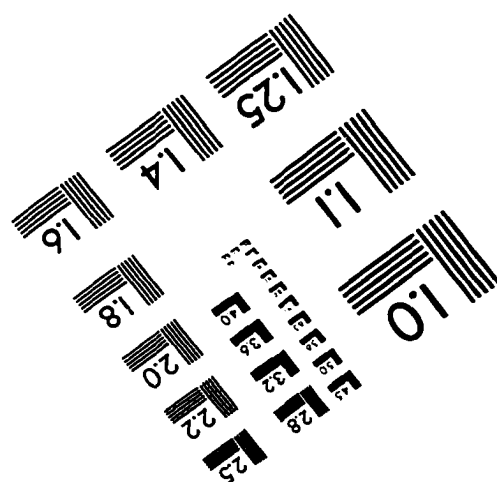
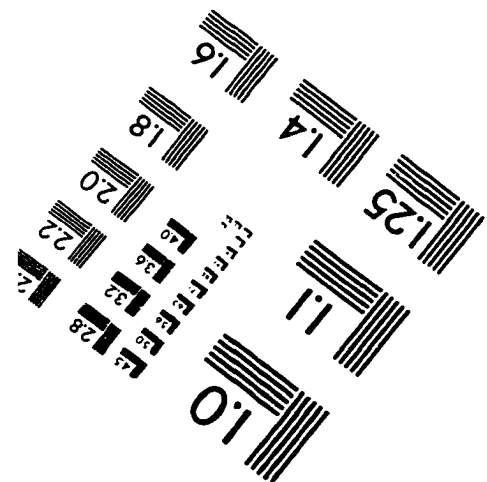
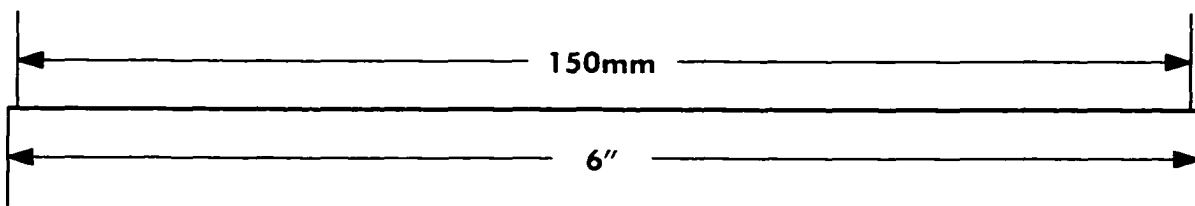
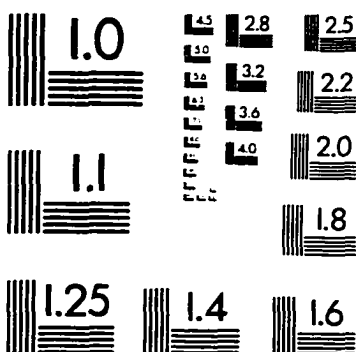
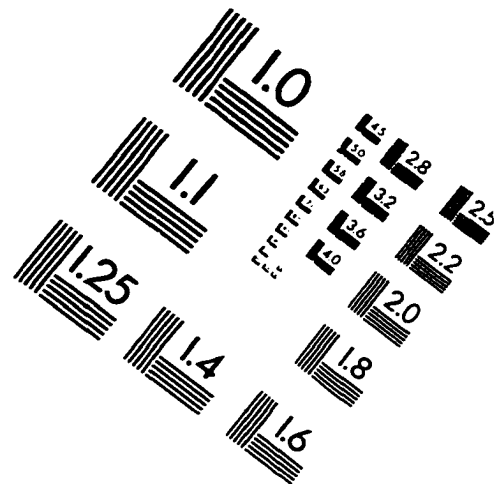
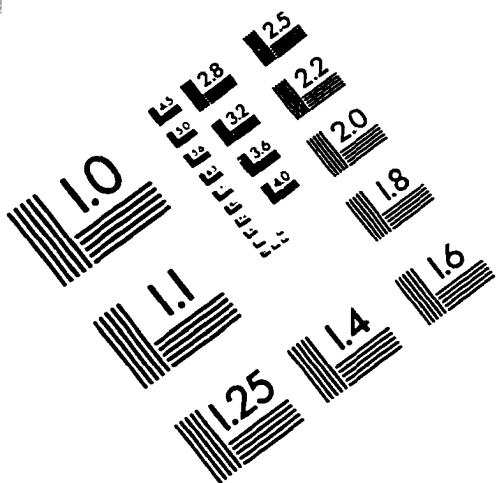
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