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Buyer–Seller Relationships: The Role of Expectations, Communication Behavior, and Appraisal Processes in Problem Solving

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Abstract

The buyer-seller relationship literature has consistently noted the significance of such concepts as coordination, cooperation and joint problem solving. However, extant frameworks have not clearly explicated how these concepts interrelate to impact the functioning of relationships. This paper extends existing perspectives by integrating conceptual and empirical work from the interpersonal relationship literature. Specifically, the role of expectations, communication behavior, and appraisal processes in problem solving are delineated. Qualitative field interviews from participants representing multiple functional areas across both sides of supply chain dyads are utilized as a means of examining the viability of the conceptual transfer from interpersonal to interorganizational buyer-seller relationships. The work holds implications for future research and management of relational problem solving in buyer-seller partnerships.

Buyer–seller relationships: The role of expectations, communication behavior, and appraisal processes in problem solving

Introduction

During the past two decades, organizations have come to recognize that it is no longer sufficient to manage just their own organizations. Most firms now recognize that they must be actively involved in the management of the network of firms that provide inputs, as well as the network of firms responsible for delivery of the product and service to the end customer. Indeed, the integrated management of what we now call the supply chain has become for many firms a core competitive strategy (Ellram, Zsidisin, and Siferd, 2002; Flint, Woodruff, and Gardial, 2003; Williams and Attaway, 2003).

The potential benefits of integrated supply chain management are significant, including cost and inventory reduction, technology development, quality improvement, lead time and cycle time reduction, shorter delivery cycles, and quicker time to market. The realization of these benefits is dependent upon both *technical* and *relational* elements that link the organizations in a supply chain. The technical elements, such as information systems and strategies to reduce cycle times, are necessary, yet not sufficient in generating long term benefits. Without managing the relational elements effectively (e.g., communication and trust), efforts to make long term gains are likely to be unsuccessful. The management of relationships is the most tenuous component of supply chain management and the one that we least understand. A recent Harvard Business Review article captures this sentiment, albeit in a rather pessimistic tone: "Despite years of process breakthroughs and elegant technology solutions, an agile, adaptive supply chain remains an elusive goal. Maybe it's the people who are getting in the way." (Bromberger and Hoover, 2003, p. 64).

Literature related to buyer-seller relationships supports the notion that creating and maintaining successful partnerships is dependent on complex dyadic process dynamics (Morgan and Hunt, 1994; Liedtka, 1996; Bantham, Celuch, and Kasouf, 2003). The following quotes, taken from key participants in manufacturer-supplier relationships, highlight the potential significance of interpersonal dynamics in buyer-seller relationships.

> ….when I am negotiating problems…, I have to understand what pressures the other guy might be under. If I can understand his position – his perspective, my actions can be directed appropriately.

> Too often it happens part of the problem is that people don't understand relationships …they're driving strictly for results and don't understand what the rest of it is.

> People do team training and things like that but how many are really effective…Do they really understand how efficiently and effectively we are moving through the process.

The purpose of this paper is to present a perspective that adds depth to current thinking about buyer-seller problem solving by integrating interpersonal and business relationship literature. The business relationship literature is seeded with concepts such as coordination, cooperation, joint problem solving, and interdependent problem solving with one recent perspective highlighting problem solving as the key "driver" of business relationships (Bantham, et al., 2003). While this notion has conceptual and intuitive appeal, questions remain as to how this important component of relationships works. We address this issue through an integration of theoretical and empirical work related to the role of expectations and communication behavior in appraisal processes from the interpersonal relationship literature with key concepts identified in earlier buyer-seller models. Specifically, we propose a framework that: (1) further develops and clarifies business problem solving concepts and processes; and (2) allows for the specification of testable propositions tied to the concepts and processes.

We first review relevant business relationship frameworks and relevant interpersonal relationship perspectives as a means of developing an expectations–communication behavior–appraisal-based model of buyer-seller problem solving. The proposed framework is then examined through a qualitative lens by employing field interviews with informants representing different functional areas across both sides of the relationship dyad. Finally, implications of the proposed framework for theory development, future research, and managerial practice are discussed.

Relevant business relationship/partnership frameworks

Since the late 1980s, a significant body of literature has grown that addresses how buyer-seller relationships are developed and sustained. Dwyer, Schurr, and Oh (1987) offer early comprehensive perspectives that conceive buyer-seller relationships as ongoing processes rather than discrete interactions. They view relationship development as evolving through the phases of awareness, exploration, expansion, commitment, and dissolution. Dwyer et al., place significance on expectations tied to tangible/economic and intangible/emotional issues and bilateral communication processes particularly in the relationship exploration phase. Further, they highlight the outcomes of evaluation processes as salient for relationship expansion and commitment. With regard to expectations, communication, and evaluation processes in relationships we quote Dwyer et al., directly; "…expectations guide perceptions of social exchange and exert powerful influences on behavior." (p. 18) and "…a relationship seems unlikely to form without bilateral communication of wants, issues, inputs, and priorities. Especially as the parties themselves change over time and their respective environments exert variable demands, it is inevitable that the valuation of outcomes in the buyer-seller association

fluctuates." (p.17) Dwyer et al., recognized that their model is broad and that future work could refine conceptual detail.

Anderson and Narus (1990) highlighted the interdependent nature of working partnerships. They found that evaluation of past relationship outcomes and communication are critical factors in cooperative relationships and that cooperation was an antecedent to trust. In summarizing the significance of evaluation processes Anderson and Narus stated "In our experience, firms typically have only a coarse understanding of how the outcomes they are providing to partner firms compare with these two standards. (i.e., outcomes compared to expectations and alternatives) Hence each firm needs to gain and periodically update its understanding of its partner firm's requirements or expectations and the alternative outcomes competitors are offering." (p. 56)

Mohr and Spekman (1994) delineated a framework to explain the characteristics of partnership success. Consistent with other work in the field, coordination, commitment, trust, communication quality, information sharing, participation, joint problem solving, and avoiding the use of smoothing over problems were found to be significant predictors of partnership success (i.e., satisfaction or sales).   Of note is the significance of variables classified as (or related to) communication and problem solving. In fact, Mohr and Spekman (1994) highlight the significance of communication to problem solving by noting that "In order to achieve the benefits of collaboration, effective communications between partners are essential." (p. 138)

Morgan and Hunt (1994) specified a model of relationship marketing proposing commitment and trust are key mediators of important antecedents and consequences. Key antecedents specified in the model include: relationship benefits and termination costs, shared values, communication, and opportunistic behavior. Important outcomes include: acquiescence,

propensity to leave, cooperation, functional conflict, and decision-making uncertainty. Their model includes concepts related to expectations and communication as key antecedents to trust, commitment, and cooperation. In initially positioning their model, Morgan and Hunt (1994) provide quotes that support the notion that business life is essentially cooperative in nature and that the cooperative aspects of business behavior have been underdeveloped.

More recently, Bantham, Celuch, and Kasouf (2003), extend work in the area by using dialectical and interdependence theory as orienting frameworks to make explicit and further develop ideas implied in extant business perspectives; as well as to organize concepts. Their framework posits interdependent problem solving as the key "driver" of business relationships. More specifically, interdependent problem solving is conceived as mediating the influence of mindset and skillset enablers on relationship satisfaction and investments. In this framework, the mindset enablers are characterized as the awareness of and willingness to address the tensions inherent in business relationships. The skillset enablers are conceived as the communication behaviors that facilitate managing these tensions (i.e., nondefensive and active listening, self-disclosure, and editing). Satisfaction results when the actual outcomes obtained from interdependent problem solving meet or exceed expected outcomes, while investments represent both the tangible (e.g., financial investments) and intangible (e.g., social bonding and trust) that bind the partners to the relationship.

Extant business relational frameworks consistently include concepts such as expectations, communication, evaluations, coordination, cooperation and joint problem solving (Dwyer, Schurr, and Oh, 1987; Anderson and Narus, 1990; Morgan and Hunt, 1994; Mohr and Spekman, 1994; Bantham, Celuch, and Kasouf 2003). These frameworks have contributed to our understanding of business relationships; however, they have not, at a more micro-level, clearly

delineated how these concepts interrelate to impact the functioning of relationships. Indeed, Bantham et al. (2003) explicitly recognize the need to more thoroughly explicate interdependent problem solving in buyer-seller relationships.

While the marriage metaphor has long been recognized as useful grounding for conceptual development in the buyer-seller relationship area (c.f., Dwyer Schurr, and Oh, 1987; Morgan and Hunt, 1994), Hunt and Menon (1995) have noted that the full potential of metaphoric transfer has yet to be realized in systematically developing thinking in the competitive strategy area. To this end, we address the need to further develop understanding in the buyer-seller relationship arena through an integration of theoretical and empirical work related to the role of expectations and communication behavior in appraisal processes from the interpersonal relationship literature. Continuing the marriage-business literature metaphoric transfer, we review relevant interpersonal relationship literature and its implications for understanding buyer-seller relational processes.

Relevant interpersonal relationship literature

In the marital relationship literature, problem solving behaviors have long been a target of interventions aimed at addressing marital conflict (Weiss, 1984). Further, Bradbury and Karney (1993) found that the quality of partner problem solving accounts for significant variability in their relationship satisfaction. Beyond behaviors, cognitive processes have also been found to play important roles in marital relations. For instance, Jacobson (1984) describes how cognitive processes can contribute to continued marital distress even following successful behavior change.

Bennun (1986) delineates two classes of expectations that have implications for understanding outcomes associated with dyadic interactions. One set of expectations relate to

behaviors that contribute to the achievement of outcomes (i.e., the expectation that a partner will behave in a cooperative, collaborative manner). The second set of expectancies relates more to the outcomes themselves (i.e., the expectation that the desired cost, quality, and delivery performance measures will be met). As Bennun notes, these classes of expectations hold implications for interventions aimed at improving relationships. Partners may enhance interaction by not only altering expectations related to desired outcomes but also by altering expectations relating to how they interact.

In a related area, Ben-Yoav and Pruitt (1984) found that negotiation efficacy was dependent on both expectations related to cooperative future interaction (ECFI) and accountability concerns. Conditions of high accountability (i.e., related to tangible outcomes) and low ECFI (i.e., expectations tied to cooperative behavior in the future) tended to produce contentious behavior which reduced joint benefit in partner negotiation. In contrast, conditions of high accountability and high ECFI contributed to increased joint negotiation benefit. Implications of these findings parallel those of Bennun in highlighting the importance of how expectations related to partners' interactions impact problem solving effectiveness.

In addition to expectations, partners' evaluations of their interactions have also been found to affect the development of their relationship (Bradbury and Fincham, 1991; Johnson and Bradbury, 2000). McNulty and Karney (2002) examined relationships among specific expectations, appraisals of discreet interactions, and global satisfaction with the marital relationship. Specifically, of relevance to the present paper, they delineate how longer and shorter-term expectancies directly influence relational appraisal and how a partner's own behavior is mediated by the other partner's behavior in affecting appraisal processes. These findings imply that in order to develop a more complete understanding of partner relationship

success or failure requires an understanding of how partner expectations and behaviors interact to influence evaluation of specific interactions.

Expectations–communication behavior–appraisal model of buyer–seller problem solving

Integrating the business relationship and the interpersonal relationship literature, Figure 1 posits concepts and relationships relevant to the explication of interdependent problem solving dynamics. Bantham et al., (2003) conceive of problem solving as requisite through all phases of partnerships, from initial goal development, to coordinating engineering activities for the development of a part, to reworking delivery scheduling due to unforeseen quality problems.

Based on the work of Bennun (1986) and Ben-Yoav and Pruitt (1984), which pointed to the significance of both outcomes-related and interaction process-related expectations in partner interactions, we suggest that critical cognitive domains in interdependent problem solving are represented as two types of expectations (developed in real-time or derived from past experience). These expectations consist of (1) those related to business outcomes and (2) those related to communications. Thus, in our view, these expectations serve as the cognitive foundation for interdependent problem solving processes and manifest themselves as short-term communication-related expectations (i.e., what I expect this upcoming meeting to be like; how I expect to be treated; how I expect to treat the other side) as well as long-term expectations relating to tangible business outcomes (i.e., sales volume and cost issues) in a given problem solving interaction. This view is consistent with earlier as well as more recent work in the marketing relationship literature that suggests that partners make joint assessments of different sources of utility (e.g., tangible/economic/marketing-related and intangible/emotional/

relationship-related) (c.f., Dwyer, Schurr and Oh, 1987; Wathne, Biong, and Hiede, 2001). As portrayed in Figure 1, these expectations loom large in not only how partners behave but how they evaluate outcomes of a problem solving episode.
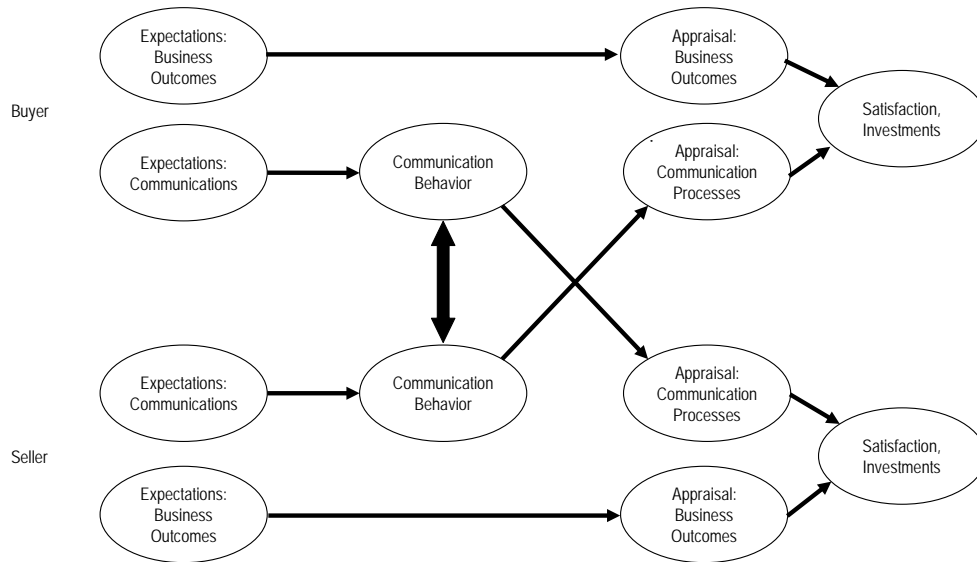

Figure 1: Expectations–communication behavior–appraisal model of buyer-seller problem solving

As suggested by Bantham, et al. (2003) and supported by Kasouf, Celuch, and Bantham (2003) the cognitive domain (e.g., norms) will affect communication behaviors to influence problem solving efficacy. Therefore, by extension, we conceive of an individual's communication expectations as influencing their own communication behavior (i.e., behaviors such as active and nondefensive listening, disclosure, and editing). Owing to the current work related to appraising interpersonal relationships (McNulty and Karney, 2002), one partner's communication behavior will influence the other partner's communication behavior. For example, the failure of one partner to edit negative emotions from their communication will

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often result in the expression of reciprocal negativity from the other partner. In another instance, the unilateral use of information disclosure can spur reciprocal disclosure from one's partner. The dyadic communication process, which we conceive as the core of problem solving, results in both relational process (i.e., communication-related) and business outcomes. Consistent with this view of outcomes, we propose that the appraisal of any problem solving episode is composed of an evaluation of relational process as well as business outcomes.

Based on the work of NcNulty and Karney (2002) which supports the greater saliency of the partner's as opposed to one's own behavior in appraising interactions, we propose that an individual's evaluation of relational process outcomes is predominantly influenced by the other partner's communication behavior during problem solving. Alternatively, we conceive of the evaluation of business outcomes to be determined by an individual's own prior business expectations as compared to actual business outcomes.

Ultimately, both process and outcome appraisals associated with a given problem solving episode are conceived as enhancing or degrading subsequent longer-term outcomes such as satisfaction and investments. This further clarifies the conceptual connection between problem solving episodes and satisfaction and investment described in Bantham et al. (2003). For example, positive process appraisals are likely to result in the enhancement of intangible investments such as trust and social bonding between partners. Positive appraisals related to business outcomes (i.e., successfully resolving a quality problem) may result in greater financial investment between partners in the future.

In summary, the model portrayed in Figure 1 elaborates the problem solving process by showing how expectations and communication behaviors interact to affect appraisals for a given problem solving episode. Further, the perspective highlights the importance of specific appraisal

processes associated with problem solving and their significance for longer term relational outcomes (i.e., satisfaction and investments).

Field interviews

Qualitative field interviews were used to support the viability of the conceptual framework depicted in Figure 1. Data collection and analysis employed a qualitative research methodology as described by Eisenhardt (1989), Miles and Huberman (1994), and Yin (1994). This methodology focuses on developing a deep, rich understanding of the dynamics present within settings.

Twenty-six participants, representing four industrial buyer-seller relationships were interviewed. The firms involved in these relationships ranged in size from 50 employees to several thousand employees. The participants were significantly involved with the management and operation of the buyer-seller relationship. They represented both sides of the relational dyad and multiple organizational functions (e.g., Buyers, Commodity Managers, Supplier Managers, Design Engineers, Quality Engineers, Marketing Managers, and Customer Service Specialists). Many of the participants were interviewed on several occasions over an eighteen-month time span. In total, 62 interviews were conducted for the study.

Interviews typically lasted about 45 minutes. They were audio taped and later transcribed. The interviewing approach was open-ended. Participants were asked to describe positive and negative factors working with the partner, the nature of information use, satisfaction with the partnership, and likelihood of continuing with the relationship. This form of interviewing provided the perspectives of the participants; in the participants' own words. The data gathered from the transcriptions of the interviews were used to create a case study database that was reviewed in light of the conceptual framework displayed in Figure 1.

Recall from our earlier explanation of the conceptual framework depicted in Figure 1 that we conceive of problem solving as requisite through all phases of partnerships and that expectations related to both communications and business outcomes influence how partners behave and how they evaluate outcomes of a problem solving episode. Our field data suggest the significance of these expectations.

Expectations: Business outcomes

It is not surprising that business expectations related to cost, quality, and delivery are often cited by our interview participants. Consider the following quotations from a Marketing Manager describing his understanding of his customer's business expectations.

> They have really refocused on costs and being competitive. It was a pretty abrupt change when they decided to go to Mexico from our perspective. When (customer's Supplier Manger) took over it was like, 'Hey guys, we are moving to Mexico. We need you to look at your costs as close as possible. We have some pretty aggressive goals as far as, you know, getting some fat out of our products.' That was pretty clear.

> They had requested pricing to be as competitive as possible and we did offer a slight price concession. They then were emphatic about quality, of course, and so there are some strategic things we have to do to preserve the relationship and the partnership. They are basically asking everything we can do to maintain costs so that they can maintain their costs and retain their market share.

Similar thoughts are expressed by a Supplier Manager as he describes the business expectations that he has of his suppliers.

> One thing that every supplier needs to keep in mind is that industry is moving toward three, or at least two, different directions. One is reduction in lead time. They need to be very fast and flexible and be able to address variations in demand. The other one, of course, is continuous cost efficiency.

> So we expect from the supplier a very proactive approach, and the suppliers who are most successful with our company are the ones who take the most proactive approach on everything–be it promoting their own technologies; be it resolving non-conformances; or being aggressive with lead time reduction and cost reduction items.

The following quotes, the first from a Commodity Manger and the second from a Director of Purchasing, go beyond the typical business expectations of cost, quality, and delivery in describing the expectation that their suppliers be multinational.

> I think that they have to face the fact that they have to manufacture somewhere outside the United States, not only for cost purposes, but to support (Customer) globally.

> We have been very clear with our suppliers, (Supplier) included. When we started our joint ventures with India, Thailand, China, and all those places we have been working with. If you are not there, then we have to work with other suppliers.

> It is interesting to note that our participants' descriptions of business expectations focus

on the buyers' expectations. Very rarely did the suppliers' business expectations come up in the field interviews. This is not surprising. Current research has suggested that buyers are more concerned about the tangible business outcomes and pay significantly less attention to the interpersonal/interorganizational relationships with suppliers (Yu, 2001).

Expectations: Communications

Based on the work of Bennun (1986) and Ben-Yoav and Pruitt (1984) we posit that expectations related to communication processes also influence behavior and appraisal of outcomes. The following quotations from a Marketing Manager provide examples of this type of expectation.

> Three months from now I want it to be a proactive relationship where we are actually out at (Customer) doing a design seminar; teaching them what we do and getting in on new stuff. I think there is a lot of ability to grow this customer; a lot of potential. I think that they are a good company. That is one of the reasons why I think we need to work very hard on managing this relationship.

> A preferred customer partners with you more, works the issues with you, together. A less preferred customer just wants rock bottom price and doesn't really care about your problems. They don't want to really take the time or the understanding to work things

out. You know, I think those customers tend to beat you up on price as much as possible and, once they are finished with that, they are not afraid to switch.

The following quotes from a supplier's Quality Manager provide further examples of communication-process expectations. The first two quotes reflect expectations of the current relationship with a customer. The third and fourth quotes describe expectations of an improved relationship.

> If (Customer) finds a quality problem, you know that somebody is going to be threatening you right away. If there is a problem, the threats start first thing.

> This relationship requires more from us. It requires more face time, more people in our organization knowing more people from their organization.

> So building good relationships, going through the war with them, they are going to be more willing to negotiate in good faith; they are going to be less inclined to take a hard and fast company line; this is what the standards are; black and white. They'll get into those grey areas and we'll work through them together.

> We have got to understand them, and they have got to understand us. If we communicate and work together, we can get there; as opposed to 'my way or the highway' kind of approach.

It should be noted that expectations related to communication processes were most typically evidenced in interviews with representatives from the supplier firms. As expected, our field data suggests that buyers place more weight on business expectations relative to communication expectations and that suppliers place more weight on communication expectations relative to business expectations.

Communication behavior

Previous research has highlighted the significance of communication in establishing and maintaining interorganizational relationships (e.g. Dwyer, Schurr, and Oh, 1987; Anderson and Narus, 1990; Mohr and Spekman, 1994). Bantham, Celuch and Kasouf (2003) extended these

earlier perspectives of communication through the specification and identification of behaviors (e.g. nondefensive and active listening, self-disclosure, and editing) that influence the efficacy of relational communication. More specifically, these communication behaviors have been found to mediate the relationship between cooperative norms and confidence in problem solving (Kasouf, Celuch and Bantham, 2003). This current study does not focus on the specific communication behaviors employed by the participants in their dyadic communication processes. Rather, it focuses on the appraisal of these communication processes. Recall that we propose an individual's evaluation of process (i.e., communication) outcomes is predominately influenced by the other partner's communication behavior during problem solving. The following quotations provide insight into the participants' evaluation of these communication behaviors during problem solving episodes.

Appraisal: Communication processes

Consistent with our expectations, participants from the supplier firms had the most to say about their appraisal of their partner's communication behavior. Take for example, the following quote from an engineer for a supplier firm commenting on buyers' lack of self-disclosure.

> Where we don't have good partnerships, they are companies that don't do well in defining exactly what it is they want; companies that are not willing to share their applications with us so that we can help them design parts.

Supplier participants provided both positive and negative appraisals of their partners' active/nondefensive listening and editing behavior. However, the negative examples significantly outnumbered the positive. The following quotations, with corresponding parenthetical information regarding the informant and context, provide examples.

I think the relationship is good now because we have a good dialogue back and forth and we are able to react to the shortcomings (supplier engineer's appraisal of communication with a specific customer).

I think we have been fortunate to have been working with (Customer Supplier Manger); he has taken a much more objective look, saying 'Hey, it may not be your fault—let us look at ourselves too.' That took a lot of guts and leadership when it is easy to blame the vendor (supplier engineer's appraisal of communication with a specific customer's supplier manager).

We have customers where it doesn't seem like it is much of a partnership—it's just 'This is what we want. You work for us!' (supplier Quality Manager's appraisal of communication with certain customers).

I think they could have handled it a little better. My view is they went out to everybody and basically put a gun to their head, put the bullet in the chamber, and pulled the hammer back. That was so out of character compared to how they had operated in the past. And they didn't do a very good job of explaining what they were trying to do and how the program would work. So those pathetic explanations didn't end up coming until everybody was extremely upset and all sorts of communications were going back and forth between the two companies, none of which were all that positive (supplier Operations Manager's appraisal of communication with a specific customer).

Other customers are asking for give-backs; so it is not an unheard of request. It is just the approach they took. If they had come to us and said, 'We need it desperately.' But that is not what they did. They came to us aand said, 'We're taking the money.' (supplier Marketing Manager's appraisal of communication with a specific customer).

As noted previously, buyers may pay more attention to business outcomes than communication outcomes. However, that does not imply that they place no value on communication outcomes. The following quotations, from a customer's Commodity Manager and Director of Purchasing provide examples of their appraisal of a specific supplier's communication.

I think (supplier firm) has brought a spirit of partnership, which is a much overused word in today's world. But they have been very open with us relative to sharing their cost data so we can arrive at a mutually acceptable price on the parts they are selling to us.

They have been very cooperative with us in some tough business times. They understand our side as we have tried to understand their side and worked with us very well.

They jumped through hoops to get our product done and approved. They have tried to understand our needs and we have tried to understand theirs.

Appraisal: Business outcomes

Our informants provide a strong sense of the importance of their evaluation of their partner's communication behavior. However, the proposed framework also suggests that the appraisal of business outcomes is of significant importance. The following quotations provide examples of both buyers' and sellers' appraisal of business outcomes. The first three quotes represent suppliers' appraisals of the business outcomes in dealing with specific customers, while that last three represent buyers' appraisals of business outcomes with specific suppliers. Again we provide quotations with corresponding parenthetical information regarding the informant context.

I love their contribution to sales and profit. So that's a great relationship (supplier Quality Manager).

They are a good customer. And nowadays, a paying customer is a good customer (supplier Marketing Manger).

They are showing a lack of concern for their suppliers. Their volumes are not up to expectations. There were some long-term agreements that were based on volume. Although they never said that they guaranteed volumes, the agreements were based on where they felt their volumes were going, and they are not living up to those (supplier Sales Manger).

Customer service is pretty good. They respond pretty fast. Let's say I don't have a lot of quality problems. Again, my measurement criteria are cost, quality, and delivery. Their pricing is fairly reasonable. Again, no quality problems, and they deliver pretty much on time (buyer Supplier Manager).

They have given us the criteria that we were looking for–the cost, quality, technology, and delivery (buyer Director of Purchasing).

The positive points are their ability to react to schedule changes and their ability to deal with quality issues that come up (buyer Commodity Manager).

Overall, field interview data appears to offer initial support for concepts in the proposed framework. The interviews serve as empirical grounding for the viability of applying concepts studied in the interpersonal relationship literature to the business relationship domain. The following section will discuss the contributions of this work, its limitations, and its potential in facilitating future research.

Discussion

The present work contributes to the business relationship literature in several ways. While extant business relational frameworks consistently include concepts such as expectations, communication, evaluations, coordination, cooperation and joint problem solving (Dwyer, Schurr, and Oh, 1987; Anderson and Narus, 1990; Morgan and Hunt, 1994; Mohr and Spekman, 1994; Bantham, Celuch, and Kasouf 2003) these frameworks have not, at a more micro-level, clearly delineated how these concepts interrelate to impact the functioning of relationships. We have elaborated the role of expectations, communication behavior, and appraisal processes in problem solving thereby extending existing perspectives relating to the process dynamics of buyer-seller problem solving through an integration of theoretical and empirical work from the interpersonal relationship literature.

The proposed model conceives of problem solving as requisite through all phases of partnerships, from initial goal development, to coordinating engineering activities for the development of a part, to reworking delivery scheduling due to unforeseen quality problems. It is posited that critical cognitive domains in interdependent problem solving manifest themselves as shorter-term communication-related expectations as well as longer-term expectations relating to tangible business outcomes in a given problem solving interaction. We further propose that an individual's communication expectations influence their own communication behavior which, in

turn, influences their partner's communication behavior. Finally, it is proposed that an individual's evaluation of communication process outcomes is predominantly influenced their partner's communication behavior during problem solving. Alternatively, we conceive of the evaluation of business outcomes to be determined by an individual's own prior business expectations as compared to actual business outcomes. Ultimately, both communication process and business outcome appraisals associated with a given problem solving episode are conceived as enhancing or degrading subsequent long-term outcomes such as satisfaction and investments.

The present framework contributes to a more thorough explication of relationship process dynamics in several ways. First, expectations are seen as relating not only to outcomes, but also to the behaviors that contribute to the achievement of those outcomes. Secondly, communication behavior is explicitly recognized as the core of problem solving and partner communication behavior is seen as a salient influence in the relationship appraisal process. Lastly, a further clarification of the connection between the appraisal of problem solving episodes and longer-term investment in the relationship is proposed. The perspective offered here connects the appraisal of the communication process to intangible investments in the relationship (i.e., trust and social bonding) and the appraisal of business outcomes to future financial investments in the relationship. Ultimately, such appraisals serve to stabilize or destabilize a relationship.

We recognize that the present paper is primarily conceptual in nature and clearly requires empirical examination. As a first step, we have utilized field interviews as an initial check on the viability of the proposed framework. As such we have employed a qualitative research methodology incorporating matched buyer-supplier dyads as a means of exploring problem solving process dynamics from multiple functions including top management, sales, purchasing, engineering, quality control, and customer service.

The present conceptual extension contributes to research in the area in multiple ways. Given that the framework conceives of interdependent problem solving as involving an iterative process, longitudinal explorations appear particularly warranted. A more specific examination of the process whereby the appraisals of intermediate problem solving episodes affect longer-term relationship satisfaction, investment, and commitment would be a valuable contribution to the relationship literature.

The proposed framework also offers specific, testable propositions for quantitative investigation. It is clear that buyers and suppliers hold different expectations–an examination of the importance and interactions of classes of expectations (business outcome and communication-related) for buyers and suppliers in different contexts would make for an interesting study. Are there conditions under which communication expectations are more or less salient? And, given the presence of certain business outcomes, are certain communication outcomes more or less likely? In terms of specific relationships among concepts, the model proposes several direct as well as mediated relationships that beg exploration. Lastly, the inclusion of other relevant variables for examination, where appropriate, could serve to add depth to the present framework. For example, how might attributional processes affect appraisal processes associated with communication and business outcomes?

From a practitioner standpoint, the framework has important implications. First, the significance of business outcome and communication process expectations cannot be overemphasized as a means of addressing problem solving efficacy. As noted in the interpersonal relationship literature (Bennun, 1986), an examination of the source and feasibility of expectations related to both communication and business outcomes provide relationship participants with the origins of potential areas of conflict. With awareness of these potential "hot

spots," partners can begin to address issues before they become full blown, ongoing conflicts that tend to take on a life of their own. Clearly, based on informant interview data, buyers place more weight on business expectations relative to communication expectations than do suppliers. When this occurs, the stage is set for more contentious interaction and less joint problem solving benefit (at least from the supplier's perspective). This observation is consistent with the experimental work related to negotiation of Ben-Yoav and Pruitt (1984). More balance in concern for communication expectations can contribute to more positive relational interaction which might produce more joint benefit in the long run. Indeed, Ben-Yoav and Pruitt explain this effect as a positive outcome of role conflict in that shifting attention to expectations and rebalancing expectations (business and relationship) could serve to help parties creatively cope to reconcile differences. However, as our model makes explicit, awareness of expectations is not enough to insure truly interdependent problem solving without concomitant ability to manage communication behavior. In fact, while expectations may change due to updated information or experience the possibility of behavior change may take more effort given extant ability. This may in part account for the observation that even when partners address conflict at the level of business expectations, their subsequent interactions may still consist of negative behaviors (i.e., threats, blaming, etc.).

Owing to the significance of communication behavior in the problem solving and appraisal processes, the ability to employ active and nondefensive listening, editing, and where appropriate, disclosure, in place of more impulsive, automatic, negative exchanges that are likely to occur even in "good" relationships during times of stressful problem solving episodes would be paramount. Partner awareness of "trigger cues" not only tied to the other partner and/or context, but also residing within a partner can help increase the ability to interrupt dysfunctional

dyadic cognitions and behavior (Bennun 1986). We echo the Bantham et al., observation that the

<u>way</u> partners communicate in addition to the content of the communication, can either facilitate

of denigrate interdependent problem solving outcomes.

In conclusion, understanding buyer-seller relationships will continue to be a significant

topic within the business literature. It is our hope that this systematic examination of the way

business partners evaluate their problem solving efforts will contribute to future theoretical and

empirical efforts aimed at increasing understanding of working relationships among individuals

in organizations.

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