

Is it good to balance power in a buyer-seller “business marriage” and how it happens?

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Abstract

Although the existence of power asymmetry between business partners has been widely acknowledged in industrial marketing literature, and within IMP community particularly, there is no consensus with regard to the use of power in buyer-seller business relationships and with regard to dysfunctional character of power asymmetry.

This paper focuses on the concept of power balancing in buyer-seller business dyads at the theoretical and empirical level. Power (a)symmetry is defined here with regard to the mix of (a)symmetries in various power sources and based on actors perspective of relationship power. Consequently, power balancing is treated as an interactive process that is initiated by either buyer or seller, when the relationship is perceived as too dominated.

This study extends few recent empirical works on power balancing in business relationships, because it uses a dyadic perspective (i.e. buyers and sellers perspectives) on balancing power with regard to both type of power: mediated and non-mediated. The study explores intriguing situations, where balancing power is initiated not by the weaker side, but by the stronger side that anticipates some benefits from the shift in power structure.

This study utilizes a longitudinal case study approach with regard to Polish suppliers cooperating with business buyers within relationships characterized by substantial power asymmetry. In some of these dyads, suppliers were initially dependent on clearly powerful international buying companies, while in other dyads, power advantage was initially at the side of suppliers. The qualitative research design enabled not only exploration of power balancing process but also identification of economic and non-economic consequences of this process.

The research provides the evidence that power balancing is, in general, “healthy process for a business marriage”, because it improves the relationship atmosphere and brings other benefits without resulting in relationship dissolution. However, there is no such thing like an “ideal” power symmetry, because relationship power is a dynamic phenomenon and there are always some imbalances with regard to specific power sources.

This research argues that even if power balancing may be driven by one side in business relationship, the extent to which relationship becomes balanced eventually is based on interaction between both partners, relationship cycle and general business environment as well. Thus, the distribution of power cannot be fully controlled by the focal company, but on the other hand, there is potential to shape this distribution through some relationship tactics and conscious networking.

Keywords: power asymmetry, power balancing, power sources, buyer-supplier relationship, relationship benefits, mediated power, non-mediated power

Competitive paper

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INTRODUCTION

Power has been widely acknowledged as an frequent factor in buyer-supplier relationship. According to Emerson (1962) power is derived from the dependence of the parties on each other. However, just like asymmetry in any kind of human relationship, power asymmetry in a business relationship is risky, because it increases the likelihood of an unfair distribution of relationship benefits. Such risk is important, especially from the perspective of the weaker side, but only in economic sense, but also in psychological elements that build relationship atmosphere (Sutton-Brady, 2000), because the weaker side may feel exploited and less willing to continue cooperative behaviour, which in turn limits the full potential of ongoing business exchange (Dwyer, Schurr, & Oh, 1987; Johnsen & Ford, 2008). The main goal of power balancing is to mitigate the perceived risk connected with unequal power/rent distribution and, at the same time, leveraging relationship benefits (Lacoste & Johnson, 2015; Hingley, Angell, & Lindgreen, 2015). In this paper, we look at the concept of power balancing in buyer-seller business dyad at the theoretical and empirical level as well with the special emphasis to consequences of such balancing. We explore power-balancing tactics and their consequences, using the dyadic examples of Polish medium-sized manufacturers and their business customers with regard to various levels of initial power imbalance.

Empirical research on balancing power in buyer-supplier dyads is very limited. The studies by Lacoste & Johnson (2015), Pérez & Cambra-Fierro (2015) and Siemieniako & Mitreęa (2018) applied case study research to identify process-related practices leveraging performance of suppliers and improving their power position in relation to powerful customers in the FMCG industry, computer software industry, manufacturing services and retail real estate. Recently, Siemieniako & Mitreęa (2018) explored suppliers perspective with regard to the non-mediated tactics these suppliers used to improved their position with regard to powerful customers. This study extends this previous work, because it uses dyadic perspective (i.e. buyers and sellers perspectives) on balancing power with regard to both type of power mediated and non-mediated. We also explore interesting situations, where balancing power is initiated not by the weaker side, but by the stronger side that anticipates some benefits from this maneuvering. Therefore, this research sheds multi-level light on the problem embedded within the title: *Is it good to balance power in a buyer-seller "business marriage" and how it happens?*

Although IMP literature recognized power early as an important aspect of business relationship and networks (Wilkinson & Kipnis, 1978; Håkansson, 1982) and further IMP works have emphasized the complexity of power use in B2B context (Blois, 2009), there is no consensus with regard to the use of power in buyer-seller business relationships and this topic remains undoubtedly controversial in B2B marketing and purchasing.

This study utilizes a longitudinal case study approach with regard to Polish medium-sized suppliers selling buyers within relations characterized by relation to significant power asymmetry. In some of these dyads, suppliers were initially dependent on clearly powerful international buying companies, while in other dyads, power advantage was initially at the side of Polish suppliers. In this paper we explored the balancing power process and the power dynamics, which enabled us to understand the relationship benefits for both, a buyer and a supplier when the power was more balanced. We focused on business dyads, where suppliers represented manufacturing industries, selling tangible durable products with different range of accompanying services. The buyers on the other side performed various activities in the value chain, manufacturing, supply chain management, distribution, marketing, and, in narrow scope of value chain, distribution as well. All the exchange relationships that we studied were characterized by significant power asymmetry as a starting point of the relationship and significant inter-cultural differences between suppliers and buyers.

The paper is structured as follows. Firstly, we briefly review the literature on power, power sources and power asymmetry and its consequences in business relationships. Secondly, we present how prior research advanced our knowledge on the suppliers and buyers balancing power process, including the effects and consequences of such balancing in buyer-supplier dyads. Thirdly the empirical research design is presented as well as the general conceptual model devoted to power balancing and its consequences. Fourthly, we present results of four case studies and this part is structured by our conceptual model. Fifthly, we discuss our research in relation to prior literature related to power in business relationships. The paper ends by elaborating on its conclusions and implications.

LITERATURE REVIEW

POWER AND POWER SOURCES

Power is a key concept in business-to-business relationships. A different understanding of this notion by industrial marketing researchers resulted in inconsistent empirical findings (Hingley, 2005a, 2005b). As Cowan, Paswan, & Van Steenburg (2015, p. 142) concluded in their literature review, power within a social exchange can be understood as “*the potential to affect another's behaviour, manifests when a firm demands something incompatible with another firm's desire, and the firm receiving the demand shows resistance*”. In the IMP literature, power is discussed as a complex phenomenon that cannot be fully controlled by any single party (Wilkinson & Huang, 2006), which is to large extent connected with network embeddedness of every business relationship or indirect implications/constrains of using power with regard to any business partner (Håkansson & Johanson, 1992; Zolkiewski, 2001). As complex construct, inter-firm power is proposed as a matter of perception (Blois & Lacoste, 2009) as well as in terms of total and relative power (Kähkönen & Lintukangas, 2011).

Power bases are interchangeable associated in the literature with power sources, the term proposed by French & Raven (1959) to describe different types of power, such us: reward, coercive, legitimate, referent and expert. Numerous studies using French & Raven (1959) categorized the power sources into two groups; coercive and other power sources, where expert, referent, legitimate and reward power were classified as non-coercive (e.g. Cowan, Paswan, & Van Steenburg, 2015; Frazier & Summers, 1984; Handley & Benton, 2012; Wilkinson, 1973; Wilkinson, 1996). In a similar spirit, the power sources were also divided into mediated and non-mediated power (Nyaga, Lynch, Marshall, & Ambrose, 2013; Benton & Maloni, 2005). In this second typology the mediated power sources; legitimate, coercive and reward “represent the competitive and negative uses of power traditionally associated with organizational theory” (Benton & Maloni, 2005, p.4). The mediated power sources are complemented by non-mediated power sources, specifically referent power, expert and informational power. Table 1 briefly presents the definitions of main power sources discussed in the literature.

Table 1. Brief definitions of main power sources discussed in the literature

Types of power sources	Definition
Mediated power sources	
Coercive	Coercive power means the potential of one firm to employ punishment to influence another firm's behaviour. Molm (1997) and Yeung, Selen, Zhang, & Huo (2009) provided examples of using coercive power sources such as: imposing financial penalties, withholding important support or reward, or threatening to withdraw an initial promise.
Legitimate	Legitimate power is related to contractual agreements, which may be utilized to influence partner behaviour.
Reward	Reward power means using rewards to affect another firm's behaviour.

Non-mediated power sources	
Expert	When one party in the relationship has expert power, this means that they possess expertise and knowledge that the other party wants. (Palmatier, Dant, Grewal, & Evans, 2006).
Referent	According to Nyaga, Lynch, Marshall, & Ambrose (2013, p. 47) “referent power exists when one firm admires the way another conducts its operations and therefore values being identified with it”.
Informational	Informational power is a specific variation of expert power, because as Maloni & Benton (2000, p. 9) argued, “expert power refers to the perception that one firm holds information or expertise (such as product or process leadership) that is valued by another firm”.

POWER ASYMMETRY AND ITS CONSEQUENCES

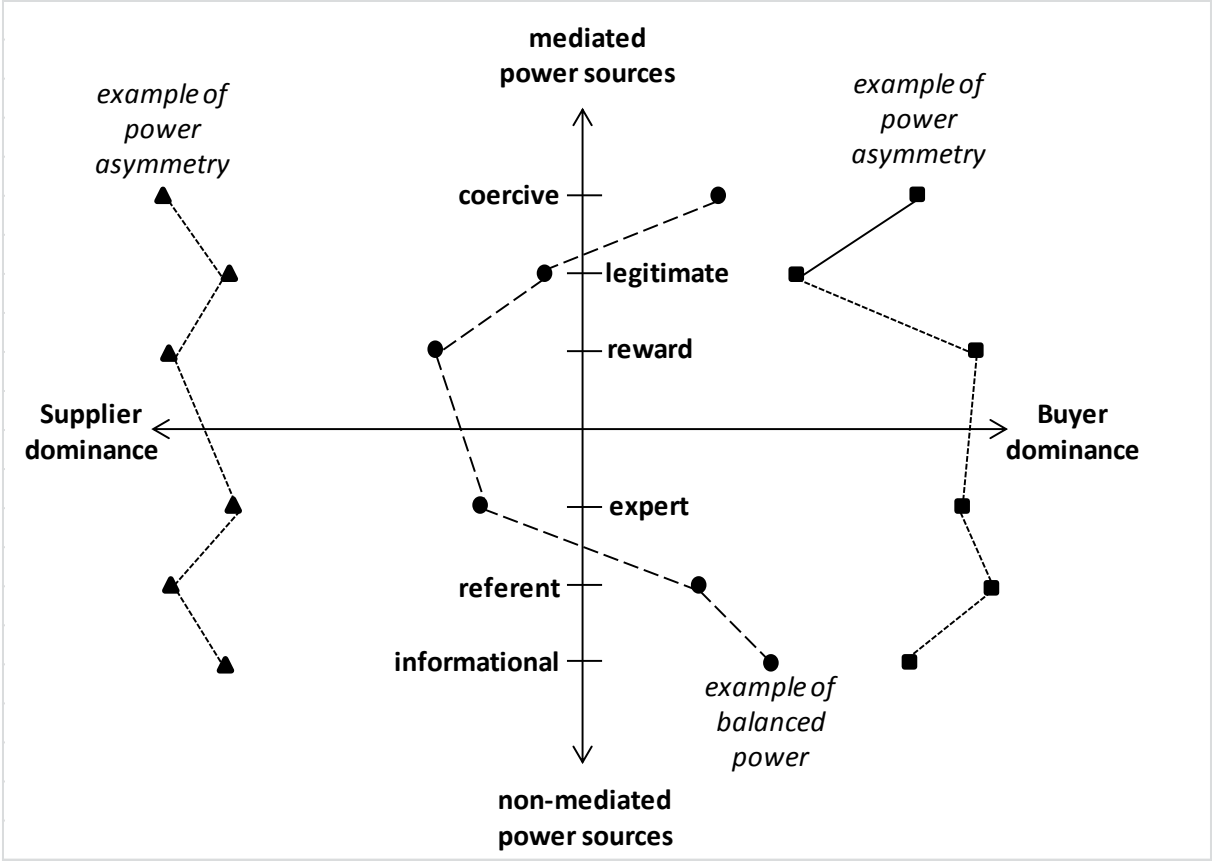
The asymmetry of power and its utilizing in buyer-supplier relationships has been discussed in various streams of literature, including marketing channels (e.g. Kumar, Scheer, & Steenkamp, 1998), the industrial network approach (e.g. Fairhead & Griffin, 2000), supply chain management (e.g. Nyaga, Lynch, Marshall, & Ambrose, 2013) and IMP approach (e.g. Zolkiewski, 2001; Blois, 2008; Kähkönen & Lintukangas, 2011).

The concept of power position within the dyadic buyer-supplier relationship was proposed by Cox (1999) and developed by Chicksand (2009), in which four basic power positions are distinguished: buyer dominance, supplier dominance, interdependence and independence. Power position is often based on structural resources (Cowan, Paswan, & Van Steenburg, 2015), and it is proposed that companies should first evaluate its power position and environmental conditions before deciding on the type of relationship (Benton & Maloni, 2005). Power in every dyadic buyer-supplier relationship can be qualified as symmetrical or asymmetrical (Cox, Chicksand, & Palmer, 2007). The asymmetry generally shows the situation of inequality, instability or unbalance. According to Webster Dictionary asymmetry means “having two sides or halves that are not the same: not symmetrical”. The symmetry or asymmetry between both organizations may be related not only to power but also to other relationship dimensions, such as: size, number of employees, commitment, dependency (Johnsen & Ford, 2007). The issue of symmetry in relationship is often associated with “fit” of partners in terms of similarities of vision and values, strategies, goals and organizational processes (Doz, 1996; Dyer & Singh, 1998). The asymmetry has rather negative connotations in the literature being associated with low stability and conflict (Rokkan & Haughland, 2002) and as being harmful for relationship outcomes (Blomqvist, Hurmelina, & Seppanen, 2005). However, the issue of power asymmetry and its consequences is much more complex, if we take into consideration that in business practice there are many asymmetrical inter-firm relations which are long-standing and beneficial for each relationship side (Hingley, Angell, & Lindgreen, 2015; Hingley, Angell, & Campelo, 2015). Blois (2008) used the term “legitimacy” with regard to power use in asymmetrical relationships in the context, when dominant party offers the subservient parties some benefits. Generally, we can imagine that fully symmetrical or balanced power in relationships between partners do exist, but this is rather rarely observed in real B2B relationships and very tentative (Nyaga, Lynch, Marshall, & Ambrose, 2013; Cowan, Paswan, & Van Steenburg, 2015; Hingley, 2005a).

The notion of symmetry in regard to power of buyer and supplier should not be understood straightforward as mathematically the same power on the both sides. The issue of symmetrical or asymmetrical power is neither precisely explained in the literature or used in such manner in business practice, because there is not, and probably cannot be, a clear measure of power within the business relationship. All of this is because power in buyer-seller relationships is multi-dimensional, perspective-based and dynamic phenomenon. Therefore, we argue that the theoretical framework of powers sources (French & Raven, 1959) and longitudinal research approach can be helpful in better understanding balanced (symmetrical) and imbalanced (asymmetrical) business relationships (Nyaga, Lynch, Marshall, & Ambrose, 2013).

In general, the power balance between two business partners may be acknowledged subjectively by each or one of the parties as somewhere about symmetry with regard to the mix of all power sources, and they it can be entitled as balanced (figure 1). On the other hand, the buyer-supplier relationship may be perceived as asymmetrical at a given point of time and it does not mean that such asymmetry is the same in case of all power sources, but the combination of all power sources would make it subjectively asymmetrical. We present various situations with regard to such power sources-based asymmetry/symmetry at figure 1. Obviously, figure 1 present only static picture of power distribution among business partners, and we fully acknowledge that power is dynamic phenomenon, so this distribution usually changes in time along with business relationship development.

Figure 1. Exemplary power asymmetries and balanced power in relation to power sources.



The literature is often ambivalent, while discussing perspectives on power asymmetry consequences. For instance Buchanan (1992) argued that power-dependence imbalances in buyer-supplier relationships influence differently on value that buyers and sellers attach to the relationship. This work fully acknowledges this ambivalence of power asymmetry in buyer-supplier relationships and business networks, and it does not argue that power asymmetry is something wrong by definition. Power asymmetry is often treated as a natural aspect of business relationships, which can be utilized for achieving benefits, not only for more powerful but also for less powerful party of the buyer-supplier dyadic relationship (Cuevas, Julkunen, & Gabrielsson, 2015; Blois, 2008; Wang, 2011). Both partners in asymmetrical relationship, especially the weaker one, may accept some level of power imbalances, as long as they also benefit (Clemens & Douglas, 2006; Hingley, 2005a; Muthusamy & White, 2006; Tuten & Urban, 2001).

However, substantial power asymmetry can be treated risky from relationship development point of view, as “*the weaker partner could be coerced to perform tasks or incur costs on behalf of the stronger partner*” (Nyaga, Lynch, Marshall, & Ambrose, 2013, p.45). The consequences of power asymmetry in buyer-supplier relationship are frequently viewed as being detrimental. The research underlines the negative effects of power asymmetry in B2B relationships, such as: neglecting the interests of the low-power party by the high-power party (Wolfe & McGinn, 2005), limited effectiveness of cooperative initiatives (Pfeffer & Salanick, 1978; Ulrich & Barney, 1984), especially when coercive power is asymmetrical (Vaaland & Håkansson, 2003; Benton & Maloni, 2005), dysfunctional conflicts and a repressive atmosphere (Ojansivu, Alajoutsijärvi, & Salo, 2013). Brennan & Turnbull (1999, p. 484) underline that in a relationship between a large powerful customer and a small supplier “*the customer tends to underestimate the effort required within the supplier organization to respond to routine requests*”. Grabher & Ibert (2011) suggest that in an asymmetrical relationship, adaptations are very often only on the side of the low-power party, leading to a lock-in type of exchange where the submissive party has no options. The negative effects of asymmetrical power may also appear in negotiations when one party dominates (Dwyer & Walker, 1981; Emerson, 1962; Jacob, Wilken, Aykac, & Prime, 2012). Cuevas, Julkunen, & Gabrielsson (2015) underlines especially problematic buyer-supplier relationship, where power asymmetry is high and there is a low level of trust between partners.

POWER BALANCING IN ASYMMETRICAL BUSINESS RELATIONSHIPS

The same as in everyday personal relationships, the nature of power in business-to-business relationships is dynamic (Cowan, Paswan, & Van Steenburg, 2015), which means that power as well as the power asymmetry evolve during relationship development (Rehme, Nordigården, Ellström, & Chicksand, 2016). Following Hofstede & Bond (1988) there are three key partners’ attributes that could create inter-firm relationship imbalance: power distance, uncertainty avoidance, and time orientation, however all of these aspects change in time on both sides of a dyad, so, “*the power balance itself may change with time*” (Cowan, Paswan, & Van Steenburg, 2015, p. 146). This ephemeral nature of power extent and power symmetry is rather widely acknowledged in IMP research, where power is treated as a common, complex, dynamic phenomenon, strongly based on perspective of business partners and embedded within set of direct and indirect influences (Zolkiewski, 2001; Blois & Lacoste, 2009). Similarly to changes in relationships themselves, IMP describes changes in power asymmetry between business partners as “*the processes on its own*”, i.e. these changes are widely visible, but should not be managed unilaterally, by the single relationship actor (Ford, 2003; Håkansson & Ford, 2002; Waluszewski, 2004). Nevertheless, as IMP research acknowledges single actor’s attempts to introduce changes in their business relationships through so-called “*networking*” by “*suggesting, requesting, requiring, performing and adapting activities, simultaneously*” (Ford, Gadde, Håkansson, & Snehota, 2003, p. 178), IMP assumes, in between lines, that every company has a potential to influence its position within relationship power structure.

However, there is growing evidence in the IMP literature and, in general literature on B2B relationships, that evolution of power structure in business dyads proceeds not only as a “*natural cycle*”, but such evolution can be leveraged and this process is connected with actors’ conscious attempts to influence on distribution of so-called relationship rent. In the context of supply chain case studies Cox, Watson, Lonsdale, & Sanderson (2004) suggest that although “*ideal*” relationship outcomes are rarely achieved, some companies try to influence on relationship power structure to get closer to these outcomes. More recently, Lacoste & Johnson (2015) found that within buyer-seller relationships built in FMCG supply chain “*Suppliers will do their utmost to shift the balance of power in their favour and decrease the*

power asymmetry” (p. 231), which is presented as “countervailing power”. Siemieniako & Mitreęa (2018) noticed similar power-related processes in case of interfirm relations within manufacturing services and retail real estate development. These processes helped supplying companies to strengthen their position in the whole supply chains and acquire relationship benefits.

One thing is to build evidence that business partners try to influence on their power position in business relationships, the other is to know how they do so but this knowledge is also growing in recent years. Cowan, Paswan, & Steenburg (2015) in their conceptual work distinguished six countervailing practices: invest in development or acquisition of resources and competencies, somehow reduce competition, become indispensable, lowering barriers, working together to reach a common goal, developing a team mentality. Pérez & Cambra-Fierro (2015) have conducted case studies and following practices: learning to work together, informal communication and committed champions, specific investments / specialization on supplier side, taking a long-term perspective and focusing on a limited number of value-creating relationships. Similarly, Siemieniako & Mitreęa (2018) concluded from their case studies four general tactics used by weaker suppliers to deal with powerful business buyers: orientation towards product specialization, making extraordinary efforts, learning to work together and maintaining a reasonable share of customer sales. Although, these typologies were not entirely the same, all of them suggested that countervailing practices are usually initiated by a weaker side in relationships, where power asymmetry was substantial. These recent works illustrated that balancing power is based rather on non-mediated power sources, e.g. expert power and referent power, i.e. weaker business partner initiate various networking actions and build their own competences to build recognition and distinguishing image within supply chain, and as a result powerful business partners become seriously treating the risk of losing such valuable contractors, do not use mediated power and are even more inclined to continue exchange relationship.

Following this emerging research, we define balancing power in exchange inter-firm relationship as the process that initiated by the focal company, is likely to start in a relationship perceived as too asymmetrical and takes for of balancing the mix of power types/sources between partners. In our perspective power balancing is not one-sided process. We assume that each side of relationship can play an active role in this process, however this process can be also driven and analyzed from the perspective of one side, either buyer or seller, with regard to various power-balancing actions undertaken unilaterally. Such power balancing is not aimed at “ideal” power balance, i.e. equal distribution of power between partners, because it does rarely lead to achieving the best outcomes for buyer and supplier (Cox, Watson, Lonsdale, & Sanderson, 2004). An ideal power symmetry seems to abstract in business practices not only because it could be economically ineffective, but also due to the complexity of relationship power itself, considering all power sources, i.e. the dominance in one power source can be nuanced by being dominated with regard to other power source. The last but not the least, the power balancing process is not oriented at “ideal” or “full” power symmetry, because business partners are usually very different entities (the feature that frequently brings them together) and these differences are needed to achieve relationship rent, for example through complementarities (Dyer & Singh, 1998). At the same time, power balancing process is neither trivial nor purely abstract theoretical construct, because it really transforms business relationships without destroying them (Lacoste & Johnson, 2015; Pérez & Cambra-Fierro, 2015; Siemieniako & Mitreęa, 2018).

BENEFITS AND POWER IN BUSINESS RELATIONSHIP

Generally, relationship benefits are term associated with a wide range of benefits within the business relationship and this term is not limited only to financial or economic aspects of

inter-firm cooperation. In their earlier work Sweeney & Webb (2002) proposed more fragmented categorization of relationship benefits, which were later aggregated into 3 types: functional benefits, psychological benefits and social benefits (Sweeney & Webb, 2007). Functional benefits denote strategic and economic benefits including operational benefits associated mainly with improvement of the processes between parties, including more customized approach. Psychological benefits are related to increased trust or confidence in the other party, while social benefits are associated with collaboration and understanding between the parties, including affinity and friendship. In other work based on meta-analysis, Palmatier, Dant, Grewal, & Evans (2006) identified the following benefits of cooperative relationships: collaborative behaviour, word of mouth, expectation of continuity, and conflict resolution.

The industrial marketing literature indicated some general consequences of exercising power in relationships such as: conflict, opportunism, commitment, trust, cooperation, and communication (e.g. Benton & Maloni, 2005; Brown, Grzeskowiak, & Dev, 2009; Goodman & Dion, 2001; Johnson, Sakano, & Onzo, 1990; Sahadev, 2005). Other outcomes of power are satisfaction and relational performance (e.g. Boyle & Dwyer, 1995; Leonidou, Talias, & Leonidou, 2008; Rawwas, Vitell, & Barnes, 1997). The literature confirm also that coercive strategies are harmful for the relationship and evoke coercive reactions, while the non-coercive practices are perceived positively for relationship outcomes, and these non-coercive practices provoke non-coercive actions from the other side of the relationship (Frazier & Rody, 1991; Johnson, Sakano, Cote, & Onzo, 1993).

There is a very limited literature on the effects of balancing power in buyer-supplier relationships in which power asymmetry is significant or almost total (Kähkönen & Lintukangas, 2011). In a study by Siemieniako & Mitreęa (2018) relationship benefits appeared as an effect of increasing power, with regard to non-mediated power sources in manufacturing service and developing retail real estate . In other study Lacoste & Johnsen (2015) also argued that benefits of low-power suppliers in relationship with power-dominant big customers in FMCG industry, appeared as a consequence of increasing power on the suppliers side. Lacoste & Johnsen (2015) showed that process-driven approach not a product centric approach was a way to improve the power balance within researched dyads.

CONCEPTUAL FRAMEWORK

The literature emphasizes that power asymmetry commonly exist in buyer-supplier dyadic relationships and is influential on relationship performance outcomes. This situation require careful management approach, which can be named power balancing. In our theoretical framework power balancing regards to non-mediated and mediated power sources as well. There is a general agreement in the literature that it should be using non-mediated power with regard to business partnerships rather than mediated power, which may lead to losing a partner by taking coercive attempts.

The conceptual framework that is presented in figure 2 consists of four general elements: supplier's power balancing tactics with regard to power sources, buyer's power balancing tactics with regard to power sources, supplier's relationship benefits and other consequences and buyer's relationship benefits and other consequences. The literature on the benefits that a buyer and supplier may achieve through close, long-term cooperation is rich and, apart from some controversies within this area, it distinguishes between 'relationship quality' and 'relationship performance/benefits', treating the latter as the main objective of relationship development. Our conceptual framework assumes that power-dependency balancing actions implemented by suppliers and buyers may influence mutually relationship benefits for both a buyer and a customer. As a theoretical framework for defining effects of power balancing we were generally willing to capture any consequences of that factor, with some focus on the

benefits. We use model of relationship benefits proposed by Sweeney & Webb (2007), who distinguished three types of such a relationship benefits: functional, psychological and social.

Figure 2. A general conceptual framework on balancing power asymmetry in buyer-supplier relationships

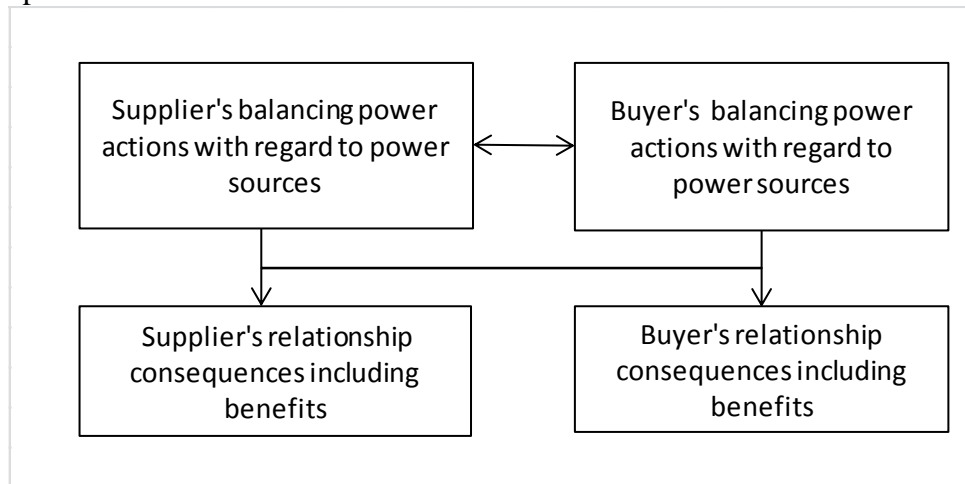


Figure 2 presents only a general vision of the interrelations between the constructs that we are focusing on as prior literature offers just general insights. It is still a very little knowledge within the industrial marketing literature on the consequences, including benefits of balancing power within the dyadic buyer-supplier relationship with existence of power asymmetry, especially with significant or total power asymmetry. There are several studies (e.g. Lacoste & Johnson, 2015; Siemieniako & Mitreęa, 2018) in which this issue is analyzed only from the perspective of suppliers as a weaker side of power asymmetrical relationship. There is a question here, if balancing power processes can be initiated also through stronger party of the relationship. In our research we are using dyadic perspective on balancing power and its effects in power asymmetrical relationships. This reveals the research gap for our study.

Nyaga, Lynch, Marshall, & Ambrose (2013) argued in their relational buyer-supplier survey that both partners should be aware of their power position and they should adjust appropriate type of influence based on the relationship power structure. However we don't know how the power asymmetry with regard to power sources evolve. Which could mean also the necessity of change the actions by one or both partners of the dyadic relationship. In our paper we are focusing on the process of balancing power with regard to power sources and its effects, which allows to capture the power asymmetry change in researched dyads.

RESEARCH METHOD

We used the qualitative approach towards asymmetrical dyadic buyer-supplier relationships. Specifically, we applied a longitudinal multi-case approach to explore and understand specific interrelations between buyers' and suppliers' tactics, their power position within the relationship, and the relationship benefits/consequences from the perspective of both, a buyer and a seller. The case study method was often used in prior studies of power asymmetry in B2B relationships (e.g. Cox, Watson, Lonsdale, & Sanderson, 2004; Pérez & Cambra-Fierro, 2015; Siemieniako & Mitreęa, 2018). Our study focuses on the evolution of a dyadic buyer-supplier relationship, and involves 4 longitudinal relationship cases, specifically 4 dyads between buying company and selling company, observed over a different time frames (from 2 years in the shortest case to 10 years in the longest one). The case study research allowed us to analyse the evolution of power asymmetry over a period of time with regard to

various power sources, as well as the relationship benefits that the buyers and the suppliers acquired over the same period of time within the 4 dyads being studied. We have chosen this approach due to the relatively early stage of research into this very area, the complex phenomena to be explored, and their sensitive character, which demanded creating an appropriate atmosphere while contacting informants, e.g. avoiding going straight and directly to the topic as in typical survey research. We have based our reasoning mainly on the managers' perception of the phenomena under research. Our approach allowed us to obtain a longitudinal picture of the phenomena under investigation and to validate information gathered from one source (i.e. interviews with employees of selling companies) against information from other sources (e.g. interviews with employees from buying companies, offline and online secondary sources, and direct observation). Direct observations with regard to buyers and suppliers interactions, were conducted within the suppliers location as well as during trade fairs.

The selection of concrete business relationships to be analyzed was primarily based on corporate data accessibility and the observable existence of clear asymmetry in business relationships. Two case studies, named Case 1 and Case 2, concerned exchange relationships between polish company manufacturing durable final goods used in professional services (end users) and small foreign distributors within international value chain (table 2). This manufacturer named Supplier 1, had a dominant power position in relationships with two small sized buying companies, distributors in different countries, coded Buyer 1 and Buyer 2. These both dyadic relationships, namely Supplier 1 – Buyer 1 and Supplier 1 – Buyer 2 were treated as connected but different cases (Case 1, Case 2) and data in these two case studies was collected on both sides of dyad during almost a 2 year period (2016-2017).

In other two longitudinal case studies of dyadic relationships, named Case 3 and Case 4, were conducted in the industry of manufacturing services (table 2). On the suppliers' side these cases refer to companies located in Poland, but one with Polish ownership and the other Swedish owned, namely Supplier 2 and Supplier 3 (real company names concealed). These companies provided different production systems for big international corporations (Buyer 3 and Buyer 4, both globally recognizable brands), with initially very dominant power position with regard to various power sources (see table 2 to get insights about initial situation) . In case study 3 data was collected over a 10 year period (2008-2017) and the case study 4 during seven years (2004-2010). In Cases 3 and 4 data were collected on both sides of the dyad, a buyer and a supplier.

Several research methods and data sources were employed at various points of time, which can be referred to as triangulation, since achieving a deep understanding in case study research usually involves the use of multiple research methods across multiple time periods (Woodside & Wilson, 2003). Other authors also emphasized that triangulation is fundamental to achieving deep understanding in B2B research (Stavros & Westberg, 2009; Beverland & Lindgreen, 2010). Our research combines results from personal interviews, direct observation by the researcher, as well as an analysis of written corporate documents (secondary data source). In many studies related to B2B markets personal interviews were utilized (e.g. Ford & McDowell, 1999; Ng, 2005; Chang, Fu, Li, & Lee, 2009; Van Winter, 2014). In our research, direct observations combined with interviews were conducted systematically. The researcher was preparing empirical and theoretical notes over the whole period of 2008-2017.

Our main data gathering technique was a personal interview conducted with individuals who performed various roles within supplying and buying companies and such technique is perceived as a best practice in case research (Piekkari, Plakoyiannaki, & Welch, 2010). Interviewees were selected on the basis of their capability to deliver information on key aspects of the relationship development between their organizations and the other party over a prolonged period of time (table 2). Interviewees usually held decision-making positions

within their organizations which involved contractual duties and establishing various relationship terms and conditions.

Table 2. Characteristics of 4 longitudinal case studies with regard to interviewees' roles and interview time

Case study code / case study time	Roles of interviewed individuals on the supplier's side	Roles of interviewed individuals on the buyer's side
Case 1 (2016-2017)	<i>Supplier 1³</i> 1. President of Supervisory Board (2016, 2017) 2. CEO (2016) 3. Board Member (2016, 2017) 4. Sales Director (2016, 2017)	<i>Distributor - Buyer 1</i> 1. General manager and the owner (2016, 2017)
Case 2 (2016-2017)	5. R&D Director (2016, 2017) 6. Export manager (2016, 2017) 7. Senior sales specialist (2016, 2017) 8. Sales specialist (2016, 2017)	<i>Distributor – Buyer 2</i> 1. General manager and the owner (2016, 2017)
Case 3 (2008-2014)	<i>Supplier 2</i> 1. CEO (2008) 2. Board Member (2010, 2016, 2017) 3. Key Account Manager (2011) 4. Business Development Director (2011) 5. Managing Director (2012) 6. Operations Director (2012) 7. Purchasing and Transport Director (2012) 8. Former CEO – Board Member (2014)	<i>Key customer – Buyer 3</i> 1. Senior Manager Finished Goods (2012) 2. Commodity Manager Finished Goods (2011) 3. Senior Manager, Supply Chain (2014, 2016, 2017)
Case 4 (2004-2010)	<i>Supplier 3</i> 1. Manager of Construction Office (responsible for key account management) (2004 – 2 interview; 2005 – 1 interview; 2006 – 1 interview; 2007 – 1 interview; 2008 – 1 interview; 2009 – 1 interview; 2010 – 2 interview) 2. Sales Manager, OEM services (2010)	<i>Key customer – Buyer 4</i> The information about Buyer 4 was acquired mainly through direct observation of interactions between representatives of Supplier 3 and representatives of Buyer 4 at various locations

The informants were suggested that interviews are about the issue of relationship development within particular analyzed inter-firm dyads. The special focus was paid on the managing of such a business relationship from the interviewee point of view, including how to achieve goals, how to manage potential problems within and how to maximize the benefits and minimize the risks for both parties of such a relationship. The interviewees were not asked directly about power asymmetry and how the companies which they represent were trying to manage the power position in business relationships. As our prior literature review resulted in our main conceptual framework (figure 2) and enabled our limited pre-understanding of power balancing tactics, there was a certain level of deductive reasoning applied to coding the qualitative data by us. On the other hand, we were also open to identify power balancing tactics in informants' own language, so some codes related to these tactics and their consequences were rather inductive in nature.

When the power notion or notions related to power (e.g. power balancing, misuse of position, the position of a powerful player or generally supplier or buyer dependency) appeared in the interviews when spontaneously mentioned by the interviewees, the researcher asked some in-depth questions about the power issue, but never before. Then, informants were also asked about how they perceive the power balancing in relationships with research dyads and if their companies applied any specific actions/tools to deal with such power balancing.

³ Real company names concealed due to trade confidentiality

The interviews were recorded partially using a digital voice recorder and then transcribed, coded and analysed. Some interview data was only written down by the interviewer very soon after the interview. The average duration of the interview was 40 minutes. In order to increase the validity of the research findings, each researcher analysed the interview transcripts separately and provided some inductive and deductive codes and theoretical memos (Krippendorff, 2004; Ritchie & Lewis, 2003). A reliability check was carried out with an internal replication test (Krippendorff, 2004): the two coders exchanged a sample of two interviews and provided an alternative and independent coding. No substantial differences between the initial coding and the alternative coding existed, thereby indicating the reliability of the analysis (Kaplan & Goldsen, 1965). We did not use any specific software for data analysis, but the interview transcripts and other related materials were stored in one research folder that we shared on a remote basis, and an Excel spreadsheet was used to store codes that made sense of accumulated research material.

RESEARCH RESULTS

We analysed the relationships between the suppliers located in Poland and foreign buyers located in Europe and Asia. We studied the history of these relationships to understand the power dynamics between partners, partners actions to balance power and their consequences with the special emphasis on relationship benefits. In all four case studies suppliers represented industries of manufacturing durable products and offering different range of services to business buyers. The beginning of the relationships in all four case studies was characterized by substantial power asymmetry with regard to the mix of power sources. In the the case studies 1 and 2 the buyers were initially were dominated by suppliers, while in the case studies 3 and 4 suppliers were initially strongly dominated by powerful buyers. In the last stage of our longitudinal study, the power-related situation in all of these cases was very changed, with blurred dominance with regard to power sources and much more symmetrical relationships.

In figures 3 to 6 we illustrate how power position between partners in analyzed relationships changed with regard to particular mediated and non-mediated power sources.. The time frame of changes in each case study was a bit different as presented before in table 2. The depth of power shift between partners was interpreted from the interviews and such perception-based processes are difficult to transformed into numbers. However, to structure our analysis of power change, we have used the common 5 items typology referring to partners' power position. (from extreme "buyer strong domination" through "somewhat equal power" to "supplier strong domination on the other end). The five positions in this typology were marked as follows: (i) buyer strong domination – marked as grey colour, (ii) buyer little domination – marked as diagonal lines design, (iii) somewhat equal power – marked as horizontal lines design, (iv) supplier little domination – marked as vertical lines design, (v) supplier strong domination – marked as dotted design.

BALANCING POWER IN RELATIONSHIPS DOMINATED BY SUPPLIERS

The case studies were conducted in Poland which is a country with more than a quarter-century-long history of free-market economics established after the fall of the 'Iron Curtain' in 1989. Since that period, Poland and other Central and Eastern European countries (CEE) have become open to foreign investment. The case studies, Case 1 and Case 2 refer to relationships between Polish manufacturer of durable final goods used in professional services (Supplier 1, see in table 2) and foreign buyers (distributors) relatively smaller in size (Buyer 1 and Buyer 2). The Supplier 1 can be treated as an example of the polish exporters, who started the activity before 1989. This starting point, of the early stage of free market economy in Poland, made such a company more prepared for to internationalization, having also some

earlier experiences. In turn, internationalizing activities on the supply side, made such a company more capable in exporting and having international contacts, than in a case of companies, which were established in Poland after 1989. Supplier 1 started its foreign expansion from exporting within Central and Eastern European (CEE) countries and then also to other countries, including some most developed EU states and Asia. In general, the Supplier 1 was one of the first Polish companies exporting their products with service support, especially to Eastern European countries, which was the source of high international recognition and development of a well associated brand amongst distributors and users.

CASE STUDY 1

In Case 1 the power position of the Supplier 1 at beginning of the relationship with Buyer 1 was clearly dominant with regard to mediated and non-mediated power sources, except informational power source (see figure 3). The cooperation with Buyer 1 started as the contract for a few years, which was standardized by Supplier 1 for all of such foreign businesses. Buyer 1 didn't behave during the contract negotiations in an demanding way, because they wanted to become a sole territorial representative of the Supplier 1 within the country. This was a general policy of the Supplier 1 to have only one representative in each country market. It was quite clear to both sides that at the beginning the Supplier 1 had market advantage in terms of possibility to choose between Buyer 1 and some other entities as partners in specific country territory. The main function of this relationship from Supplier 1 perspective was distribution of Supplier 1 brand durable products among existing customers of Buyer 1. In turn, these customers were also business entities, operating in area of professional services, not a final consumers, so their function was to sell and install Supplier 1's products to individual customers. The contract between Buyer 1 and Supplier 1 provided the Supplier 1 with clear advantage in the area of conditions of a trade and transactions, including potential penalties to be used against Buyer 1 or stopping, delaying the delivery. It all created quite clear power asymmetry – domination of Supplier 1 with regard to mediated power sources (figure 3).

Figure 3. Changing power position between Supplier 1 and Buyer 1 (Case study 1)

Case study 1		Power position change caused by balancing power (arrows)				
		Buyer strong domination	Buyer little domination	Somewhat equal power	Supplier little domination	Supplier strong domination
mediated	coercive			←←←←←	→→→→→	→→→→→
	legitimate				←←←←←	→→→→→
	reward				←←←←←	→→→→→
non-mediated	referent			←←←←←	→→→→→	
	expert				←←←←←	→→→→→
	informational	→→→→→	←←←←←			

In terms of non-mediated power sources the Supplier 1 had initially strong advantage only in regard to the expert power source (figure 3). In this case expert power meant not only the knowledge on products portfolio of the company which was several dozen thousands items, but also the technical and operational knowledge with regard to given type of products being traded by Buyer 1. The operational knowledge was connected with the operational techniques used by final users. The expert power dominance was related to the potentially new product developed, which were expected by final users in the Buyer 1 market. Although

the Buyer 1 was not a newly established company and had some previous experiences with product types under consideration. The interviews conducted with representatives of the Supplier 1 and with the Buyer 1 clearly suggested expertise-related domination on the supplier side at the beginning of the relationship.

The initial situation was more complex with regard to the referent and informational power. The interviews illustrated only the little advantage of the Supplier 1 over the Buyer 1 with regard to referent power. According to the interviewees, the Buyer 1 had the reasonable level of credibility amongst final users and recognition on its country territory, which was the source of the referent power. However, the interviewees emphasized the advantage of the Supplier 1 in terms of highly recognizable and well associated brand amongst the final users, who observed suppliers' products on conferences in other countries and within their country market. According to the interviews, the Supplier 1 had some experiences on the market of Buyer 1, but it was Buyer 1 that strongly dominated in terms of the informational power. This dominance was related to possession by Buyer 1 of much stronger specific country market knowledge as well as the relationships with the final users.

Development of relationship in Case 1 involved generally power increase on the Buyer 1 side. Interestingly, such shift was confirmed as intentional on both sides of relationship. The more Buyer 1 behaved in a way adjusted to expectations of Supplier 1, the more Supplier 1 was willing to promote more balanced power. The Supplier 1 engagement in the relationship meant increasing the knowledge (through usage the know-how of market analysis) about the market of Buyer 1, which caused more balanced informational power. One of the interviewees on the supplier side gave examples of empowering Buyer 1 with regard to expert, referent and informational power sources:

"We believe that having a solid, credible and knowledgeable distributors make the cooperation with them fruitful, through increasing our competitiveness on the foreign markets. That is why we engage a lot in increasing their expertise competences and in building their brand reliability. We also share mutually with distributors the knowledge on the market potential, customers and consumers needs, and on the competitors products and their marketing actions as well." (Supplier 1. Board Member)

Figure 3 presents shift in non-mediated power between partners. In case of informational power Buyer 1 became less dominant in comparison to Supplier 1, but actually both partners improved access to the market information and know-how of market data analysis. The referent power shift refers especially to Buyer 1 leveraging its own market image based on utilization of the credibility of Supplier 1 brand products. The improvement of expert power on the Buyer 1 side was a sign of possessing more technical and operational expertise, which was also an important relationship benefit of Buyer 1 (through impressing final users' customers). In the same spirit, after ending the initial contract, the another one between Supplier 1 and Buyer 1 was much more balanced in terms of mediated power. The Supplier 1 was much more willing to agree on these more balanced terms, because of satisfying relationship development and clear expansion on foreign market. This was a way of getting legitimate power source more balanced.

During 4 years' of this business relationship analysed in the Case 1, the sales of the products of the Supplier 1 has grown systematically on the Buyer 1 market. It happened because of Buyer 1 efficient sales activities and the help of Supplier 1 in acquiring few new final users and higher sale among existing final users. The help of Supplier 1 included mainly joint product presentations and training in the site of Supplier 1 for final users, providing some assistance during the Buyer 1 trade fairs performance. The important issue here was the limited potential of the Buyer 1 in terms of limited number of employees and finance investment, which caused the slow business growth, but still systematic one. One of the Supplier 1 interviewee stated:

“Company X (Buyer 1) cannot increase the sale of our products rapidly, because they don’t want to increase their debt in inventory and they have only few sales representatives, which is a limitation in delivering services for bigger number of the final users and training new sale representative takes about 2 years. It is because acquiring a new final users means a lot of work with them about our products, which are complex in installation and very diversified, i.e.: presentations and trainings in the customers location and in the company X (Buyer 1) site, workshops in Poland for final users with company X participation, assistance for final user operators during product installation, emergency delivery of the products for final users demand.”(Supplier 1, Export manager)

Interestingly, the relationship atmosphere in relationships surrounding Supplier 1 and Buyer 1 on the country market was significantly improved after several years. The representative of Buyer 1 stated that *“they (Supplier 1) keep the promises. I can rely on the quality, and time of delivery. Sometimes it is later than promised but it is acceptable. They helped me to introduce to the customers the product lines for new applications and they are offering for me the wide range of support in promoting and selling their products on my market territory. I have also attractive trade conditions on introducing new product lines”* (Buyer 1). The high level of trust and commitment between partners was somehow associated by interviewees as the effect of more balanced power distribution. The emergence of functional benefits as well as psychological and social benefits at both sides of relationship created the solid perspective for further development of the relationship and further systematic increase sale expansion on the market of Buyer 1.

Conscious supporting Buyer 1 in the area of expertise, brand image, relationships with final users, market knowledge and management processes resulted in large increase of Buyer 1 competitiveness. In turn, such increase created the potential for Buyer 1 to choose a new supplier and even resign from distributing Supplier 1’s products. Although relationship with Buyer 1 was appreciated by the Supplier 1, the Supplier 1 representatives acknowledged that on this advanced stage of relationship development, the threat of losing share in distributor’s wallet become real. That is why the Supplier 1 emphasized the necessity of further increasing relationship added value through delivering services supporting Buyer 1 processes.

The Supplier 1, when assessed the relationship with Buyer 1, which was developed in a model way, was motivated to resign with possessing the potential of using coercive power source i.e. in the contract legacy. This meant delivering for the Buyer 1 the feeling of safety and presenting by Supplier 1 the approach based more on trust for fostering development of further cooperation. Although the Supplier 1 still was interested in having some advantage within reward power source, treating it as a tool in stimulating the Buyer 1 engagement with the promotion and sale of the Supplier 1 products. For instance Supplier 1 proposed an offers for the Buyer 1, in which the level of prices, discounts and delivery of some free of charge services for sale support were conditioned on the ordered by Buyer 1 products quantities. The perception of both partners on the balanced power which was achieved was connected to the perceived benefits of their relationship. Both partners acknowledged the wide range of benefits within their business relationship, which were achieved along the balancing power processes happened. It was not only functional benefits but also increasing of trust and common understanding, while the power were getting more symmetrical. It was visible in the Case 1, that the cooperative atmosphere was a condition as well as an effect of successful balancing power actions by both parties. Engagement of both in balancing power was treated as an adaptation process not only to gathering current benefits but as a relationship characteristic aiming in maximizing the future perspectives on this relationship benefits.

CASE STUDY 2

The business relationship in this case was initiated during the trade fairs, when the Supplier 1’s representative was approached by the owner and the general manager

representing Buyer 2. The power advantage on Supplier 1's side was initially very similar in terms of its scale and origins like in Case 1, especially with regards to mediated power sources (figure 4).

Figure 4. Changing power position between Supplier 1 and Buyer 2 (Case study 2)

Case study 2		Power position change caused by balancing power (arrows)				
		Buyer strong domination	Buyer little domination	Somewhat equal power	Supplier little domination	Supplier strong domination
mediated	coercive	←				
	legitimate			←		
	reward		←			
non-mediated	referent		←			
	expert				←	
	informational		←			

Buyer 2, similarly to Buyer 1, distributed products of other manufacturers than Supplier 1 before the cooperation with Supplier 1 started. The Buyer 2 represented the country market, which was one of the biggest in the whole CEE region with some other attractive features as well. Specifically, the cooperation with Buyer 2 was perceived as very attractive by Supplier 1, due to visible potential of enabling access to qualified employees. In turn, these employees were, quite easy to gain by Buyer 1 on the country labor market, in comparison to the country market of Buyer 1. Buyer 2 had also bigger financial resources potential than Buyer 1. Supplier 1 was present in country market under consideration even before the cooperation with Buyer 2, so Supplier 1 had a recognition and relationships amongst final users in this market. That is why the Supplier 1 had a little domination over Buyer 1 in terms of referent power source, while in regard to informational power source the starting power position of both partners was close to equality.

The analysis of the available secondary data revealed that after about 4 years of cooperation with the Buyer 2, the level of Supplier 1's selling to Buyer 2 increased rapidly, e.g. 200% growth in the fourth year in comparison to the third year of cooperation. In following two years the sales dynamism was still high, reaching eventually the level of nearly 45% global export performance of Supplier 1, at the time, when Supplier 1 cooperated with almost 50 foreign distributors. Reaching such substantial sales performance and sales dynamism was based not only on market potential itself but also on achieving by Buyer 2 outstanding recognition and image among final users in comparison to the other distributors of Supplier 1's products. The relationship with Buyer 2 was not developing in a model/expected way from Supplier 1's perspective (e.g. with regard to routinized approach towards foreign distributors and manufacturer's operations), although very beneficial for the Supplier 1 from purely financial point of view. The rapid increase of sales volume resulted in problems related to the limited production capacity. The Supplier 1 needed to choose among distributors in terms of some of them having some necessary delays in shipments. One of the Supplier 1 interviewee described this problematic situation:

“The company Y (Buyer 2) made a pressure on us to be on time with order delivery and we cannot ignore that, because it could provoked a threat of losing this distributor. This company required also increased level of service support, because their intensive market penetration meant more customers problems to be solved. So it was our priority to give

them what they wanted first, and only then we served some other distributors”. (Supplier 1, Sales Director)

The risk of losing Buyer 2 became very problematic for the Supplier 1. This caused an important power position shift in terms of coercive power - Buyer 2 strong domination (figure 4). The legitimate power became not important as an influential factor for both parties, as the prolonged contract was changed as an more balanced than the first one, and because of the current requirements of this relationship, which were much more important to fulfill than legal contract, to keep the relationship successful and sustained for both partners. That is why this source of power evolved into a position of somewhat equal power. The Supplier 1 lost advantage also with regard to reward power, what resulted in very limited space to influence behavior of Buyer 2 by exercising reward power:

“This distributor was quite reasonable self-directed on his country market, but they were also happy with their margin, so they did not make pressure on us to lower prices while they were buying more and more. While we had no further possibilities to make our offer more attractive from economical point of view we were hardly working on delivering extra services to manifest our value support potential, e.g.: through visits of our experts to the final users of this distributor, developing products on the requirement of this distributor’s final users and consumers, inviting a group of final users for specially customized workshop. Nevertheless our potential of support in value creation was perceived by our key customer as limited since this buyer was able to achieve so high levels of sale caused by his position on the country market”. (Supplier 1, Board Member)

The Supplier 1 worked hard not only on creating some stimulus to reward Buyer 1, but also on preventing from too strong dominance on distributor’s side with regard to non-mediated power. As the result Supplier 1 kept the advantage with regard to expert power source, which was exercised especially with regard to new products development on requirement of Buyer 2 or as a solving by Supplier 1 the complaints issues. During the interviews Supplier 1’s representatives were emphasizing the necessity to maintain advantage as an expert, because this area was seen as very important by Buyer 2. The Supplier 1 representatives were still satisfied with Buyer 2’s relationship, because they were involved in many cooperative projects (i.e. listed in the quote above) with Buyer 2 and the shift in referent and informational power positions were not too strong – little domination of Buyer 2.

In Case 2 power advantage clearly evolved towards Buyer 2 domination, but this case has also illustrated that Supplier 1 implemented some power balancing actions, especially connected with expert, reward and referent power. The representatives of buying and selling side clearly indicated that the relationship development resulted in mutual trust, confidence and understanding. The Case 2 was not a typical business relationship for the Supplier 1, because it required special attention in terms of its development trajectory and the necessity to balance power after this power largely moved to the distributor. On the one hand Buyer 2 declared positively the assessment of all the service support received from Supplier 2 and while interviewed stated that *“myself and our customers really appreciate all the support which we are receiving from your company, because while we are cooperating with so many customers, we find a lot of problems and requirements from them”*. On the other hand this declaration was in some contradiction with the Supplier 1 representatives feelings, that Buyer 2 didn’t assess the value delivered by the Supplier 1 as something extra, treating it rather as standard supplement of physical products, which the Supplier 1 is obliged to deliver, since the Buyer 2 significantly increased the level of purchased of products from the Supplier 1. The financial benefits which both partners achieved within this relationship were accompanied by promise keeping approach, proactivity of cooperative initiatives, common understanding or even friendship. All of that reinforced this relationship. Because the position on country market, Buyer 2 hypothetically could just had limited the cooperation to transactions and kept

in distance Supplier 1 from the knowledge on the country market and relationship with the final users and as a consequence achieved strong domination in referent, reward and informational power positions. Such a hypothetical approach would make much easier for Buyer 2 to switch on another supplier. That is why Supplier 1 perceived very positively the openness of Buyer 2 with regard to undertaking cooperative initiatives, which led to more balanced power between partners and in consequence resulted in clearly stronger and more satisfying business relationships eventually. The last but not least is the perception by both partners of this relationship as more stable and perspective one because of the power being balanced adaptively to the situation.

BALANCING POWER IN RELATIONSHIPS DOMINATED BY BUYERS

The Supplier 2 and Supplier 3 as manufacturers from Poland attempted to attract the attention of Western European large corporations, Buyer 3 and Buyer 4, and offered them outsourcing of various manufacturing systems/processes. (see Case 3 and Case 4 described in table 2). Nowadays, the specific feature of manufacturing companies from CEE countries, especially those manufacturing mass-branded products for consumers, is that an overwhelming majority of them deliver value within the narrow scope of international value chains. They specialize in assembling, procurement, logistics, and some elements of product design. Functions such as new product development, brand management and retail distribution are usually conducted on the side of the Western companies.

Two case studies, Case 3 and Case 4 were conducted in the B2B context of outsourcing manufacturing systems.. In this business area, one can distinguish 3 general types of outsourcing manufacturing systems: contract manufacturing (CM), original equipment manufacturing (OEM) and original design manufacturing (ODM). The level of processes and the complexity of manufacturing services is higher in ODM than in OEM, and is the simplest in CM. In the CM, suppliers' main responsibility is generally to assemble components delivered by the business customer, usually manufacturer as well. In OEM, suppliers' responsibility extends to preparing a manufacturing scheme of the product on the basis of prior customers' visualizations. Finally, in ODM, suppliers are totally responsible for the visual and manufacturing product design for the buying company, based usually on customers' general technical specifications. The difference between the three types of manufacturing services offered by Supplier 2 and 3 is important in our research as the variation of the complexity of the services delivered by the suppliers creates the context of power asymmetry within industrial cooperation. In general, the highest complexity of the services (ODM) gave Supplier 2 and Supplier 3 a better power position towards the buying companies (Buyer 3 and Buyer 4), especially in contrast to very simple manufacturing orders (CM).

CASE STUDY 3

Supplier 2 was established in Poland as a government-owned big size producer of electronic household appliances in the 70-ties, previous century. After the political-economic transformation into a free market economy has been started in Poland in 1989, this manufacturer went into a deep crises, which caused the huge shrunk of the overwhelming range of business competencies and market position. Than the company had been privatized. The cooperation with the Buyer 3 – a big international corporation with a recognizable globally brand – had been started quite soon after this privatization. Case 3 presents initial situation of total power domination of Buyer 3 over Supplier 2 at beginning of their relationship, which started in the first half of 90-ties, (see figure 5).

Figure 5. Changing power position between Supplier 2 and Buyer 3 (Case study 3)

Case study 3		Power position change caused by balancing power (arrows)				
		Buyer strong domination	Buyer little domination	Somewhat equal power	Supplier little domination	Supplier strong domination
mediated	coercive					
	legitimate	----->	----->			
	reward	----->	----->	----->		
non-mediated	referent	----->	----->			
	expert	----->	----->	----->		----->
	informational	----->	----->			

Supplier 2 behaved in relatively passive way with regard to power position in the initial period of inter-firm relationship. According to one interviewee it was caused by lacked of appropriate experiences in cooperation with such Western company like Buyer 3 operating on a large international scale and anticipated large relationship benefits.

“(...) we intentionally adjusted, by making an extraordinary effort, to high demands on the Buyer 3 side, because we knew, we would benefit from such cooperation in the long-run, directly in terms of development of this relationship and improving our management processes but also indirectly through a more competitive position on the market and within the supply chain.” (Supplier 2, President of Supervisory Board)

Indeed, in time Supplier 2 largely improved own competences through inter-organizational learning and as a consequence, the asymmetry of non-mediated power became more balanced. Buyer 3 highly appreciated or even started admiring Suppliers 2’ development, especially with regard to the expert power. In the last few analyzed years, Supplier 2 developed core capabilities to such advanced level that was perceived as a supply chain benchmark by powerful Buyer 3. The representative of Buyer 3 when visiting Supplier 2 plant concluded *“in our own factory in the other country an average time of assembling the same model of household appliance is about 40% longer than here. We would like to learn from you how it is possible”*. (Buyer 3, Senior Manager Finished Goods).

The improvement of Supplier 2 power position came in general through achieving excellence in operations management and product quality. One of the representatives of Supplier 2 gave a report from attending at the event organized by Buyer 3 for their suppliers:

“During a ‘Suppliers Days Event’, organized by our key customer for most important suppliers, our company was distinguished publicly few times as a benchmark supplier, in terms of quality indicators requiring by this customer”. (Supplier 2, CEO)

Referent and informational power dynamics was related to expanding participation of Supplier 2 in the value chain. Supplier extended its operational capabilities beyond the core area of assembling small home electronic devices into activation of the process of plastic injection moulding and developing own department for procurement components and materials. These changes increased specifically Supplier 2’s informational power(i.e. with regard to components suppliers knowledge). Simultaneously to expanding within the value chain Supplier 2 acquired new customers. All of these actions and decisions allowed Supplier 2 to rebuild its own market identity, which was blurred too much with the identity of Buyer 3. The increase of referential and informational power on Supplier 2’s side was eventually positively perceived by the Buyer 3 as well. According to our interviews, Buyer 3 assessed this relationship as even safer, when Supplier 2 acquired reasonable share in wallets of other business customers, which appeared to be especially important in the situation, when there was sudden decrease of the quantity of orders from Buyer 3, i.e. Supplier 2 did not bankrupt

and even got bigger through orders from other customers. Buyer 3 tend to use ‘a bankruptcy hazard indicator’ in their periodical assessment of suppliers. All of that mean that not only Supplier 2 but also Buyer 3 was eventually happy with more balanced power position in terms of referent and informational power, however power balancing was largely initiated on the supplier side. The consequence of balancing of referent and informational power through maintaining a reasonable share of sales to Buyer 3, was improvement of Supplier 2 financial standing, and it also contributed to the benefits acquired from the ‘original’ relationship, because the Buyer 3 in this relationship was more committed to a relationship perceived as a safer one.

In turn, the power structure evolution in Case 3 in the area of reward power to the level of somewhat equal power was connected with undertaking more and more common inter-firm initiatives, which resulted in financial benefits for both sides, the most often it was savings. For example when Supplier 2, encouraged by Buyer 3, engaged in 2 years consultancy project (aimed at decreasing operation costs through lean management), the achieved savings were shared 50/50 between partners. Buyer 3 co-financed this project with Supplier 2 . All the relationship benefits achieved in time resulted in increase of Supplier 2’s legitimate power, reaching the level of ‘Buyer little domination’ (see figure 5). Supplier 2 appeared much more effective in negotiating new contract terms with Buyer 3.

Interestingly, the balance with regard to coercive power was not changed. According to one of Buyer 3’s interviewee, the policy of international corporation was to have always advantage over the suppliers, having a potential of coercion as an extremity, „*we always want to have a possibility to make a pressure on our suppliers*” (Buyer 3, Senior Manager Supply Chain). Although Supplier 2 tried to increase coercive power in analyzed period, when Supplier 2 become the sole Buyers 3’s supplier in one type of popular product. Very quickly Buyer 3 reacted to new situation and diversified purchasing, as this was not treated as reasonable to have “*all your eggs in one basket*” (Buyer 3, Commodity Manager Finished Goods).

The power distribution in Case 3 (see figure 5), although still looked eventually as Buyer 3 domination, was significantly different in comparison to the beginning of business relationship. Balanced power meant in that case keeping some particular imbalances but achieving more balance with regard to “power sources mix” in general. Through process under consideration the relationship atmosphere was largely improved, , including trust and common understanding, which appeared as a result of so far cooperation. Making relationship more and more balanced, appeared preventive for Buyer 3 (i.e. limited willingness for using coercion).

CASE STUDY 4

At the initial stage of starting cooperation with Buyer 4, Supplier 3 was Polish company freshly acquired by other Western corporation, but Supplier 3’s business processes and organizational culture was still much oriented at prior conditions of centrally planned economy, i.e. weak team spirit and low level of staff motivation, ineffective operations and the lack of measures for effectiveness. The relatively low level of social capital in Poland (Badescu & Uslaner, 2004) was also a problem for relationship formation between Supplier 3 and big international market player such us Buyer 4. It was very different than in Case 3, because in Case 3 Polish supplier grew just after privatization and this growth was to large extent powered by relationship with Buyer 3, which in turn was very much based on adapting to Buyer 3.

The business relationship under consideration was different than in Case 3 also, because bigger player - Buyer 4 did not attempt to establish substantial advantage based on mediated power sources (see figure 6), apart from a short period on the beginning of the cooperation

when Buyer 4’s strong coercive domination was related to fulfillment by Supplier 3 the conditions of starting of a new production line dedicated for delivering OEM service only to this prestigious customer. When it was done and the Buyer 4 accepted it the coercive power was much more balanced, moving to the position of buyer little domination (see figure 6). During relatively short period the barriers of exit from this relationship increased for the Buyer 4 (e.g. costs of inventory, costs of used time and so far involvement, costs and time of adjusting cooperation with the potentially new supplier) through so far engagement together with Supplier 3 in “calibration” of the management processes of both, especially the touch points. This cause increased potential of coercive power of Supplier 3, who for instance could refuse of fulfillment some adjustments and investments to Buyer 4’s requirements, which were his standards.

Figure 6. Changing power position between Supplier 3 and Buyer 4 (Case study 4)

Case study 4		Power position change caused by balancing power (arrows)				
		Buyer strong domination	Buyer little domination	Somewhat equal power	Supplier little domination	Supplier strong domination
mediated	coercive	----->	----->			
	legitimate		----->			
	reward	----->	----->			
non-mediated	referent	----->	----->			
	expert	----->	----->	=====>		
	informational	----->	----->			

The starting point of balancing of reward power was buyer strong domination, which was related with high expectations of Supplier 3 for receiving an orders for extending portfolio of the Buyer 4’s products. It took a few years longer then in case of balancing coercive power, which was caused by decrease of Buyer 4’s in rewarding Supplier 3 activity and through increase of Supplier 3 capacity for rewarding Buyer 4. For instance Supplier 3 extended the investment level in inventory of components and raw materials dedicated only for Buyer 4, to increase its flexibility capacity, which meant the potential of shortage of a lead time of bigger orders execution for Buyer 4.

According to our interviews, Buyer 4 initial approach was not to establish the standard, formalized contract with Supplier 3 but to cooperate systematically through informal agreements and discrete orders of final products, manufactured and assembled in an OEM system by Supplier 3. The position of Buyer 4 little domination with regard to legitimate power was related to some conditions of delivery, which were quite restricted for the Supplier 4. According to interview it happened once, when all the load of ordered products was returned to Supplier 3, because one item had some little damaged of the product case, after Buyer 4’s controlled of receipt of goods. This legitimate power position of the key customer was stable through all analysed period of cooperation with Supplier 3.

The approach of not signing the contract and cooperating based on discrete orders resulted in building fundamental trust between partners, which was necessary for forthcoming cooperative initiatives. After more less two years of initial cooperation Supplier 3 become quite open towards Buyer 2, i.e. started sharing information regarding its processes, including information about costs of purchased materials and components. In turn, such open communication resulted in more collaborative activities. This situation was described by one of the interviewees as follows:

“We didn’t have any written contract with them, in which it would be stated that they would buy an agreed amount of products under agreed conditions. This period where our cooperation was initiated, its beginnings and the subsequent years of cooperation was conducted in such a way, with such honesty and a solid, professional manner and, above all, in an atmosphere of partnership, that everyone saw only the benefits of the cooperation. This made us want to continue cooperating with them, with the same feelings being expressed by the customer.” (Supplier 3, Manager of Construction Office)

Similarly to situation in Case 3 here mutual learning to work led to improving Supplier 3’s expert and informational power, which in turn resulted in more balanced business relationship in terms of non-mediated power. The referent power balance changed, however Buyer 4 retained little domination in this area, because Buyer 4 has one of most recognizable brand in its product category. This domination was somehow utilized by Supplier 3 in successful attempts to diversify customer relationship portfolio. Specifically, Supplier 3 used references previously received from Buyer 4. In the same vein, some “marketing traces” of the Buyer 4, e.g. labels on packaging with Buyer 4’s logo, appeared very helpful in impressing other potential buyers of manufacturing services.

The balanced power in Case 4 has a different nature than in Case 3, caused mainly through different approach of big customers to coercive power. Buyer 4 in contrary to the Buyer 3, was not interested in keeping the strong coercive power, as a potential moderator of supplier’s behavior. The Buyer 4 replaced the establishing strong domination in coercive, reward and legal-legitimate power sources, for stimulation of Supplier 3’s motivation to extraordinary effort. The Buyer 4 approach was allowing and even expecting from Supplier 3 to improve of non-mediated power sources, which stimulated Supplier 3 to commitment within analysed relationship. It was because balanced power in regard to non-mediated power sources meant a wide range of benefits for Supplier 3, such as: improvement of management processes, improvement of the quality of the processes, improvement of the organizational culture or increase of competitiveness (for instance cheaper sources of purchasing components and raw materials). After some initial period of difficulties in cooperation atmosphere, further engagement in balancing power processes built also a personal and inter-organizational trust and commitment as a facilitators of balancing non-mediated power sources.

RESEARCH DISCUSSION

This study focuses explicitly on the issue of power asymmetry dynamics (Meehan & Wright, 2012; Lacoste & Johnson, 2015) with regard to both: mediated and non-mediated power sources as well (French & Raven, 1959; Nyaga, Lynch, Marshall, & Ambrose, 2013; Benton & Maloni, 2005) in buyer-supplier relationships. This research contributes to our understanding of balancing power positions between business partners position within the long-term relationship that is oriented at maximizing relationship benefits distributed among both sides of a dyad. We conducted longitudinal in-depth case analysis of 4 dyadic relationships between business buyers and sellers. The relationship beginning in all analyzed cases was characterized by significant power asymmetry, while in two case studies suppliers were initially strongly dominant parties, and in remaining two case studies buyers were originally much more powerful. On the general level, our research have illustrated that in asymmetrical relationships between business buyers and selling companies balancing power may bring some fruitful results and make relationships even stronger, assuming that partners apply long-term relationship logic and are willing to face some challenges during such process.

Although the IMP perspective on power in business relationship is embedded in network approach (e.g. Zolkiewski, 2001; Haung & Wilkinson 2006) we focused in our research on

understanding power asymmetry dynamics in dyadic relationships and this approach is also present in IMP literature (e.g. Leonidou, Aykol, Lindsay, Katsikeas, & Talias, 2014; Lacoste & Johnson, 2015). We have applied in-depth focus on multi-level, multi-source power asymmetries and their dynamics and through that we believe we were able to explain better relationship power dynamics than it could be achieved by incorporating wider, but also more distant network approach. Specifically, our qualitative abductive (Dubois & Gadde 2002) research approach allowed us to explore, who initiates power balancing, how “more balanced” relationships are achieved and what kind of consequences it brings to business partners. Considering that these consequences are quite clearly mutually positive, this study supports the idea that the substantial or total power asymmetry (Kähkönen & Lintukangas, 2011) is a burden for a business relationship (Dwyer & Walker, 1981; Easton, 2002).

Although the IMP literature has illustrated power shifts between business partners (Håkansson & Gadde, 1992; Johnsen & Ford, 2001), a little has been done to explain how such shifts happen. Our research fills this gap to some extent by describing this process considering several years of relationship developments and illustrating that the “power balance” in relationships is a very complex and perspective based phenomenon. The interconnectivity between different power sources in the perceived power balance was very evident in relationships we analyzed. Despite arriving at some asymmetries at the end of balancing process, “balanced power” meant for business partners eliminating some substantial asymmetries in the combination of power sources, because such combination was perceived as risky or damaging for relationship development. For example in Case 3, expert power asymmetry shifted from Buyer 3 strong domination to Supplier 2 strong domination as a “countervailing power” (Lacoste & Johnson 2015) process, but at the same time, Buyer 3 was able to keep strong dominance in coercive power through all stages of relationship development. Although it may be concluded that Supplier 2 has took extraordinary efforts, learned a lot and made amazing progress in leveraging their position within relationship, the asymmetry in coercive power area did not change significantly, because this area was treated as a “no go zone” by Buyer 3, even if with regard to other power sources balancing Buyer 3 was encouraging. Therefore, our research argues that even if power balancing may be driven by one side in business relationship (Siemieniako & Mitreęa, 2018; Pérez & Cambra-Fierro, 2015), the extent to which relationship becomes balanced eventually is based on interaction between both partners, which is in line with IMP school (Håkansson & Ford 2002). Quite clearly power asymmetry in business relationships is a dynamic phenomenon (Lacoste & Johnson, 2015), but neither party have a full control or monopoly over this asymmetry (Ford, Gadde, Håkansson, & Snehota, 2003; Waluszewski, 2004). Our research also illustrates that balancing power between business partners is also influenced by the nature of business relationship itself (i.e. relationship development cycle and its multi-stages) as well as the general business environment (e.g. competitive situation in the market of the buying company or general business climate). These impacts of analyzed business relationships reflect wider network structures, which remain complementary explanation of power-related processes we analyzed.

Our research calls for a more nuanced approach towards power in buyer-seller relationships. On the one hand, our study supports the idea that power and some “weaker-stronger actors” are unavoidable in business relationships, (Cuevas, Julkunen, & Gabrielsson, 2015; Blois, 2008), even if business actors make some conscious efforts to minimize asymmetries. On the other hand, our study brings evidence that too much dominance is unhealthy thing for a business relationship (Rokkan & Haughland, 2002; Blomqvist, Hurmelina, & Seppanen, 2005); it is potentially harmful from long-term perspective and with regard to relationship benefits. Noteworthy, balancing power in business relationships is not only something that academics conceptualize and discuss theoretically, because it seems that

selling and buying companies as well anticipate some benefits from such balancing and initiate them with disregard to the extent to which they are being clearly dominated or they are clear, too strong dominators. Our research suggests that power balancing brings some clear economic benefits (e.g. efficiency improvement, better market position), but it also illustrates that buyers and sellers achieve non-economic benefits from this process (e.g. mutual learning and trust, lower uncertainty), thus our research corresponds well with multi-dimensional definition of relationship benefits (Sweeney & Webb, 2007).

In each of business relationship that we studied power balancing resulted in somewhat unique and complex set of power sources (a)symmetries, e.g. advantage in a given type of power balanced by being dominated in the other aspect. Generally, these unique power-related combinations cannot be treated as final ends, but rather as important steps in further relationship evolution beyond the scope of our empirical knowledge. Consequently, so-called power balancing should be treated as a long-lasting management process aimed at getting closer to a “relationship golden mean” within the constraints of wider relational structures that surrounds the business dyad. In a similar spirit the study of Cox, Watson, Lonsdale, & Sanderson (2004), showed that in achieving “ideal” performance outcomes for both a buyer and a supplier, the attention should be paid on buyer or supplier dominance, which allow to achieve this. Our study can be treated as continuity of this suggestion and going deeper to understand it, because Cox, Watson, Lonsdale, & Sanderson (2004) didn't focused explicitly on power balancing processes with regard to various power sources.

Last but not least, our research corresponds with recent literature that calls for controlling the risk of too strong relationship embeddedness and too deep inter-dependence (Szczepański & Światowiec-Szczepańska, 2012) that may be an anti-innovation or even an anti-efficiency burden for the focal organization (Hagedoorn & Frankort, 2008; Villena, Revilla, & Choi, 2011; Chowdhury, Gruber, & Zolkiewski, 2016). Specifically, our research suggests that even in relationships with key customers, where the customer is usually perceived as ‘the king’, such risk management is well justified and simply possible, because too strong dependence on a given customer puts the focal supplier at serious risk and power balancing does not need to come at the cost of losing “big fish” business counterpart.

MANAGERIAL IMPLICATIONS

This research motivates business practitioners involved in long-term relationships with significant power asymmetry, firstly to constant analysis and understanding the own and the partner power positions with regard to mediated and non-mediated power source, and, secondly, to facilitate power balancing process aimed at more symmetrical relation. The “balanced power” as the result of this process is a complex phenomenon, because it means most often maneuvering between imbalances within different power sources. Nevertheless, this process is practical in nature, because it helps in maximizing the relationship benefits and mitigating risks connected with deep cooperation.

Our research reveals the need for implementing interactive approach towards power balancing. In general, the party being initially dominated should try to improve non-mediated power, which usually means delivering more value to powerful partner. On the other hand the dominating party should support the weaker partner in that power shift, because it all finally leverages economic- and non-economic relationship benefits.

RESEARCH IMPLICATIONS AND LIMITATIONS

There are several limitations of this study. Based on our case study research, as a qualitative research strategy, we were able to interpret our research results in the context of the situation in selected industries and given type of asymmetrical business relationships. The findings are restricted to the small number of business relationship types we researched, and

therefore cannot be uncritically generalised. Further research can extend the power balancing studies in the context of other industries and other type of relationships (e.g. fading relationships). There is also the potential to conduct a quantitative study in the same research area. Such a study would demand the development of a measurement model for the extent to which various power balancing processes and actions were implemented within the given sample of suppliers and buyers. Some issues connected with power balancing and especially relationship benefits can be potentially measured using a dyadic approach, i.e. measured partially in a survey among suppliers and partially in a survey among buying companies.

Apart from the methodological approach, our research is also limited in terms of its scope. In this research we have focused on dyadic buyer-supplier relationships, and we explored the balancing power processes and its consequences for these relationships. Therefore, our research ignored to a large extent the power-related mechanisms that go beyond the buyer-supplier dyad. Issues concerning a wider surrounding network were spontaneously mentioned by our informants (e.g. supporting final users in selling and installing products manufactured by Supplier 1 and distributed by Buyers 1 and 2 for individual customers, or using references from an existing dyad to acquire new partners), but we did not concentrate on these issues while interviewing. However, issues connected with power between relationship partners can be analysed from a network perspective (Zolkiewski, 2011; Olsen, Prekert, Hoholm, & Harrison, 2014), so future research may try to incorporate this perspective to understand how suppliers deal with power asymmetry in the network that surrounds them.

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