

**ASYMMETRICAL AND SYMMETRICAL
CUSTOMER-SUPPLIER RELATIONSHIPS:
CONTRASTS, EVOLUTION AND STRATEGY**

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Asymmetrical and Symmetrical Customer-Supplier Relationships: Contrasts, Evolution and Strategy

Abstract

This paper offers a typology that distinguishes between three types of customer-supplier relationships, namely asymmetrical customer-dominated and supplier-dominated relationships and more symmetrical relationships. A conceptual framework that identifies strategic relationship alternatives for small and medium-sized firms in asymmetrical relationships is presented, and the type of knowledge, learning and capabilities that may drive the development of more symmetrical relationships are identified and discussed. The framework draws on the relationship and network concepts of the Industrial Marketing and Purchasing (IMP) group (e.g. Ford et al, 1997; Håkansson, and Snehota, 1998; Håkansson, 1987)

Introduction

Long-term customer-dominated relationships (Holmlund and Kock, 1996) tend to exist in a special set of circumstances. The history of these relationships often extends back in time over decades, such as the now discontinued relationship between Baird Clothing, a UK textile supplier, and its major customer Marks and Spencer, where their involvement lasted for over sixty years. A customer-dominated relationship often develops its own cultural norms and behaviours revolving around the organisational culture and expectations of the customer. In such circumstances the relationship has often developed under conditions where the supplier has been involved in adaptations to its products, processes and technology (Håkansson, 1987). This represents considerable investment in the relationship by the supplier, often to the extent that operations are geared solely towards the needs of one major customer, in a similar fashion to the relationships of automotive suppliers and large car manufacturers (e.g. Lamming, 1993). A culture of customer control and supplier dependence may have developed over time, with cascading pressures on the supplier to cut costs and reduce lead times as the customer's markets become increasingly internationally competitive. Thus customer-dominated relationships may become a burden to small and medium-sized suppliers (Håkansson and Snehota, 1998).

The Nature of Customer-dominated Relationships

The development of customer-supplier relationships and interaction between parties in a relationship has been conceptualised by researchers working on interaction, relationships and networks in the field of industrial marketing and purchasing (IMP Group, e.g. Ford, 1980; Håkansson 1987; Ford, Håkansson and Johanson, 1986). This body of research has focused on the nature of relationships between firms and the behaviour of firms in industrial networks. To most firms in a dyadic relationship there will be conflicting pressures in creating a balance their relationships between self-serving motives and the advantages of close interaction and collaboration. To achieve the benefits of a long-term inter-dependent relationship certain sacrifices may have to be made at different times for the relationship to grow and continue. These 'adaptations' mean that a particular supplier or customer is handled in unique ways to achieve cost advantages or to gain access to a firm's unique competencies or resources

(Håkansson and Gadde, 1997). Adaptations are likely to be viewed as necessary investments for the sake of the relationship with the other party. They may take the form of tailoring resources to the requirements of a certain customer or supplier through “durable transaction specific investments” (Williamson, 1979).

In long-term relationships continuity of the relationship relies on the perception of each party that the relationship itself constitutes an investment. Adaptations may generally be considered to have a positive impact on the long-term well-being of the relationship. The preparedness of a supplier to take part in various types of adaptations, whether they be technical, knowledge based, economic or legal (Håkansson and Gadde, 1992) means that he considers it beneficial for the relationship and is committed to its future (Ford, 1980). However, when adaptations are continually placed upon one party by the other, and decisions about their appropriateness and necessity are unilaterally rather than bilaterally decided, the adapting firm may lose the capability to make its own decisions about the future of the relationship. In so doing it may lose its commitment towards the other firm. Thus investment through adaptations may be felt to be for the benefit of the other firm rather than the relationship itself, and goodwill towards that firm may be lost. When the ability of the firm to contribute to decisions about the relationship, internal firm processes and innovation are sidelined over a prolonged period of time, the knowledge of how to innovate, plan for the future and contribute to the development of relationships may be lost. Thus small suppliers that often face imposed adaptations by customers may be increasingly “locked in” (Håkansson, and Snehota, 1998) to current relationships.

Faced with such a situation, customer-dominated suppliers may be described as having operated under the conditions of an imposed strategy (Mintzberg and Waters, 1985), where the organisational choice and strategic direction of the firm is controlled by forces or individuals from outside the boundaries of the organisation. Therefore, the knowledge, experience and capabilities of such suppliers is very limited with regard to the development of relationships and strategy.

Evolution of Asymmetrical Relationships

The terms ‘asymmetrical’ and ‘symmetrical’ have tended to be used in industrial marketing literature to refer to the asymmetrical nature of one or a few characteristics such as commitment, power or dependence (e.g. Gundlach, Achrol and Mentzer, 1995; Söllner, 1998). However, little attempt has been made to identify the defining characteristics of asymmetrical and symmetrical relationships and to compare these characteristics in detail. To address this research gap the authors propose that a classification of symmetrical and asymmetrical relationships that defines their characteristics is necessary for us to develop a fuller understanding of their nature and defining characteristics. Therefore, in building towards a typology of asymmetrical and symmetrical customer-supplier relationships there follows a discussion on some of the key characteristics of asymmetrical relationships.

All parties in business relationships face varying degrees of conflict and co-operation in their interactions with other parties. Conflict may arise through competition between parties in horizontal relationships (between supplier and supplier) or vertical relationships (between supplier and customer) (Mallen, 1964; Araujo and Mouzas,

1998). In this analysis the primary area of concern is vertical conflict between customers and suppliers.

It may be argued that a certain degree of conflict between parties in a relationship maintains the competitive driving force and creativity of that relationship, indeed collaboration and competition are likely to coexist in all types of business relationship. Conflict may arise from the differing expectations, goals and cultural norms of one organisation clashing with those of another, for example the goal of a large customer may centre around long-term growth, possibly at the expense of relationships with suppliers. Clashes in expectations and cultural values may arise if the culture of a large customer revolves around the use of conflict to control or influence other members of its business network, whilst its small suppliers seek co-operative relationships in which they can achieve stability and compatibility. Thus the aim of influencing relationships in the direction of one's own goals and requirements may underlie any supplier-customer relationship (Araujo and Mouzas, 1998).

Many firms conduct a variety of relationships at any one time with varying degrees of conflict and co-operation characterising each relationship. However in some industries (e.g. the UK textile industry) it has been common for a certain type of relationship to take precedence over others. The retail industry has tended to be characterised by large intermediaries, capable of exerting considerable power and control over their more dependent small suppliers. In this situation customer-supplier relationships are governed by the customers' attempts to make their suppliers work according to their plans and in pursuit of their objectives. Suppliers may be bound to these relationships through longstanding ties, despite a lack of complementarity or compatibility and a tendency towards conflict rather than mutual co-operation between firms.

In purchasing and supply literature relationships are often viewed as being full of conflict (Håkansson and Gadde, 1992). Decisions on which suppliers to choose are often linked to product requirements rather than the competencies, resources and potential compatibility of a supplier. In recent years, however, management methods such as supplier development have focused customers' attentions on the advantages of working with suppliers rather than against them and on developing the suppliers' capabilities and knowledge to align this development with that of the customer. Supplier development programmes are formal, structured approaches to development of a weaker supplier by a stronger customer and are often most prevalent in asymmetrical relationships (Torvatn, 1996). However, supplier development does not represent a relationship approach as it is focused on developing a supplier in a particular direction so that in the future it may become more useful to the customer. Therefore this approach does not necessarily aim to improve the relationship itself.

An alternative type of relationship to asymmetrical customer-dominated relationships is asymmetrical supplier-dominated relationships. In situations where many small-medium-sized customers require access to the technologies or resources of a limited range of large global suppliers, the suppliers may exert power and control over customers and have the freedom to influence the strategic direction of their direct customers and the wider business network. For example, in the global market for hearing aids, a few key suppliers are the dominant producers of advanced hi-tech components e.g. micromechanic components and as such have a great impact on

innovation in the hearing aid industry and on the competitiveness of hearing aid manufacturers.

Neither asymmetrical customer-dominated relationships nor supplier-dominated relationships fit with the concept of compatible, collaborative relationships. They present small and medium-sized firms, whether suppliers or customers, with a range of problems, not least the lack of experience in relationships where they play a more equal role in decision-making and strategic direction.

In recent years there has been increasing emphasis on the pursuit of and benefits of both formal, structured forms of collaboration such as partnerships (e.g. Kanter, 1999; Lamming, 1983; Speckman, 1988) and in looser, informal network approaches to relationships (IMP Group, 1982; Håkansson, 1987). Increasingly complex international networks of business activity and the need for organisations to develop and maintain a global network of relationships, combined with improvements in manufacturing, logistics and information technology, may have contributed to traditional asymmetrical relationships becoming less acceptable to many firms. Customers are placing increasing demands for 'value' on suppliers (Gadde and Ford, 2000), however suppliers too may be seeking increased value from their customer relationships and looking for new and more liberated ways to conduct these relationships .

A Research Situation

International Customer-Supplier Relationships for Small and Medium-Sized Textile Suppliers

In recent years small and medium-sized UK suppliers in mature industries, such as textiles, have been faced with increasing competitive pressures from international low-cost suppliers based in areas such as North Africa, the Far East and Eastern Europe. With this has come the added threat from large UK customers of geographic expansion of their supply base to these areas to capture lower costs and comparative advantages.

UK government initiatives which have encouraged the internationalisation of small and medium-sized suppliers have tended to focus on collaborative ventures within 'coalitions' of SMEs (small and medium-sized enterprises) for the purpose of both exporting and longer-term foreign market development (Johnsen and Johnsen, 1999). However, often such collaborative ventures are not a viable option for suppliers that have been involved in exclusive, asymmetrical, long-term relationships with one or a few domestic customers, because in such relationships there has been a tendency for the choice and direction of the suppliers' relationships to be influenced, and frequently controlled, by dominating, powerful customers (Johnsen and Ford, 2000).

As a result of their involvement in customer-dominated relationships (Holmlund and Kock, 1996) small and medium-sized UK textile suppliers need to find an alternative solution- other than collaborative ventures- to developing international customer relationships and reducing their reliance on a decreasing domestic customer base. With the decrease in competitiveness of UK retailers such as Marks and Spencer, and the change in strategic direction to global sources of supply for much of the industry, the

necessity of adopting an international perspective towards customer relationship development becomes increasingly important.

Internationalisation is therefore a critical issue for small and medium-sized customer-dominated suppliers. With the increasing erosion of their asymmetrical customer-dominated domestic market relationships, their search for increased value from their customer relationships and alternative ways to conduct these relationships, the process of developing international customer relationships becomes a vital consideration. However, in many mature industries such as textiles, the shift from current to new customer relationships is not simply dependent on changing the geographic focus of a supplier from domestic to international relationships. A more important consideration may be the characteristics of the relationships that suppliers are seeking to develop. A change in the characteristics of their customer relationships is therefore as important for small and medium-sized suppliers as the geographic positioning of customers. Suppliers may require a shift in their managerial mindset from asymmetrical customer-dominated relationships, in which customers are able to exert power and control over their suppliers, to relationships that offer a more equitable distribution of power and flexibility in designing future strategies and developing future relationships. Suppliers may face many challenges in shifting their organisational culture and developing their internal capabilities to bring about changes in their customer relationships. The major decisions facing the firm during such a period of transition may not revolve around the type of entry mode or level of resource commitment which can allow it to extend into new countries and develop new markets, but rather the types of relationships and the characteristics of the relationships that will enable the firm to access new networks and develop a strong and stable position within them.

Defining the Characteristics of Asymmetrical and Symmetrical Relationships

Research on characteristics of dyadic customer–supplier relationships has been a focus of interest and debate by IMP scholars (e.g. Ford, Håkansson and Johanson, 1986; Håkansson and Gadde, 1992 ; Alajoutsijarvi, Moller and Rosenbroijer, 1999). Many concepts have been incorporated into the conceptual frameworks that have attempted to define the nature of customer-supplier relationships, however there seems to have been little focus on defining the nature of asymmetrical and symmetrical customer-supplier relationships and understanding their distinguishing characteristics.

When suppliers have operated under the conditions of customer-domination and imposed strategies they have become accustomed to only one type of relationship, namely asymmetrical relationships, where the influence over the characteristics of the relationship is balanced in favour of one party rather than the other. However, asymmetrical customer-dominated relationships are just one type of customer relationship that may be developed by small suppliers. Alternative relationships that offer greater strategic control, flexibility in working with a wider portfolio of relationships, giving access to new network connections, may be critical to the survival of small and medium-sized suppliers faced with losing their current relationships in domestic markets. An understanding of the characteristics of other types of relationships and the processes involved in shifting from one type to the other may be important for small firms that are trying to break into new networks of relationships.

Customer-supplier relationships have been described according to different dimensions by several authors (see Table 1- Definitions of Relationship Characteristics). Ford, Johanson and Håkansson (1986) describe the nature of companies interactions according to the dimensions of *capability*, *mutuality*, *particularity* and *inconsistency*. These characteristics have tended to be used to describe the nature of interaction in relationships where the companies are of equal importance to each other. Ford (1980 p.47) states that long-term relationships will be characterised by the companies' "mutual importance to each other". However, in long-term customer-dominated relationships, the importance of the relationship is often one-sided on the part of the supplier. Small and medium-sized suppliers need to maintain the goodwill of the customer, thus the importance to them of their customers tends to outweigh their importance to the customer. In low-technology industries such as textiles this is compounded by the myriad of suppliers available with little differentiation in the content of their offerings (Ford *et al*, 1999) to customers. (where offerings consist of the product, process and market technologies which enable suppliers to offer superior products and services.)

Table 1. Definitions of Relationship Characteristics

| Relationship Characteristics | Definitions |
|-------------------------------------|--|
| Capability | Ford, Håkansson and Johanson (1986) Functions performed by firms in a relationship; width and importance of these functions. Functional interdependence. |
| Mutuality | Ford, Håkansson and Johanson (1986) Shared goals or common interests of firms. |
| Particularity | Ford, Håkansson and Johanson (1986) Direction and uniqueness of interaction. Extent of standardisation of interaction. |
| Inconsistency | Ford, Håkansson and Johanson (1986) Ambiguity or lack of clarity in interaction Co-existence of co-operation and conflict |
| Dependence | Axelrod (1964) Different types of inter-organisational dependencies exist: historic, economic, technological, political. These will be more or less evident depending on the nature of the organisations' relationship to each other. Pfeffer and Salancik (1978) p. 32 “the organisation ends where its discretion ends and another begins”. Firms are dependent on the resources of other firms. They can reduce this dependence by linking with other firms or by reducing reliance on the other firm’s resources. Håkansson and Snehota (1994) Organisations comprise an assortment of resources. Within a relationship different resource elements can be tied together. Håkansson (1987) Four types of dependency may obstruct innovation: Technical, Knowledge, Social, Logistic or administrative. |
| Power | Håkansson and Gadde (1992) Power-dependence in relationships is often asymmetrical and may be subject to shifts depending on economic conditions. Imbalance in one dimension may be offset by equivalent but opposite imbalance in another dimension e.g. offsetting lack of power over a customer by making the supplier interesting to the customer through another characteristic or offering. |
| Intensity | Ford and Rosson, (1982) Level of contact and resource exchange between firms. Cunningham and Homse (1988) Frequency, range and level of contacts between firms. More intense contact in domestic relationships as opposed to international. Senior personnel more likely to be involved in domestic interactions. Geser (1992) Firms do not involve themselves in many “high involvement” interactions at any one time because of limited availability of senior personnel. |

The capabilities of customer-dominated suppliers may be somewhat limited – the ability of the supplier to provide its customer with functional expertise and access to financial, technological and physical resources and network connections may have been stunted by the introspective focus on cutting costs, rationalising activities and specialising in a limited range of functions, at the expense of innovation and an exogenous perspective which may bring new ideas into the organisation. Thus, in customer-dominated relationships the capacity of the supplier to extend the range of activities and capabilities it can offer the customer is reduced by it effectively operating as a controlled manufacturing function of the customer.

Mutuality is a critical characteristic which implies that there is a measure of equality between the parties to a relationship. Common goals and interests (Ford, Håkansson and Johanson, 1986) will bind the firms in a common interest or shared purpose and influence interactions by encouraging either party to make sacrifices for the sake of the relationship. However, in customer-dominated relationships self-interest tends to dominate over the common good, thus negating the adaptations or sacrifices that one party may make, as the sacrifice is viewed as being for the good of the other party rather than the relationship. Small and medium-sized suppliers faced with adapting to the needs of a demanding customer may therefore feel that all their efforts are geared towards the benefit of the customer with little impact on their own well-being. As trust between parties is mirrored in the mutuality demonstrated in the relationship, a supplier may perceive its customer as selfish and untrustworthy, creating uncertainty and suspicion in the atmosphere of the relationship when little mutuality exists (IMP Group, 1982).

Mutuality may be considered to influence the future of a relationship, through sacrifices being made by one firm for the sake of the relationship, in anticipation of future benefits or rewards. However, in the case of long-term customer-supplier relationships mutuality encompasses not only the future, but the present and the past of the relationship. The history of a relationship – how it came into being, how its norms and behaviours have developed – is inextricably linked with the decisions concerning what each firm is prepared to do for the other today and in the future. As “the mirror of trust” (Ford, Håkansson and Johanson, 1986, p.61) mutuality mirrors the past, present and future interactions between firms.

Particularity may be described as encompassing the direction and uniqueness of the interaction between parties in a relationship (Ford, Håkansson and Johanson, 1986). This concerns the extent of dedicated individual efforts of one party e.g. production processes or designs geared towards the needs of one customer. Some firms may approach their relationships in a standardised way, such as large retailers in their interactions with small suppliers, who may be dealt with as a group. The opposite situation may be seen in the response of customer-dominated suppliers gearing their products, processes and technology towards the specific needs of one large customer. Particularity can in such situations be a burden to firms, in that they may be starved of resources, lose control over their direction, have relationships with other parties such as their own suppliers imposed upon them, and be linked to a network not of their own choosing. This “stickiness” or forced network connections (Håkansson and Snehota, 1998) can lead to problems for companies which are not of their own making, such as a decline in position in the market through lack of foresight by a customer, which will have detrimental cascade effects for direct and indirect suppliers.

Inconsistency is a common characteristic of most interactions between customers and suppliers. It can take many forms, such as inconsistency of the message being communicated to the other party in the relationship, inconsistency in interaction depending on the stage of the relationship (Ford, 1980), inconsistency through different individuals and groups from each organisation being involved in interactions, each with their own functional focus and priorities. Not surprisingly these factors can lead to “ambiguity or lack of clarity in interaction” (Ford, Håkansson and Johanson, 1986) and cause difficulties in terms of variation in the firms interaction with other organisations. Despite the negative impact of inconsistency on creating difficulties in understanding the complexities of interacting with another firm, inconsistency may also be viewed as positive – bringing together different firms and staff within them with varied views, cultures, strategies and competencies. This may offer scope for new innovations and developments, such as two research and development departments collaborating on the development of new product ideas leading to innovations. This is an area which customer-dominated firms miss out on as they are often deprived of the opportunity to offer their experience or opinion in new developments. For example, in the case of new product ranges, such as the design of seasonal launches for textile retailers, suppliers often have to accept the ideas of the retailer’s design team and simply replicate given product samples.

Although all relationships display a certain degree of co-existence of co-operation and conflict, which may ebb and flow over the period of a relationship, in asymmetrical customer-dominated relationships the co-operation element is often limited as the dominating customer does not view the supplier as having a role to play in influencing the nature or direction of the relationship. Subdued conflict may be bubbling under the surface of the relationship as the supplier attempts to repress its desires for comment or input in influencing the customer.

Power and dependence are two opposing sides of customer-dominated relationships, manifested in the power of customers over suppliers and the dependence of suppliers on their customers. All firms are dependent on others to some extent for products, services, raw materials, tangible and intangible resources and competencies, to contribute to the creation of their offerings to customers. Through collaboration, firms may attempt to integrate their resources with those of other firms or reduce their reliance on the resources of others by performing more activities themselves (Pfeffer and Salancik, 1978). Relationships with other firms result in the tying of resources (Håkansson and Snehota, 1994) and firms may attempt to improve their access to and ties to better resources through new relationships. In customer-dominated relationships the lack of opportunity for suppliers to have an input into the design of new products, processes or innovations means that the resources that they can offer to customers are limited and are slow to develop, and that they are dependent on customers for strategic direction. Customers effectively keep their suppliers in a state of under-development and in so doing reduce their own access to better resources. The dependence of the supplier on the customer is therefore detrimental to both parties and to the wellbeing of the relationship itself.

Power-dependence in relationships is often asymmetrical and changeable over the lifetime of a relationship. According to the availability of opportunities and resources and the influence of shifts in economic conditions (Håkansson and Gadde, 1992) a

firm may have more or less influence over its relationships at any given time. However, the nature of customer-dominated relationships is such that power of suppliers tends to be stifled by customers who attempt to control the resources of their suppliers and limit their ability to take advantage of new opportunities, such as the development of new international markets and customer relationships. This intervention in the development of the supplier by the customer reinforces the dependence of the supplier and the ability of the customer to further control its activities.

Relationship intensity concerns the level of contact and resource exchange between firms (Ford and Rosson, 1982). In an intense relationship firms may, for example, exchange staff for particular projects to benefit from specialist expertise of the other firm and they may facilitate innovations or improve their capabilities by linking their resources with those of other firms. Some studies have found that the intensity of contact between firms tends to be greater in domestic relationships, as opposed to international ones (Cunningham and Homse, 1988), and that senior personnel are more likely to be involved in domestic interactions (Cunningham and Homse, 1988). However, suppliers in customer-dominated relationships in industries such as textiles may experience a lack of resource exchange and little support from senior personnel of the domestic customer firm (Johnsen and Ford, 2000). The domestic relationship may have become mechanistic and require maintenance rather than development in the view of the customer. Conversely, some suppliers may experience a greater interest in exchange of expertise and resources in international relationships, through a greater interest in the development of new capabilities and network connections by linking with a foreign firm, and a greater need to learn about the culture and values of a new international partner.

The nature of asymmetrical customer-dominated relationships seems to preclude the tying of resources, the linking of activities and the development of strong bonds between actors in a relationship (Håkansson and Snehota, 1994). Asymmetrical customer-dominated relationships differ from “facilitative relationships” (Ford et al, 1998), where both parties to the relationship are prepared to invest in activity links and resource ties to improve the mutual benefits of the relationship, by virtue of the lack of mutuality and intensity and extent of particularity that they display. In addition, the benefit of one relationship giving access to a wider network of relationships is limited because the supplier has few relationships other than those that the customer has sanctioned and the benefits they provide are geared towards the customer. Similarly there will be few surprises for the customer in terms of new network connections through the supplier, as these will have been eliminated through the customer’s influence and power over direct and indirect network connections.

Alternatives to Asymmetrical Customer-dominated Relationships for Small and Medium-Sized Suppliers

Is there an alternative to asymmetrical customer-dominated relationships for suppliers that have little or no experience of relationships that display more symmetry in mutuality, intensity, power and dependence? One alternative type of relationship is the “integrative relationship” (Ford et al, 1998) where both parties to a relationship are prepared to integrate, adapt and develop their resources and activities for the benefit of

the other and the long-term continuation of the relationship. In integrative relationships both sides benefit from mutual learning and transfer of skills and technology. Customers in integrative relationships expect suppliers to provide them with greater support through integration of the suppliers activities and resources with those of their own. For example, research and development staff of the supplier may work on site with the customer to replace the traditional sales people or ensure integration of supplier's products in the new product developments of the customer (Wilson and Möller, 1995).

Although integrative relationships may prove useful in integrating resources and activities they do not provide the level of mutuality that small-medium sized suppliers may be seeking in new international relationships, as the goals of the integrative relationship still tend to favour the customer. Similarly, the intensity of the relationship appears to be focused on resources moving in one direction from the supplier to the customer and the involvement of the supplier in the customer's business seems to be at an operational rather than strategic level.

If customer-dominated suppliers wish to change the nature of their relationships with customers, what type of relationship characteristics should they seek in new relationships? (Table 2 shows a comparison of the characteristics of asymmetrical customer-dominated, asymmetrical supplier-dominated and symmetrical relationships.) For relationships to offer scope for integrating not only resources and activities but also strategic direction of the parties involved, a high level of mutuality should exist so that the parties in a relationship can together direct their future goals and interests in a compatible manner. Although power and dependence will ebb and flow in a relationship, with different parties taking the lead on different developments or innovations, agreement on strategic direction— tacit or explicit— is an important consideration in a mutual relationship to ensure that no party is exploited or overruled. Intensity will also be a critical factor for both parties in the relationship to ensure that knowledge filters across the dyad and into the wider network. In such a situation the scene is set for an equitable relationship that will hinge on sharing of power, resources goals and interests, whilst at the same time offering flexibility for each party to develop a better position in the wider business network.

However, without capabilities in key areas such as technology, resources and the culture to support development and growth within the firm, any attempt to change the characteristics of current asymmetrical relationships may prove difficult to achieve. A lack of capabilities, whether they be technological, financial or physical - tangible or intangible - must lie at the core of new strategic developments of the firm. Investment and nurturing of capabilities is critical for a supplier to support and conceive of any change in the direction of its customer relationships. Without capabilities the firm may be seen as hollow or suffering from corporate anorexia and have less to offer in new customer relationships in terms of specialist expertise and competencies.

Table 2. Relationship Characteristics of Asymmetrical and Symmetrical Relationships

| <i>Relationship Characteristics</i> | <i>Asymmetrical Customer- Dominated Relationships</i> | <i>Asymmetrical Supplier-Dominated Relationships</i> | <i>Symmetrical Relationships</i> |
|-------------------------------------|--|---|--|
| Capability | Supplier's technological, financial, physical capabilities limited by focus on cutting costs, rationalising activities, specialising in limited range processes/products. Suppliers may lack resource, technological and organisational capability to develop more symmetrical relationships. Activity links, resource ties and actor bonds in network may be weak and underdeveloped. | Customer's are reliant on the unique capabilities of one or a few suppliers. Suppliers have choice of customers in the network with which they wish to interact. Customers may lack resource, technological and organisational capability to develop more symmetrical relationships. Activity links, resource ties and actor bonds in network may be weak and underdeveloped. | Technological, financial, physical capabilities developed to meet needs of shared goals of customer and supplier. Investment/development of capabilities required for continuation of relationship. Organisational capability: experience, culture, confidence, flexibility to be independent. Activities linked across firms as result of specialised capabilities and resources. Actors mutually dependent on others for resources. Activities and resources developed individually or collaboratively. Actor bonds strong, fuelling innovation in activities and resources through collaboration. |
| Mutuality | Goals and interests geared towards the benefit of customer at expense of supplier. Supplier makes adaptations and investments for benefit of customer. Immediate benefits are as important as longer term benefits for the customer. | Goals and interests of the network are strongly influenced by supplier. Customers may be prepared to make adaptations and investments to gain access to its resources and capabilities and develop long-term supply relationship. | Common goals and interests. Mutual adaptation and investment in relationship for benefit of future of relationship rather than benefit of one party. |
| Particularity | Interaction controlled by customer. Suppliers involved in exclusive relationships with e.g. one major customer, dedicating efforts solely to their requirements. Customers treat suppliers in standardised way and view as largely undifferentiated, interchangeable and replaceable. | Interaction controlled by supplier. Supplier may view customers as a fairly homogeneous group. Customers will compete to gain more influence with supplier to gain access to its unique resources and capabilities. | Decisions on direction of interaction are influenced equally by customer and supplier. |
| Inconsistency | Inconsistency may be high because of lack of intensity of relationship leading to ineffective communication. Potential for conflict and misunderstanding high. Each party has own focus and priorities as relationship is not mutual. | Inconsistency may be high because of lack of intensity of relationship leading to ineffective communication. Potential for conflict and misunderstanding high. Each party has own focus and priorities as relationship is not mutual. | Inconsistency low because of intensity and mutuality of relationship and greater likelihood of sharing decision making. Potential for conflict and misunderstanding reduced through more effective communication of each party's priorities and values. |
| Intensity | Low level of contact and resource exchange between firms e.g. human, technological, design. Customer may take mechanistic approach to developing relationships with supplier as suppliers tend to be treated as a group with low particularity in the relationship. Development of resources decided unilaterally and focused on needs of customer. | Low level of contact and resource exchange between firms. Supplier may take mechanistic approach to developing relationships with customers as customers tend to be treated as a group with low particularity in the relationship. Development of resources decided unilaterally and focused on needs of supplier. | High level of contact and resource exchange between firms.. Bilateral resource development focused on needs of relationship. Staff exchange to benefit from specialist expertise of other firm & facilitate innovations/improve capabilities. Suppliers may experience greater interest in exchange of expertise/resources in international relationships; greater need to learn about culture and values of international partner. |
| Dependence | Many suppliers reliant on one or a few customers in the network. Supplier is dependent on goodwill of customer. Supplier's strategic choices limited by the imposed strategy of customers. | Customer is dependent on support of suppliers. Customer is reliant on resources and capabilities of supplier and is influenced by supplier's strategic choices. | Both customer and supplier are dependent on each other. Dependence deepens with continued interaction and revolves around the unique capabilities of each party and their contribution to the relationship. |
| Power | Customers exert influence and power over relationships with suppliers and their domain of power extends to indirect relationships and the entire network. | Suppliers exert influence and power over direct relationships with customers and extend their influence over a wider domain of power in the network. | Power more or less equally distributed between customer and supplier. Direction of interaction, role of parties and future of relationship decided jointly. Each party will have independence in deciding on portfolio of relationships that they hold and neither party will dictate those with which the other must or must not interact. |

A Conceptual Model for Identifying Strategic Options for Suppliers in Asymmetrical Relationships

Having identified the relationship characteristics that define symmetrical customer-supplier relationships in Table 2, the key proposition of this paper is that capabilities are critical to support the development of symmetrical relationships and that the existence of capabilities in a supplier firm may positively influence the nature of its relationship characteristics. The conceptual model presented in Figure 1 distinguishes between two approaches to changing the nature of relationships from asymmetrical to symmetrical for customer-dominated suppliers, namely, the development of new symmetrical relationships, or a change in emphasis from asymmetrical to symmetrical in current relationships.

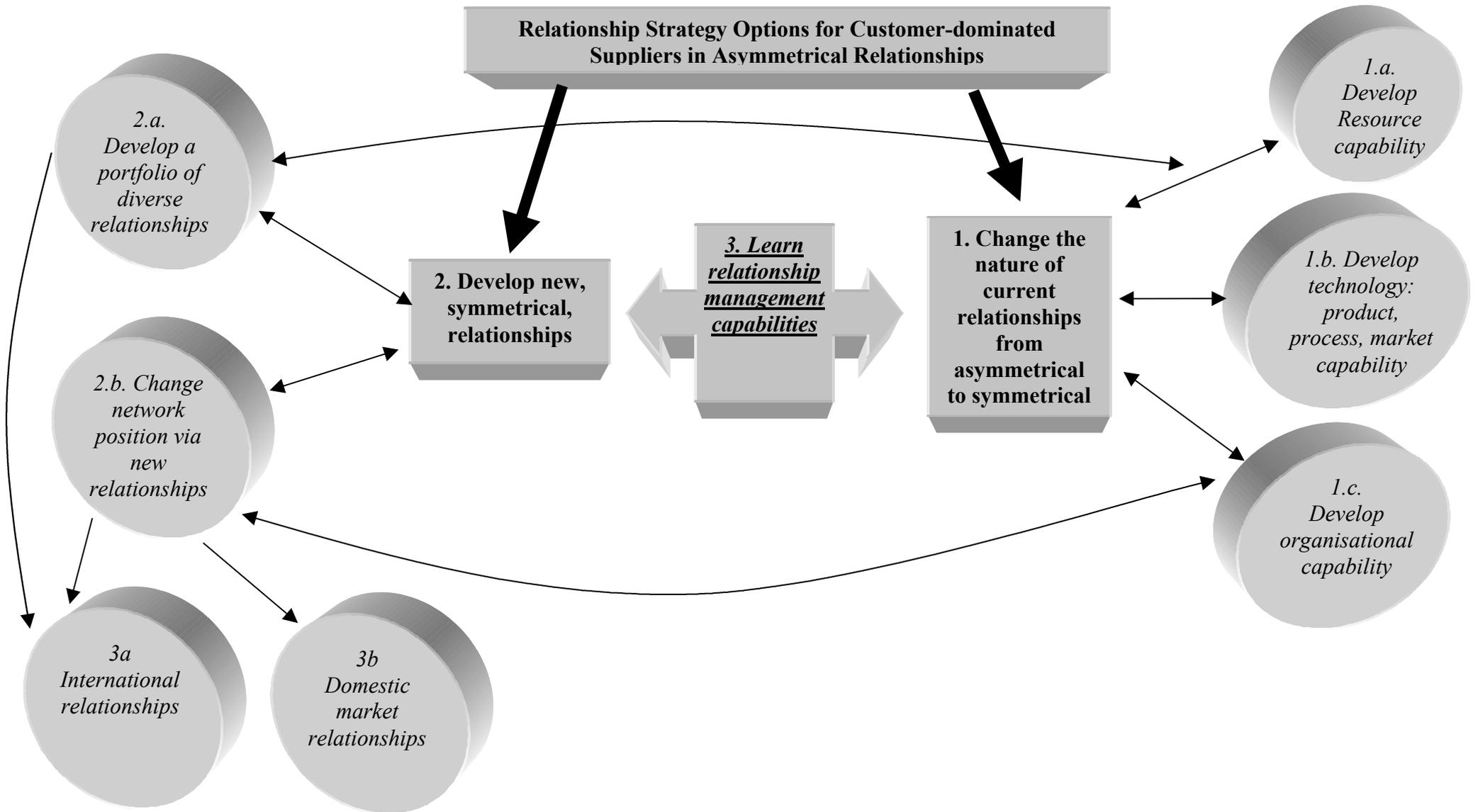
The first strategic option is a change in emphasis from asymmetrical to symmetrical in current relationships (number 1, Figure1). To change the nature of current relationships from asymmetrical to symmetrical it may be necessary for suppliers to develop new capabilities to enable them to offer customers specialist skills, resources or activities and redress the balance of their asymmetrical relationship characteristics. Customer-dominated suppliers may lack capabilities in resource development (1a, Figure 1) to assist the creation of new activities, expertise or products. Technology in relation to product, process and market development may have been underdeveloped in asymmetrical relationships (1b, Figure 1) or have lain dormant over a period of time while the focus of development has been on technology for the customer's benefit. Therefore, new technological developments, that may contribute to competitive advantages and provide benefits sought by customers, may need to be identified and nurtured. In addition to resources and technology, capabilities inherent in the organisation (e.g. organisational culture, management philosophy, method and behaviour) (1c, Figure1), to support balance and equability in relationships may have failed to develop while the culture of the firm has been one of subservience and 'playing second fiddle' to the aims and goals of the customer. Therefore without these capabilities or the intent to develop them, suppliers that have become accustomed to asymmetrical relationships may have problems in changing the nature of their current customer relationships in the direction of greater equability, balance and symmetry.

However, tangible capabilities alone may not substantiate an ability to change from asymmetrical to symmetrical relationships. As well as resource or technological capabilities, it is necessary for suppliers to be able to relate to and interact with other organisations. Changing the nature of a customer-supplier relationship is not something that firms can do alone. Rather they must learn how to work in collaboration with their customers in changing the nature of their relationship (number 3, Figure1), as both parties have influence over the direction of the relationship. Having learned to live with relationships where no mechanism for collaboration has existed or developed, suppliers used to coping with asymmetrical relationships with customers may have gained little experience of collaborative ways of working, the cultural norms and accepted behaviours of other types of relationships or techniques for influencing or managing their relationships. Therefore, the ability to learn relationship management capabilities will be critical in both changing the nature of current relationships and developing new relationships.

The second strategic option for changing the nature of relationships from asymmetrical to symmetrical for customer-dominated suppliers is the development of new symmetrical relationships (number 2, Figure 1). The first strategic option - to change the nature of current relationships - may not be a viable option for customer-dominated suppliers. The roles of dominance and subservience played out by the customer and supplier may have become so ingrained over time, and the culture of the relationship with rigid rules and norms of behaviour so embedded, that they are impossible to challenge or influence. As changes to current relationships have to be undertaken by both parties it may be difficult to gain the support of the customer firm when its priorities are focused elsewhere. Therefore, the only strategic option open to customer-dominated suppliers in changing from asymmetrical to symmetrical relationships may be to focus on forming entirely new customer relationships. This may be approached in two ways. The supplier may attempt to gain more diversity in the types of relationships it has with customers, by gaining some gradual experience of more equitable, balanced and symmetrical relationships through managing a portfolio of relationships (2a, Figure 1). This would enable the supplier to maintain current relationships while gaining experience in new relationships, perhaps with a mix of domestic or international customers. Although this approach would permit the supplier to take an incremental view of the development of new relationships and learn by experience, this again may not be a viable option for many suppliers because of the pressures from customers on operations of preferred suppliers being geared towards their specific needs, and demands for exclusivity being placed upon suppliers. Therefore, new relationships in entirely new networks of business activity, which may extend across geographic borders, may be the most viable alternative for changing the position of firms from asymmetrical to symmetrical relationships (2b, Figure 1). Although this may appear a daunting task for small-medium sized suppliers with little experience of developing new relationships, let alone those with customers based in foreign markets, the alternative scenario of retaining their domestic market focus (3b, Figure 1) in current relationships may present a short-term solution, but lead longer-term to their decline and demise as customers shift the focus of their relationships to new international networks.

In the development of new customer relationships, customer-dominated suppliers may confront additional challenges related to fostering international connections with customers. Not only will the development of capabilities be a priority, but internationalisation issues and the considerations of developing relationships with customers originating from different geographic and cultural backgrounds may prove an additional dimension of complexity to manage (3a, Figure 1). Small and medium-sized firms in mature industries may be late to internationalise and in customer-dominated relationships their domestic market focus is often embedded in longstanding domestic market relationships, e.g. the UK textile industry. However, the capabilities for managing international business relationships and establishing a position in new networks that extend across geographic boundaries may be a critical skill to make the transition from asymmetrical to symmetrical customer relationships for small and medium-sized suppliers, as without these skills they may be faced with a declining domestic customer base comprising customers which are switching the focus of their supply relationships and developing global sourcing strategies.

Figure 1: A Conceptual Model for Identifying Strategic Options for Suppliers in Asymmetrical Relationships



The conceptual framework has raised several critical issues for the management of the transition from asymmetrical to symmetrical customer relationships for small and medium-sized customer-dominated suppliers. The following research propositions have been identified and will support the development of an empirical study.

Propositions

1. Internal capabilities related to resources, technology and organisation (e.g. organisational culture, management philosophy, method and behaviour) may be critical to support the development of symmetrical relationships by small and medium-sized customer-dominated suppliers.
2. Relationship management capabilities and the ability to learn relationship skills, such as collaborative ways of working, the cultural norms and accepted behaviours of symmetrical relationships and techniques for influencing or managing relationships may be critical both to the development of new symmetrical relationships and to changing the nature of current relationships from asymmetrical to symmetrical.
3. The development of an organisational culture of the supplier that is supportive of collaboration and new relationship development may positively influence the viability of symmetrical relationships.
4. The development of an international perspective to the development of new relationships may offer customer-dominated suppliers more flexibility and opportunities to develop symmetrical relationships.
5. Skills for managing relationships in different cultural contexts may support the development of international symmetrical customer-supplier relationships.

Avenues of Further Research

The conceptual framework presented in Figure 1 will form the basis of subsequent qualitative research involving case studies of firms across several industries and international networks. The empirical study will identify the transitional routes that small and medium-sized suppliers adopt in moving from asymmetrical customer-dominated to symmetrical relationships, and explore how they manage the process of transition.

The empirical research will comprise a study of small and medium-sized customer-dominated suppliers which have previously, or are currently, involved in asymmetrical relationships. The method of research will take the form of mini case studies of how firms approach the development of symmetrical relationships, or the change from asymmetrical to symmetrical customer-supplier relationships. Several mini case studies will enable more thorough cross-comparisons to be made between the situations and approaches of different suppliers in asymmetrical relationships across several industries.

The rationale for this approach is grounded in the relationship and network research of the Industrial Marketing and Purchasing (IMP Group) as relationship and network research is particularly suited to a case study approach as a means of developing an understanding of the dynamics of business relationships and network connections. The

use of case research is identified by Easton (1998), as being the most suitable method for examining business relationships and networks as it permits a clear examination of the causal links, interconnectedness and dynamism of the linkages and connections between firms. Easton advocates a “realist” phenomenological approach to examining networks, which is characterised by the belief that case research should “seek valid explanatory knowledge” (Easton, 1998 p.75) by analysing and describing the causes which influenced a particular situation. The case study method permits description and explanation of phenomena in the context of their real-life situation and is suitable for the future empirical work of this study as it should enable the authors to gain insight into the unique paths that have been followed by customer-dominated suppliers in the development of symmetrical relationships.

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