

CSCRL FALL FORUM

INNOVATING FOR THE FUTURE: THE ROLE OF TECHNOLOGY IN THE
SUPPLY CHAIN
NOVEMBER 7-8, 2024

ABSTRACT

DOES PURCHASING ALWAYS HAVE THE BEST INTEREST OF THE FIRM?

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Buyer-supplier relationship management has traditionally been focused on interorganizational governance mechanisms. This view omits the interaction between boundary-spanning managers, such as purchasing and sales managers, who develop interpersonal relationships. Considering the importance of supply chain relationships in times of uncertainty, it is crucial to simultaneously consider both interpersonal and interorganizational governance mechanisms. It is especially important when suppliers announce adverse changes, such as price increases, delivery issues, and quality problems. We argue that the interplay between organizational and interpersonal governance mechanisms determines how supply chain actors respond to supplier requests. Based on social exchange and signaling theory, we examine the effects of governance mechanisms and information shared in a negotiation on a buyer's response to adverse supplier requests. In experiments and interviews with executives, we empirically validate the positive effect of collaborative interpersonal governance mechanisms on the propensity to accept a supplier request. The analysis further suggests a moderating effect of interorganizational governance, which weakens the impact of interpersonal relationships. Finally, we offer recommendations for managers to improve the effectiveness of interfirm relationship mechanisms and discuss future research directions.

