

# **The Influence of Corporate Reputation on Supplier Selection and Termination**

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## List of Abbreviations

AVE	Average Variance Extracted
B2B	Business To Business
B2C	Business to Consumer
CEO	Chief Executive Officer
CMV	Common Methods Variance
CRM	Customer Relationship Management
CSR	Corporate Social Responsibility
EDI	Electronic Data Interchange
HP	Hewlett-Packard
IT	Information Technology
JIT	Just In Time
MRP	Materials Requirements Planning
PC	Personal Computer
PR	Public Relations
RQ	Reputation Quotient
SEM	Search Engine Marketing
SEO	Search Engine Optimisation
SPSS	Statistical Package for the Social Sciences
TQRDCEB	Technology, Quality, Responsiveness, Delivery, Cost, Environment, Business
UCAV	Unique Corporate Association Valence
VIF	Variable Inflation Factor
VP	Vice President

## Abstract

Contrary to the conventional belief that organisational supplier choice decisions are predominantly objective, this research draws on the Stereotype Content Model to examine the moderating effects of corporate reputation on supplier decisions. In an international field study with buying centre members, the results demonstrate that various dimensions of reputation differentially moderate the effects of intentions-based purchasing criteria versus ability-based criteria on supplier selection and termination behaviour. Specifically, only in the absence of a strongly Agreeable or Competent reputation do intentions and warm abilities-based purchasing criteria respectively have a significant influence on selection and termination. Conversely, only in the presence of a strongly Ruthless reputation do cold abilities-based purchasing criteria exert a significant influence on supplier selection or termination. These findings have implications for the corporate reputation and industrial buying literatures, as well as managerial practice.

**Keywords:** *corporate reputation, moderation, supplier selection, termination*

## Declaration

No element of the work described in this thesis, or the thesis itself, have been previously submitted for a degree at this or any other institute of learning. The work described in this thesis has been completed entirely by the author.

Signed :

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Brian Kelly

Date :

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**This thesis is dedicated to Laura, Hannah and Theo.**

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# **Chapter One**

## **Introduction to the Research**

The recipe for perpetual ignorance is: be satisfied with your opinions and content with your knowledge.

Elbert Hubbard (1856-1915)

# 1 Introduction to the Research

## 1.1 Introduction

Research in the Business to Business (B2B) field has been dominated by organisational buying models that theoretically view buyers as highly objective in decision making. It is thus unsurprising that considerably fewer empirical studies focusing on subjective factors have emerged. One such subjective influence, corporate reputation, is the focus of this investigation into how reputation affects supplier selection and termination decisions.

In this chapter, the research objectives stemming from this goal are defined and their rationale is supported by the practitioner viewpoint. The considerations of the buyer-seller relationship are described as a starting point and applications for purchasing, sales and marketing executives are developed, pointing to the importance of the study in a business environment. In the following section, the novelty of the research is reinforced by describing the gaps in the extant literature, particularly in the area of supplier termination, and the unique research contribution made by the results of this study are identified. Novel aspects of the conceptual model are then discussed, which show this study to be the first of its kind to knit together theories from purchasing, marketing, and personal and social psychology to explain the interactions between corporate reputation and other B2B purchasing criteria and their effect on the decisions to select or terminate suppliers. The final section briefly introduces the methodological approach which will enable the theory to be tested and this introduction concludes with the structure of the remaining chapters of the thesis.

## 1.2 Research Objectives

The central research question forms the title of this thesis and concerns the influence of corporate reputation on supplier selection and termination. It can be split into three constituent parts to define the research objectives. The first objective is to provide an understanding of the relative influences of warm, intentions-based purchasing criteria (including reputation) and competence, ability-based purchasing criteria on B2B supplier selection and termination decisions. By definition, these B2B purchasing criteria have an influence on supplier decision-making and by incorporating a single-item measure of reputation as one of these criteria, the perceived relative importance of reputation to buyers in the IT (Information Technology) industry can be determined.

The second objective is to uncover more detail of the relationship between B2B purchasing criteria, corporate reputation and supplier selection and termination decisions. Through reviews of the corporate reputation literature and the B2B purchasing literature, direct effects of B2B purchasing criteria and dimensions of corporate reputation on supplier decision-making are uncovered. Once defined, there appears to be some interaction between these variables, revealing that elements of corporate reputation which are important to the supplier can be matched directly with purchasing criteria which are important to the buying company. Such interaction between two variables, which both have direct effects on the outcome to select or terminate suppliers, indicates that a moderation model is applicable. This model is developed in the forthcoming chapters and forms the basis of analysis for this objective.

Finally, the third objective is to demonstrate the moderating effect of various dimensions of corporate reputation on the influence of B2B purchasing criteria on supplier selection and

termination decisions. Integrating the Stereotype Content Model (Fiske et al., 2002, 2007) with the Corporate Character Scale (Davies et al., 2004), it is hypothesised that various dimensions of corporate reputation have differential moderating effects on intentions versus abilities-based B2B purchasing criteria. For instance, an Agreeable or trustworthy reputation moderates the influence of intentions-based purchasing criteria; for example perceived responsiveness and delivery terms. On the other hand, a reputation for Competence moderates the influence of purchasing criteria such as product quality, technical capability and employee capability, because beliefs about ability underlie such judgments. Before these objectives are fleshed out as research hypotheses for testing, they are first set in the context of the B2B environment and the research environments from which they are theoretically derived.

### **1.3 Industry Rationale and Contribution to Practice**

The stereotypical buyer of the McGraw Hill ‘man in the chair’ ad of 1958 (Levitt, 1967; Dowling, 2001; Kotler and Pfoertsch, 2006; Adamson, 2008), shown in Figure 1.1, is still recognisable to most sales and marketing practitioners, and the importance of this research in an industry context is clear when attempting to close a sale with a professional buyer. The image portrays a gruff, serious, buyer who supposedly acts like a rational economic man (Webster and Wind, 1972; Kotler and Pfoertsch, 2006; Brennan et al, 2010; Lunn, 2008; Bellizzi, 2009) who buys at the best price; values high quality and fast delivery; brings no emotion or self regard to the situation; and is completely rational and objective. This view has led to an over-reliance on cost and other economic factors in defining negotiations and in analyses of the buyer-seller dyad.

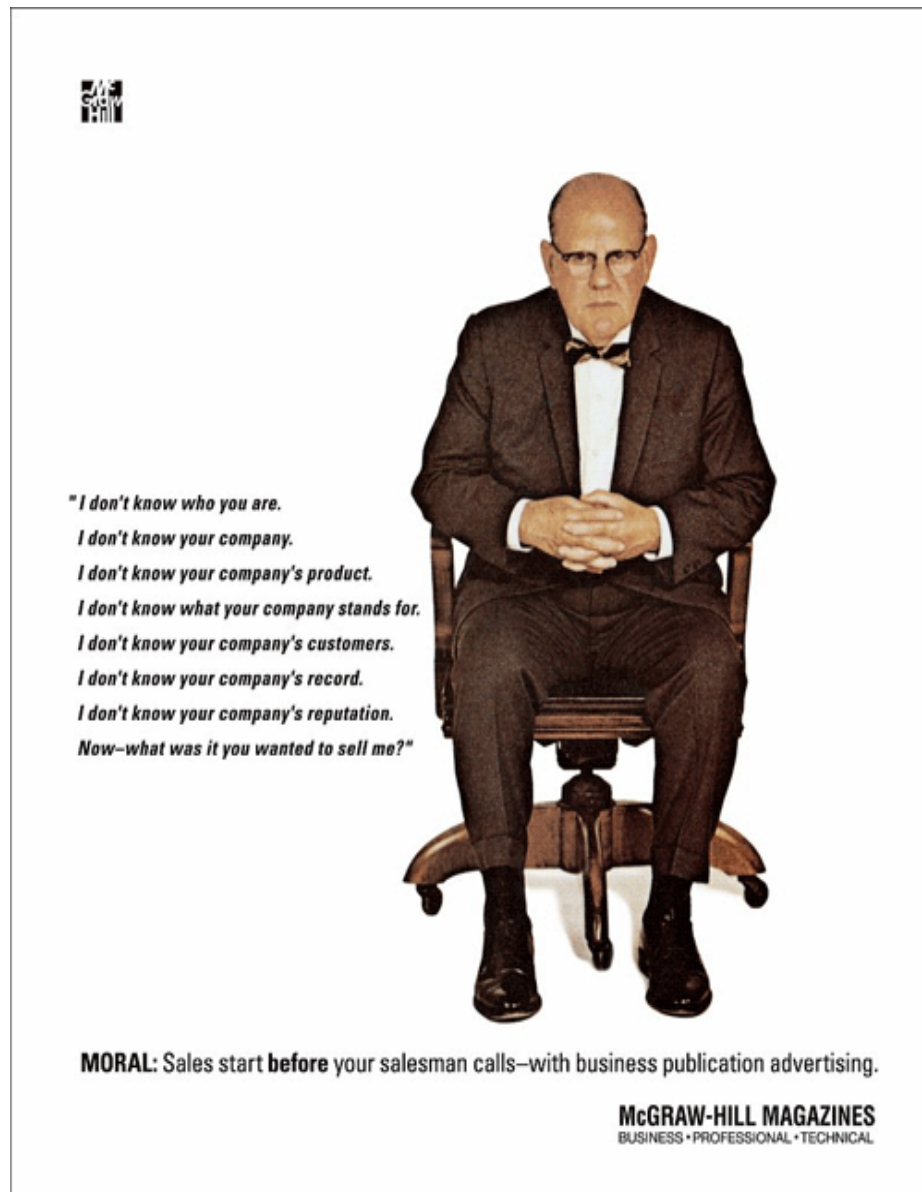


Figure 1.1 The Man in the Chair Ad (McGraw Hill, 1958)

These attitudes come to the fore particularly at the major decision points in the buyer-seller relationship, those of supplier selection and supplier termination. It is thus assumed that, as no previous business relationship exists, the supplier with the cheapest quote, the best technical specifications and the shortest delivery time will be selected. This research proposes that corporate reputation can be an equally important influence and under certain circumstances can override the direct effects of the other purchasing criteria. Similarly in the

case of supplier termination, the supplier's documented performance in relation to costs, delivery lead times and product or service quality may only be a secondary consideration relative to corporate reputation.

Returning to the idea of rational economic man, the theory (Salecl, 2011) assumes that functional value, which is part of the customer value framework (Sheth et al., 1991) along with emotional and social value, drives both consumer choice and B2B purchasing. It includes the elements of price utility and functional quality, also known as payoff rationality and self-interest, and these were the basis of all economic theory from the nineteen fifties through to the nineteen nineties (Hodgson, 2012). However, the economics field has changed quickly and several critics of rationality have been awarded Nobel prizes, leading to the new discipline of behavioural economics (Kahneman, 2011) which gives more weight to emotional and social values. While the rational economic man theory is a convenient assumption which helps simplify the complexities of the buying process, from the seller's viewpoint it has never been completely true in practice. Since the establishment of early corporations such as the Barclays Bank, founded in 1690, or Cadbury, founded in 1831 (Simms and Boyle, 2010), corporate reputation has had a potentially positive effect on the decision to select suppliers (or in the negative case lead to supplier termination). Recent studies into online consumer purchasing behaviour have shown that while emotional values significantly influence purchase intent, a direct link between functional values (price utility and functional quality) and intention to purchase could not be established (Kim et al., 2011). This is consistent with earlier empirical studies of consumer purchasing on the eBay auction website (Keser, 2000) which concluded that buyers are willing to pay more for goods purchased from a seller with good reputation. This concept that emotional criteria, such as

reputation, can lead to supplier choice is also considered relevant in B2B purchasing. Basini (2005) quotes B2B marketing executives saying: *“There is a strong emotional dimension to B2B decision making – it’s not always rational”* (Andrew Lock, 3M) and *“B2B isn’t as rational as you’d think”* (Michael Dent, DHL). Expanding on this point, Bellizzi (2009) takes a more measured approach in suggesting that B2B purchasing decisions are conducted in a rational manner relying on functional and utilitarian information, but that non utilitarian factors related to personality are also considered. While it is unlikely that the emotional factors would override rational factors, which are a source of value in the short term, they tend to provide a more sustainable competitive advantage over the long term (Bergstrom et al., 2002). The processes involved in supplier selection and termination, and further examples showing the increasing importance of corporate reputation, are detailed in Chapters 2 and 3.

From the purchasing viewpoint, today’s harsh economic climate of pressurised workplaces with decreasing job security (Russell and McGinnity, 2013) leads buyers towards risk aversion. Chapter 3 describes the environment of a buying centre, where the buyers do not make decisions alone and must confidently recommend particular suppliers to their superiors and colleagues from other departments without the risk of negative supplier performance reflecting badly on them. With these complimentary viewpoints on both sides of the buyer-seller relationship, practitioners in the IT industry have long recognised the importance of reputation and acknowledge it in the popular axiom ‘nobody ever got fired for buying IBM’. This phrase suggests that fundamental risk reduction in the buying process can be achieved by subjective factors such as corporate reputation, particularly in the IT industry which is the focus of this research. With their excellent corporate reputation, IBM has long been considered a no-risk purchase and by association can only enhance a buyer’s own reputation

within their company. Looking more closely at the words of the stereotypical buyer in the McGraw Hill advert (*“I don’t know your company’s reputation. Now, what was it you wanted to sell me ?”*) reveals that a subjective view of an intentions-based criterion such as corporate reputation could actually be more important to the buyer, his buying centre, and his entire company, than the supposedly rational economic criteria. Viewed through this lens, the relationship between the buyer and seller could actually be based on mutual reinforcement of their corporate reputation.

In this study, confirmation via reliable research methodology (Chapter 5) and thorough statistical analysis (Chapter 6) will prove what many suppliers inherently believe to be true – that corporate reputation is a positive influence on the buyer-seller relationship and that particular elements of a corporate reputation can aid supplier selection and mitigate against supplier termination. The practical impact of this insight for suppliers is to instil the confidence to try a new marketing approach as they work towards being the most reputable supplier rather than the cheapest. These results will also make an important contribution to managerial practice by providing guidance on which elements of the marketing mix a supplier should emphasise to encourage selection and prevent termination. As warm, intentions-based criteria prove to be increasingly important in selection and termination decisions, more emphasis could be placed on brand and reputation building activities and less on promotions and price discounting. Further, better understanding of the moderating effects of corporate reputation will define when such brand and reputation building is most appropriate. Each of these points will be incorporated in the research hypotheses and revisited in Chapter 7 for more detailed discussion.



## 1.4 Literature Gaps and Contribution to Theory

While the study has a clear rationale from an industry perspective, more importantly for this research, it is driven by gaps in the literature on both the marketing and the purchasing sides of the buyer-seller relationship. From the purchasing viewpoint, the role of subjective, emotional criteria in B2B buying behaviour is unclear (Lynch and De Chernatony, 2004; Beverland and Napoli, 2007; Walley et al., 2007; Roberts and Merrilees, 2007). While some papers (Lamons, 2005; Kotler and Pfoertsch, 2006; Bellizzi, 2009) make a case for subjective and emotional decision making, there is generally a lack of empirical evidence (Wiedmann and Bausback, 2004) of the kind produced in this study.

From the supplier viewpoint, several studies have shown that corporate reputation, defined as “*stakeholders accumulated impressions of a firm*” (Fombrun and Shanley, 1990), has an impact on important outcomes such as financial performance (Davies et al., 2009), purchase intention (Markham, 1972; Yoon et al., 1993; Lafferty and Goldsmith, 1999), promotion of customer loyalty (Saxton, 1998; Alwi and Da Silva, 2007), belief of advertising claims (Goldberg and Hartwick, 1990) and employee and customer satisfaction (Davies et al., 2003, 2004). Considerably less attention has been paid to the role of reputation in the B2B buying context and is especially pronounced for research on supplier selection and termination decisions. Although earlier work has suggested that there are many considerations involved in the supplier choice process and, in doing so, alluded to reputation (Crow et al., 1980; Dickson, 1966; Vyas and Woodside, 1984), there remains a lack of convincing empirical evidence for the role of reputation in organisational decision making regarding suppliers (Dacin and Brown, 2006). In fact, there has been even less emphasis in the literature on the role of subjective factors in supplier termination (Beloucif et al., 2005; Helm et al., 2005;

Gedeon et al., 2009; Pick, 2010). Although prior research has shown that both cognitive and affective dimensions of buyer attitudes influence delisting of supplier products (Davies and Treadgold, 1999); there appear to be no prior studies that have proposed, yet alone empirically addressed, the influence of supplier reputation on termination decisions. This is contrary to the intuitive suggestion that the dissolution of business relationships can be heavily influenced by non-economic factors (Moller and Laaksonen, 1986; Perrien et al., 1995; Alojoutsijarvi et al., 2000; Tsiros et al., 2009). This omission is noteworthy because corporate reputation is potentially crucial during several phases of the organisational buyer-supplier life-cycle (Dwyer et al., 1987). During the awareness phase for example, little may be known about potential suppliers except for their corporate reputation, which if positive, may allow a supplier to automatically gain a place on the potential list of suppliers, while a negative reputation can be especially devastating during both the early phase of selection and later phase of termination (Malaval, 2001).

Consequently, the moderating effect of corporate reputation on the relationship between B2B purchasing criteria and the decisions to select or terminate suppliers has not been previously defined (although it had been suggested as a possible direction of study for supplier selection by Dacin and Brown in 2002 and for supplier termination by Pick in 2010) and is a novel aspect of this study. Thus, this is the first research to propose and find conditional effects of reputation on both supplier selection and termination decisions. Prior research has suggested, but not empirically tested, the role of reputation in supplier selection. Neither has any study conceptually or empirically examined such influences on supplier termination; or on both supplier selection and termination decisions simultaneously. This is an important extension to both the corporate reputation and organisational buying literatures because it demonstrates

how companies can selectively shape their reputation to mitigate, or even eliminate, the effects of those purchasing criteria against which they are considered weak, and enhance the effects along criteria where they are considered strong. This research also extends prior research by establishing the interactive and conditional effects of organisational purchasing criteria and reputation on supplier selection and termination decisions. In doing so, it demonstrates what varying dimensions of reputation influence intentions-based versus ability-based supplier selection and termination criteria, and importantly, when such effects are more or less likely to exert a significant influence.

Finally, the conceptualisation of this study is rooted in the Stereotype Content Model (Fiske et al., 2002) from social psychology and is a departure from the theoretical perspectives incorporated into recent work on organisational corporate reputation, for example social exchange and social identity theory (Keh and Xie, 2010), transaction cost and information economics (Suh and Houston, 2010) and information processing theory (Brown et al., 2010). Thus, a well-established social psychology theoretical framework is used to develop predictions about how and when reputation influences B2B buying centre members to make decisions about suppliers. Such theoretical insights appear not to have been previously explored in a B2B supplier decision setting.

## **1.5 Theoretical Basis**

In order to fully investigate the research objectives and fill the identified gaps in the literature, the most relevant theories from a wide range of literature were investigated. These literature bases were traced back to their earliest theoretical foundations; many of them predating the modern discipline of marketing. From a historical perspective, corporate

reputation has been a concern of all companies dating back to the first corporation, the East India Company, who developed an extremely negative corporate reputation by entering new markets with a private army in India and by trading opium in China (Robins, 2012). With increasing awareness of the potential social problems caused by corporations and increasing regulation, corporate reputation has become a widely discussed topic since the latter half of the twentieth century. However, it has only become a discrete academic discipline since the nineteen nineties when a dedicated journal, the Corporate Reputation Review, was established in response to growing interest in the theory of corporate reputation, its relationship to branding, image and identity; the increasing concerns of corporate response to reputational crises; and the development of Corporate Social Responsibility (CSR) in corporate life. The measurement of Corporate Reputation has been widely discussed and the measurement methods stem from the personal psychology literature which led to the personification metaphor approach of the Brand Personality Scale (Aaker, 1999) and the Corporate Character Scale (Davies et al., 2003) which was chosen for this research. Applying a personality to a company and analysing its actions and intent through this filter allows for depth of analysis while maintaining ease of use and understanding. The theory supporting these scales can be traced back, via Markham's scale (1972), through the earliest days of personification metaphor use in marketing (Packard, 1957; Martineau, 1958) to the pioneers of advertising and marketing thought such as Edward Bernays (1928). In parallel, this marketing history has been influenced by personal psychology research such as the Big Five personality factors in human psychology, defined by Goldberg (1981), influentially used in corporate marketing studies by Barrick and Mount (1991), and dating back to pioneers in human personality research in the nineteen thirties (McDougall, 1932; Allport and Odbert, 1936).

Alternative measurement methods to the Corporate Character Scale could have been adopted e.g. ranking methods such as the Fortune most Admired Companies awards or an alternative customised scale such as the Reputation Quotient. In the literature review of Chapter 2 these alternative approaches will be discussed, their disadvantages compared to the personification metaphor approach pointed out; and justification for the choice of scale will be presented. It should be acknowledged that the Corporate Character Scale is inherently imperfect as it does not present an exact view of any particular company, merely a subjective viewpoint gained from those who are closely engaged with the company at key moments in their supplier or customer relationships. Care is taken in the methodology to ensure that the scale items make sense to the research instrument respondents. Issues around corporate culture, national business culture, company size and relationship power, language, expertise, anonymity, and access to decision makers will be addressed in the methodology of Chapter 5 and discussed again in Chapter 7.

The Corporate Character Scale, while strictly defined, is still developing and recent work in this area has led to B2B studies which required modifications of the scale. Several studies have reduced the number of dimensions, facets or items used in their analysis to suit the particular research or business context. This was predicted in the original research by Davies et al. (2004) and that research team have, themselves, published further iterations of the scale. While it is not the intention to create a new scale, a modification of the scale to suit the context of the research questions is inevitable and to be welcomed by future researchers in the area. The opposite approach is taken for the B2B purchasing criteria. Reflecting the general lack of appreciation for subjective, emotional elements of the purchasing decision, very few scales use reputation as a criterion. Some use image or brand in their analysis but

there is too little distinction shown between these three terms and they are often deemed to be synonymous. If reputation is to be seen as important as the title of this research would suggest, a suitable list of variables should incorporate these items and others of a subjective or emotional nature. As no existing scale appeared to be complete enough for this task, a list of B2B purchasing criteria is built from diverse sources in the purchasing literature. Most scales which examined supplier selection or evaluation make reference to, or are rooted in, the scale of Dixon (1966). Taking this scale as the historical base and adding items which are more relevant to business in the twenty first century, and which include subjective and emotional content, a list of twenty one B2B purchasing criteria is created in Chapter 3. As with the Corporate Character Scale, not all criteria could be expected to have a strong influence on supplier selection and termination but it is anticipated that enough coverage would be provided to explain most of the variance in the output variable.

In reducing two variables to the relevant items, it is helpful to overlay two other theories on top of the basic theoretical framework – the Stereotype Content Model (which is introduced with corporate reputation in Chapter 2) and order winners and qualifiers (which is introduced with B2B purchasing criteria in Chapter 3). The Corporate Character Scale includes forty nine items when used in its fullest form. While it can be expected that far fewer than this total will be found relevant in the context of supplier selection and termination in the IT industry, it is interesting to consider the rationale for reducing the number of scale items. Both prime movers in the development of personification metaphor scales, Jennifer Aaker and Gary Davies, have recently published papers in the area of stereotypes (Aaker et al., 2012; Davies and Chun, 2012), providing a link between personification metaphor studies and the analysis of corporate personality. In essence, the Stereotype Content Model (Fiske et al., 2002, 2007)

which proposes that people assess two fundamental dimensions – intentions and abilities – to guide their decisions about other people and social groups, including companies (Aaker et al., 2010; Kervyn et al., 2012); reduces the impressions of a person or a company to the two variables of warmth and competence. As a subset of the Corporate Character Scale (Warmth being a facet of the Agreeableness dimension and Competence being a dimension in itself) it is certainly possible that it mimics the more detailed analysis of the Corporate Character Scale and its two most significant dimensions – Agreeableness and Competence. This will be analysed in more detail in the results section of Chapter 6 and the discussion of Chapter 7. While the overlaying of this theory will be convenient for higher level analysis of the interactions between variables, the intention is to use a wide variety of variables at first, analyse B2B supplier decision-making in detail, and later discuss potential simplifications and reduction of scale items from a strong empirical base.

A final theoretical twist is the idea of order qualifiers and order winners, another potential method of classifying the B2B purchasing criteria which could aid explanation of the role each criterion plays in the decision-making process. Returning to the earlier theory of rational economic man, it would seem that price (or cost in a B2B transaction) would be the obvious order winner. However, some analyses of recent B2B purchasing trends in Chapter 3, such as e-reverse auctions, and some studies on the impact of reputation, indicate that cost might only be an order qualifier which gets a supplier into the qualification process but more emotional and intentions-based criteria such as reputation could be the real order winners. Again, this discussion will be taken up in Chapter 7 in an effort to explain the detailed empirical results.

## 1.6 Terminology

The previous section gave an indication of the variety of theories involved in this complex relationship. To maintain readability throughout the text, the terminology must be defined here, as some phrases are synonymous but others require precise definition. While this study is based on B2B purchasing, there are obvious synonyms such as industrial purchasing and organisational purchasing which are frequently encountered in the literature. B2B was chosen for this research as it is the most common terminology in the IT industry, but all three are used interchangeably in this thesis. Similarly, with different approaches to supplier decision-making, the literature is replete with pairs of opposing terms— rational/emotional (McEnally and De Chernatony, 1999; Wiedmann and Bausback, 2004; Hingley et al., 2008; Gedeon et al., 2009), tangible/intangible (Mudambi, 2002), subjective/objective (Chao et al., 1993; Hurley, 1998; Hansen, 2009; Brown et al., 2011), economic/non-economic (Caruana and Chircop, 2000; Maignan et al., 2002), warmth/competence (Fiske et al., 2002, 2007; Kervyn et al., 2009) and cognitive/affective (Esch et al., 2006; Davies et al., 2009). The introduction of the Stereotype Content Model suggests another pair which is used in this research as a unifying terminology: intentions-based and abilities-based criteria. These mirror the two dimensions of brand trust described by Delgado-Ballester and Munuera-Aleman (2005) where ability is related to reliability and technical competence, and intention is related to positive attitude towards the customer's interests and welfare. They can easily be applied to the twenty one B2B purchasing criteria, allowing for a split between criteria involving some human intervention which can demonstrate warmth towards the other party (e.g. responsiveness or personal relationships) and those criteria which are more analytical in nature and demand more precision and an ability to carry out the job competently (e.g. quality or technical capability).



The theoretical framework and nomenclature should also take into account the possible negative situations which may arise, particularly when analysing supplier termination and its causes. One reason for choosing the Corporate Character Scale is the inclusion of a negatively valenced dimension, Ruthlessness, which can be viewed as the polar opposite of Agreeableness. Using the terminology of intentions-based and ability-based variables, Ruthlessness would be a character dimension which exhibits cold intentions towards others. This is also consistent with the B2B purchasing criteria which can also include variables which allow suppliers to exhibit their intentions towards a customer in a cold way (e.g. payment terms). Finally, the terminology for corporate reputation is well defined by the Corporate Character Scale but there is a risk of confusion between the scale items and similar concepts from other theoretical areas. To distinguish the dimensions, facets and items from the Corporate Character Scale, they have been capitalised e.g. Warmth and Competence versus warmth and competence from the Stereotype Content Model.

## 1.7 Methodological Approach

Two of the latest research techniques were utilised in the creation of the research instrument and the subsequent statistical analysis; an online survey followed by moderation analysis using a newly created macro for the Statistical Package for the Social Sciences (SPSS). In addition to the techniques used, an inherent strength of this research is the author's practitioner status within the IT industry which allowed access to the 642 buying centre members surveyed here. This existing relationship encouraged them to share information relating to crucial business decisions. Judgements were made about the qualifications and expertise of the respondents (the requirements being fluent English, five years of experience in the industry, and membership of a buying centre) while equally reassuring these

respondents of the anonymity and confidentiality of the survey. This unique access led to a significant data set rarely seen in other studies, especially in the realm of supplier termination decisions. To suit the working style of the respondents, an internet-based survey, transmitted via email, was considered the best vehicle for the research. While this generated relatively high response rates, it also raised questions related to common methods variance (CMV). In a detailed analysis of the potential difficulties associated with CMV and the respective protections and remedies implemented, Chapter 5 will demonstrate the rigour of the methodology used.

The theory pointed to direct effects of B2B purchasing criteria and dimensions of reputation on the selection and termination of suppliers. Of more importance in this study is the moderation analysis that shows the interaction between these sets of variables, giving more information on when the variables interact, rather than how. Coincidental with the period of this research was the development by Andrew Hayes of the PROCESS macro for SPSS (Hayes, 2013) to statistically analyse conditional processes and this research appears to be the first in the corporate reputation area to make use of these advanced statistical techniques. This tool proves strong interaction effects between the variables and demonstrates the moderating effect of dimensions of corporate reputation on the relationship between certain B2B purchasing criteria and the outcomes of supplier selection and termination. Other options are available for the statistical analysis such as factorial analysis of variables but, while the regression-based procedure of PROCESS (Hayes, 2013) is mathematically identical, it can be used with continuous variables in addition to categorical predictors. Again, a more detailed description of the statistical analysis approach will be provided in the research methodology of Chapter 5.

## 1.8 Conclusion

This opening chapter has set the scene for the thesis by introducing the research objectives, placing them in an industrial and research context, and outlining how they will be investigated over the coming chapters. *Chapter 2* reviews the corporate reputation literature with a focus on measurement techniques based on a personification metaphor approach. These culminate in the choice of the Corporate Character Scale for the analysis of corporate reputation which, overlaid with theory from the Stereotype Content Model, guide development of the conceptual model. *Chapter 3* reviews the purchasing literature from the B2B purchasing environment, through investigations into buyer behaviour, culminating in an analysis of the buyer-seller relationship at the crucial junctures of supplier selection and supplier termination. The B2B purchasing criteria which drive these decisions, including the introduction of order qualifier and order winner concepts, are defined to further support the development of the conceptual model. *Chapter 4* brings together the relevant literature and theories from Chapters 2 and 3 to form a conceptual model which integrates each of the variables in a moderation model and leads to the development of the five hypotheses to be tested in this research. *Chapter 5* defines the methodological approach and develops that methodology from research design, through the development of the research instrument to important issues around common method variance, sampling and response rates. *Chapter 6* uses SPSS to analyse the data from the research instrument of Chapter 5. The chapter employs a newly developed macro for detailed moderation analyses. *Chapter 7* reviews the data and compares it to the current literature and discusses the outcome relative to the hypotheses proposed in Chapter 4. This allows conclusions to be drawn in *Chapter 8* and suggestions for future research to be proposed.

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# **Chapter Two**

## **Corporate Reputation**

Many a man's reputation would not know his character if they met on the street.

Elbert Hubbard (1856-1915)

## 2 Corporate Reputation

### 2.1 Introduction

In this chapter, the central topic of corporate reputation is defined in relation to other corporate associations described in the management and marketing literature. Measurement methods are reviewed and a personification metaphor approach is investigated. This leads to discussions of scales (Markham, 1972; Aaker, 1997; Davies et al., 2004) and theories (Big Five dimensions of personality; Stereotype Content Model) which are rooted in the literature of personal and social psychology. Having reviewed the literature, the most appropriate scale for this research is chosen for integration in the conceptual model of chapter 4.

### 2.2 Definition of Corporate Reputation

Corporate reputation is important in every company and is seen as a top three priority for CEOs (Van der Jagt, 2005). It should be managed directly by them (Davies and Chun, 2010; Francesconi and Dossena, 2012), especially in the case of corporate social responsibility (De Wolf et al., 2012) and it is particularly important in B2B markets (Murray and White, 2005) which are three times larger than consumer markets in Europe (Roper and Davies, 2010). Reputation has been referred to as “*the atmosphere between organisations which shapes the nature of transactions*” (Hakansson, 1982), thereby influencing the purchasing decisions of supplier selection or termination and a standard definition is “*the overall estimation in which a company is held by its constituents*” (Fombrun, 1996, p. 37). A wide variety of such definitions have appeared in the peer-reviewed literature and forty nine are included in Barnett et al. (2006, p.34) who also contribute their own: “*Observers’ collective judgements of a corporation based on assessments of the financial, social and environmental impacts*

*attributed to the corporation over time*". These definitions indicate that reputation is a view held by a stakeholder and it is the stakeholders' judgement, estimation or evaluation of a company that is important, not an internal viewpoint from within the company (Barnett et al., 2006). Thus reputation is a corporate association as it refers to what a customer knows about a company and how that affects their view of the company's offerings (Dacin and Brown, 2006).

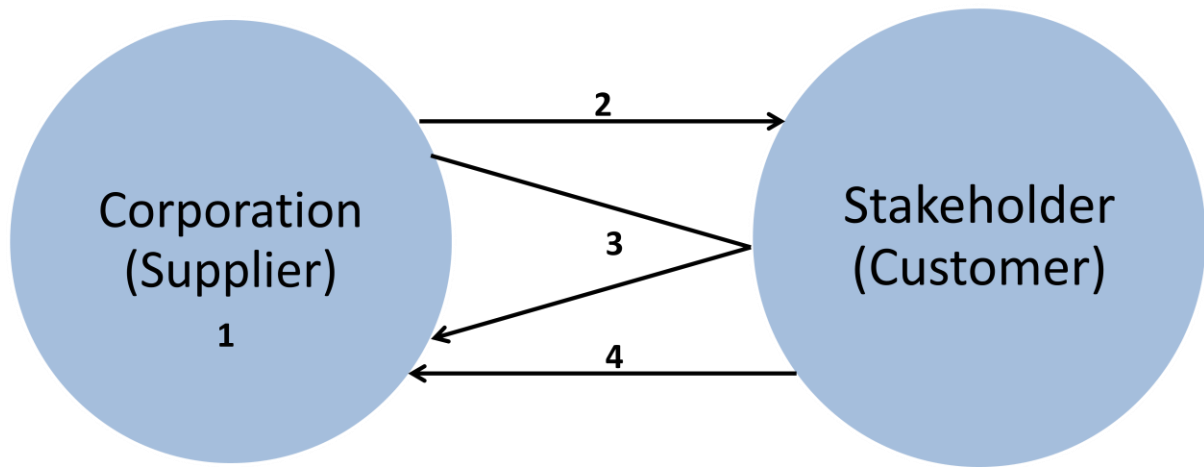
Customers are just one relevant group of constituents which Fombrun (1996) identifies amongst four major stakeholder groups – customers, employees, investors and the general public. Other stakeholders have been identified, such as regulators, local communities (Ettenson and Knowles, 2008), the media (Fielder and Kirchgeorg, 2007), partners (Kotler and Pfoertsch, 2006), the internet, labour unions, financial analysts (Kitchen and Laurence, 2003) suppliers, competitors, and government (Davies et al., 2003). It is sometimes thought that stakeholder groups each tend to perceive a company's reputation in a similar way (Fielder and Kirchgeorg, 2007) but firms can have multiple reputations as stakeholders put different weight on reputation dimensions (Fombrun and Shanley, 1990). In fact, large corporations can have as many reputations as there are groups interested in them (Bromley, 2000). For example, investors and the financial rating industry are interested in 'financial reputation' (Helm, 2007). Companies therefore face a challenge to ensure consistency among the multiple images dispersed through the media (Fombrun, 1996) and open access to information through digital media makes it more difficult to separate one audience from another. As various boycotts of Starbucks have shown, their reputation for financial competence with shareholders can be completely at odds with their reputation for local philanthropy with consumers (Argenti, 2004; Escobar-Botero, 2011). Wal-Mart is seen to

have at least two reputations – one for being tough with suppliers, and one for being good to customers and investors (Carter and Deephouse, 1999). From a company's viewpoint, suppliers and customers are often treated differently. In a German study, more than eighty percent of respondents agreed that corporate reputation is very important for their relationship with customers, but only twenty percent agreed that it was very important for their relationship with suppliers (Wiedmann and Buxel, 2005). It is unsurprising that companies prioritise their customers over other business relationships as, of all groups, customers consistently have the most influence on corporate reputation (Kitchen and Laurence, 2003).

This theory of multiple stakeholders and reputations is developed further by Chun (2005) by synthesising the reputation paradigm into three schools of thought, based on the key audience to be addressed. Her 'Evaluative School' defines reputation in the eyes of a single stakeholder and principally applies to investors in a company. It is oriented towards the financial community and limited in relevance to other stakeholders. This is typified by the simple ranking measurement methods used, such as the Fortune America's Most Admired Companies studies (Colvin, 2011). The 'Impressional School' defines reputation mainly in the eyes of single stakeholder. This approach analyses individual views of a company e.g. media coverage (Deephouse, 2000) or salesperson's image (Weiss et al., 1999). As identity is an internal viewpoint revealing how employees see their company, this approach to corporate reputation falls into the impressional school, but when linked to external views of corporate reputation (Davies and Chun, 2002; Davies et al., 2003) it becomes part of the 'Relational School' where multiple stakeholders are considered and comparisons are made between their viewpoints. These differing viewpoints between a corporation and its stakeholders, and their



interrelationship, can be shown graphically as the Four Viewpoints Framework (Spears et al., 2006) in Figure 2.1.



**Figure 2.1** The Four Viewpoints Framework (Spears et al., 2006)

The arrows indicate that identity (1) is an internal viewpoint in the corporation; intended image (2) is the image the corporation wishes to project to the stakeholders; construed image (3) is the corporation's estimate of how the stakeholders view them; and finally corporate reputation (4) is how the stakeholders actually view the corporation. Based on these definitions, corporate image and brand are concepts related to corporate reputation and should be considered further. Corporate image is the way a company presents itself to its external stakeholders, especially visually (Bromley, 2000). By concentrating on the visual image, this could be seen as branding in its most limited sense (Lynch and de Chernatony, 2004). However, other definitions imply that the corporate image is composed of the associations brought to mind when one hears the company name or sees the company logo (Barnett et al., 2006). It leads to the question within a company of "*how do we want to be seen?*" (Whetten, 1998). More self-aware companies will understand that how they wish to be seen and how they are seen by their stakeholders can vary. This brings about a split in the

definition (Argenti and Druckemiller, 2004) into Corporate Brand (“*who do you say you are?*” and “*what do you want to be?*”) and Corporate Image (“*what do constituencies think of who you are?*” and “*who do you tell them you are?*”) The corporate brand definition suggests that the brand is a promise of who the company really is, but equally is an aspiration on behalf of what the company wishes to be. It is an internal company viewpoint whereas the corporate image is the reality of the stakeholders’ viewpoint. Other researchers have also split this definition. For example, Spears et al. (2006) use intended image (“*what does the corporation want others to think of them?*”) and construed image (“*what does the corporation believe others think of them?*”). In this case both are internal viewpoints, albeit with construed image second guessing the stakeholder’s view.

Thus, a wide range of terminology is in use (Brown et al., 2006) and the ‘core constructs’ (Whetten, 1998) of corporate identity, corporate image and corporate reputation are often used interchangeably (Wartick, 2002). Some authors also employ the term Corporate Brand Image, which has been described as ‘intimately connected’ (Merrilees and Fry, 2002) and ‘interchangeable’ (Dowling, 1994) with corporate reputation. Alwi and Da Silva (2007) define Corporate Brand Image as corporate reputation viewed by external stakeholders. As corporate reputation can be defined by combining corporate identity, corporate image and personality (Abratt, 1989; Davies and Miles, 1998), it is the most comprehensive of these concepts and was chosen as the principal focus of this research. Brand and image are related concepts and will also be included in the empirical research as purchasing criteria.

Corporate reputation is based on activities which are evaluated over an extended period of time e.g. several years (Balmer, 1997). While the corporate identity can remain unchanged, a

corporate reputation is never static (Bromley, 2000). It must be strengthened by repetition and consistency in small daily actions (Marken, 2004) that deliver on the corporate brand promise (Argenti and Druckenmiller, 2004). Sam Palmisano, who was only the eighth CEO of IBM in 100 years, spoke to at least one customer every day. He says “*relationships are built because people act consistently over long periods of time*” (Hempel, 2011). The most recent events have the most bearing and as a result ‘reputational capital’, the accumulation of judgements of a firm, varies over time. At best, the current corporate reputation of a firm can only be discussed as a snapshot of their reputation (Barnett et al., 2006). This is particularly true for corporations which have suffered a reputational crisis from which it can take years to recover. Examples include the Dow Corning breast implant controversy (Argenti, 1998); Mitsubishi Motors sexual harassment scandal (Schenkler, 1998); Exxon’s Valdez oil spill (McLane et al., 1999); Union Carbide’s Bhopal poisonings (Zyglidopoulos and Phillips, 1999) and Enron’s financial scandals (Henderson et al., 2008). The closer such a crisis is to a company’s core competence, the more damaging it is e.g. Arthur Anderson was destroyed by its role in the Enron collapse while other blows to corporate reputation are recoverable (Gordon, 2002). Much of the corporate reputation literature deals with the public relations elements of reputation recovery and read as manuals for reputation protection and recovery (e.g. Doorley and Garcia, 2007). The most positive example is Johnson and Johnson’s recovery from the Tylenol poisoning cases (Dowling, 2001) although ongoing positive reputations at Fedex (Margaritis, 2000), Steinway (Dunbar et al., 1998) and others have been described. The reputation of the IT industry varies dramatically. It was at a low point in 1994 when the computer industry was ranked forty first of forty two industries in Fortune’s review of America’s Most Admired Corporations (Fombrun, 1996). By contrast, in 2012 three of the top ten companies and ten of the top fifty were related to the IT industry: Apple (1), Google (2), IBM (5), General Electric (15), Microsoft (17), Intel (36), Cisco (42), and Oracle (49),

(CNN, 2012), with Apple again on top for the fifth time in a row (Colvin, 2011). This ranking by Fortune is a simplistic view of corporate reputation measurement and in the next section more detailed alternatives are examined.

### **2.3 Measurement of Corporate Reputation**

Measurements of corporate reputation can be captured by methods such as informal feedback, financial performance, media coverage, published rankings, and custom research. These methods, described by Kitchen and Laurence (2003), can be broken into three groups. The first, informal feedback, can be as simple as a vox populi asking the public to name companies that come to mind. This produces a ‘top of mind’ ranking for companies based on recognition or awareness (Wiedmann, 2002) but little detail of reputation. The second grouping of methods includes financial performance, media coverage and published rankings. Early attempts to measure corporate reputation were mostly based on financial measurements from annual reports and Fortune’s America’s Most Admired Companies annual survey is widely referenced (Colvin, 2011). Therein, respondents are asked to rate companies on eight criteria: 1) quality of management, 2) quality of products and services, 3) innovativeness, 4) long term investment value, 5) financial soundness 6) employee talent, 7) use of corporate assets, and 8) social responsibility and overall company results. Helm’s (2005) formative Measurement Model for Reputation includes a similar list of ten items. The Fortune survey has some credibility (Fombrun and Shanley, 1990) but has been widely criticised as it is completed by senior executives at large corporations (rather than customers) who are judged predominantly on financial performance measurement which leads to overreliance on financial measures (Dowling, 2001; Davies et al., 2003; Roper and Fill, 2012). In fact, Caruana (2000) dismisses it as measuring little beyond economic performance with seven of

the eight items directly influenced by the rater's perception of the financial potential of the firm (Weigelt and Camerer, 1988; Fryxell and Wang, 1994; Chun, 2005; Suh and Houston, 2010). As only large firms are included, the measure may not be applicable to small firms and the importance of business with these large suppliers might be too significant to allow their termination on reputation grounds (Suh and Houston, 2010). For example, in the IT industry, a personal computer (PC) manufacturer could not easily terminate Microsoft as a supplier due to their high market share (Glynn et al., 2007). Compared to the more rigorous scales since developed, the Fortune measure is seen to have no theoretical foundation (Davies et al., 2003) and is merely a scorecard measure which leads to a beauty contest giving very little diagnostic information to a business manager (Dowling, 2001).

The third group is customised research methods. The Reputation Quotient (RQ) measurement is a tool developed by Fombrun et al. (2000) in conjunction with the polling company Harris Interactive and is based on the principles of political polling. In addition to gauging popularity of companies, it aims to understand why they are popular. It asks representative stakeholders for their views on twenty attributes of a company split among six pillars of reputation. These are Products & Services, Vision & Leadership, Workplace Environment, Financial Performance, Social Responsibility and Emotional Appeal. In this way they target all the key stakeholder groups. Of significant interest, for the purposes of this research, is the pillar labelled Emotional Appeal. This includes the attributes feel good about, admire and respect, and trust. These emotional attributes refer to the overall reputation of the company and are relevant to all stakeholders. They mirror Keller and Aaker's (1998) dimensions of corporate credibility which are likeability, expertise and trustworthiness. The Reputation Quotient (RQ) method is not without critics though. Roper and Fill (2012) identify a problem

with multi-collinearity i.e. the respondents do not see the factors as separate entities as more than one of them can mean the same thing. Conversely, Groenland (2002) suggests that two extra dimensions may be required to make the RQ more applicable in the Netherlands and Walsh and Wiedmann (2004) found that the six dimensions failed to adequately capture the corporate reputation construct in a German cultural setting. Similarly, Bromley (2002) is sceptical of overall scores of reputation like RQ and Fortune which apply the same model across different stakeholder groups, who are each likely to judge a company's reputation on different issues that are important to them. Looking at a company from a customer's point of view, self important statements about leadership, vision and profitability are irrelevant (Ou and Abratt, 2006). Other dimensions may merely be basic requirements to do business (e.g. product quality or financial soundness) and are not differentiating factors. A minimum threshold on these dimensions might be sufficient (e.g. passes the quality test or can pay the invoice) but other factors decide which suppliers are selected or terminated (Moller, 1985; Hill, 1994; Da Silva et al., 2002).

Fombrun (2006) later modified the RQ measure to ask a more limited set of questions which became the RepTrak Pulse measure. The measurement scale was reduced to the elements of emotional appeal and the other five pillars were eliminated (Deephouse & Newbury, 2008) suggesting that emotional criteria might be the most significant measure of corporate reputation. By this time, two other methods were available to quickly analyse customers' feelings about a company. The Unique Corporate Association Valence (UCAV) measure (Spears et al., 2006) asks respondents to write words or short phrases that describe the company and they evaluate whether it is a negative, neutral or positive thought about the company. In this way, it expresses what respondents know in condensed format. Another

measurement that requires an emotional response from a customer is the Ultimate Question in the Net Promoter Score measurement (Reichheld, 2006) : “*How likely is it that you would recommend this company to a friend or colleague ?*” on a scale of 0 to 10. The Net Promoter Score is the percentage of promoters (scores of 9 or 10) minus detractors (scores of 6 or less). These measures can be effective in capturing emotional reactions to a corporation and indicating how a corporate reputation is perceived. However, like the majority of early empirical studies, they treat corporate reputation as a one dimensional construct whereas more recent approaches recognise its multi-dimensional nature (Walsh et. al, 2006). Damaging one part of a firm’s reputation, doesn’t necessarily damage the entire reputation (Dollinger et al., 1997) so for more detailed analysis, a measure with greater depth is required.

## **2.4 The Personification Metaphor as a Measurement Approach**

A metaphor is a useful way to reduce complexity when analysing a topic as multifaceted as corporate reputation (Davies et al., 2001) and provides a method of analysing emotional reactions, which are at odds with the financial analysis dominant in the B2B environment. The personification metaphor used by Aaker (1997), Davies et al. (2004) and others, assigns a personality to a company and analyses dimensions of the corporate reputation in the same way as human personality. This is a common concept in marketing as it allows customers to associate emotional values with a company (de Chernatony and McDonald, 1998; de Chernatony and Harris, 2000; Slaughter et al., 2004; Brown et al., 2009) and facilitates discussion of a corporation (Stuart, 1999). The corporate personality is essentially ‘what the organisation is’ and is related to the concepts of human personality (Bromley, 2000).

There is a long history in the marketing literature referring to corporate personality, including corporate personality influencing corporate behaviour (Argyris, 1957), the personality of the retail store (Martineau, 1958), the attribution of personality traits to companies (Spector, 1961), and personalities projected by different brands (King, 1973). The efforts to define factors of human personality go further back to pioneering work in the 1930s by McDougall (1932) who split personality into intellect, character, temperament, disposition and temper and by Allport and Odbert (1936) who defined categories of personality traits. In the 1940s, Cattell (1943) grouped 4,500 words which could be used to describe personality traits into clusters, which reduced the number of variables considerably. Further refinements were made until 1961 when Tupes and Christal found that five factors were sufficient to describe personality. These were validated by Norman (1963) and became the “Big Five” (Goldberg, 1981) personality factors - extraversion, conscientiousness, agreeableness, openness, and neuroticism. These factors have been applied to a business environment where Costa and McCrae (1995) describe facets of each personality dimension and use adjectives (some in their negative form) to describe them (Table 2.1)



**Table 2.1** NEO Personality Inventory (Costa & McCrae, 1995)

Big 5 Dimension	Facet	Trait Adjective
Extraversion	Gregariousness	Sociable
	Assertiveness	Forceful
	Activity	Energetic
	Excitement Seeking	Adventurous
	Positive Emotions	Enthusiastic
	Warmth	Outgoing
Agreeableness	Trust	Forgiving
	Straightforwardness	Not Demanding
	Altruism	Warm
	Compliance	Not Stubborn
	Modesty	Not Show-Off
	Tender-mindedness	Sympathetic
Conscientiousness	Competence	Efficient
	Order	Organised
	Dutifulness	Not Careless
	Achievement Striving	Thorough
	Self Discipline	Not Lazy
	Deliberation	Not Impulsive
Neuroticism	Anxiety	Tense
	Angry Hostility	Irritable
	Depression	Not Contented
	Self-Consciousness	Shy
	Impulsiveness	Moody
	Vulnerability	Not Self Confident
Openness	Ideas	Curious
	Fantasy	Imaginative
	Aesthetics	Artistic
	Actions	Wide Interests
	Feelings	Excitable
	Values	Unconventional

Barrick and Mount (1991) investigate how the Big Five personality traits influence employees in their job performance. They find that conscientiousness, which includes competence, is a valid predictor for all occupations. Another factor, extraversion, which includes warmth, is a predictor of job performance for managers and sales personnel.

Hogan et al. (1984) theorise that there is a direct correlation between performance in a customer service role and dimensions of personality, and Schneider and Bowen (1995) confirm that personality is a predictor of service quality. Superior service providers in the fast food industry tend to score higher in extraversion and agreeableness according to Hurley (1998) who also provides the review of the literature linking personality and service performance shown in Table 2.2.

**Table 2.2** Personality and performance in retail and service roles (Hurley, 1998)

Study	Field	Dependent Variable (DV)	Independent Variable (IV)	R	Notes
Barrick and Mount (1991)	Various	Various	Conscientiousness	0.20	
			Extroversion	0.18	
Day and Silverman (1989)	Accounting	Client Relations	Work Orientation	0.38	
			Interpersonal orientation	0.36***	
Dubinsky and Hartley (1986)	Retail	Self monitoring	Role conflict	0.26	
			Role ambiguity	0.20	
Eastburg et al (1994)	Nursing	Burnout	Extroversion	0.17***	Support
Feris, Bergin and Wayne (1988)	Teaching	Absenteeism	Independence	0.17***	Gender
			Anxiety control	0.17***	
George (1989)	Retail	Various	Positiveness of mood	0.23	Tenure
				-0.38	Turnover
				-0.28	Absenteeism
				0.34	Affectivity
George (1991)	Retail	Customer service	Positiveness of mood	0.26	
Hogan, Hogan and Busch (1984)	Various	Service ratings	Service orientation	0.31	Nurses
				0.42	Nurses
				0.25	Clerical
				0.34	Truck Drivers
Hollenbeck (1989)	Retail	Various	Self consciousness	-0.24	Job satisfacton
				-0.27	Commitment
				-0.27	Turnover
Rafaeli and Sutton (1990)	Retail	Positive emotions	Busyness	0.27	
			Customer demands	0.37	
Rosse, Miller and Barnes (1991)	Health Care	Service ratings	Service orientation	0.19***	
Stewart, Carson and Cardy (1996)	Hotel	Self directed behaviour	Conscientiousness	0.27	
			Agreeableness	0.20***	
			Adjustment	0.24	
All correlations are significant at $p < 0.05$ unless marked with a *** in which case $P < 0.10$ .					
Rs are unadjusted for attenuation in correlation due to measurement unreliability or restriction of range.					

Here, agreeableness, conscientiousness and extraversion seem to be significantly linked to service performance and these traits will be seen again in the Corporate Character Scale (Davies et al., 2004). Considering these impacts on management, sales and service functions, corporate personalities are now widely studied in industrial markets (Duarte and Davies,

2002; Rojas-Mendes et al., 2004; Simms and Trott, 2006). In the IT industry, Lamons (2005) suggested that if they were a person, then IBM would be a smart, hip, get-it-done person; Intel would be a race car driver pushing the performance limits; and General Electric would be someone you trust to come up with new ways to solve old problems. The question of how to capture such personality impressions in a systematic fashion leads to the discussion of three of the principal scales, Markham (1972), Aaker (1999) and Davies et al. (2004) in the following sections.

## **2.5 Markham's Corporate Personality Test**

Markham (1972) believed there was no existing way to assess the component parts of reputation but thought that it was an important task for the future. He sees buyer motives as often intangible, with the most intangible aspect being the importance of corporate reputation. As a result, he proposes that purchasing decisions could be based on emotional issues such as the image, reputation or personality of the supplier in the mind of the buyer. To tackle this area, he devised a test to measure corporate personality. It lists thirty pairs of opposing adjectives that could describe a person's concept of a company (Table 2.3). If the perception of the company is, for example, neither 'dull' nor 'bright', a score of zero is assigned. Alternatively scores of 1, 2, or 3 can be assigned towards either adjective, thus building up a personality profile of the company under analysis.

**Table 2.3 Markham's Corporate Personality Test (1972)**

	3	2	1	0	1	2	3	
Good								Bad
Unfair								Fair
Powerful								Weak
Unreliable								Reliable
Distant								Friendly
Informal								Formal
Production Orientated								Marketing Orientated
Irresponsible								Responsible
Dull								Bright
High Quality (products)								Low Quality (products)
Materialistic								Public Spirited
Modest								Brash
Poor Service								Good Service
Active								Passive
Extrovert								Introvert
Efficient								Inefficient
Large								Small
Dishonest								Honest
Sluggish								Alert
Modern								Old Fashioned
Flexible								Rigid
Slow								Fast
Inventive								Conventional
Artistic								Scientific
Narrow Minded								Broad Minded
Worldwide								Local
Lively								Dreary
Research Based								Not Research Based
Unenterprising								Enterprising
Theoretical								Practical

He describes image as a reflection of personality and claims that people choose between competing brands because the brand reflects their own personality, referred to as self-congruity. This topic is taken up by Aaker (1999) as part of her analysis of brand personality.

## 2.6 Aaker's Brand Personality Scale

An influential application of personality traits to a brand is described by Aaker (1997) who defines brand personality as the set of human characteristics associated with a brand (Kapferer, 1992). Aaker lists five factors of brand personality – sincerity, excitement,

competence, sophistication and ruggedness, which are in turn split into the fifteen facets and forty two traits, listed in

Figure 2.2.

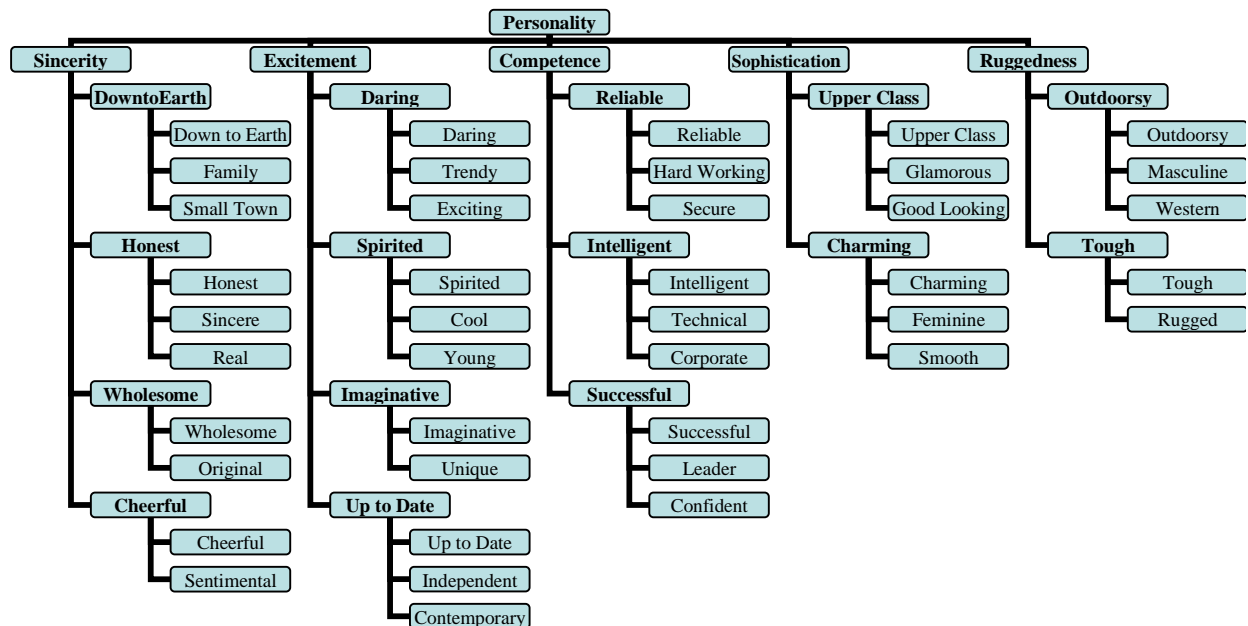


Figure 2.2 Aaker's Brand Personality Scale (1997)

Aaker's five factors are based on the work of McCrae and Costa (1999) and the Big Five Factors of Human Personality and are selected to be relevant to almost every aspect of human and thus corporate personality. The scale has been used successfully by Sigauw et al. (1999), Kimet al. (2001), Freling and Forbes (2005), Han and Hwang (2008) and others but it may not work in every environment and has been challenged by users of other measures (Azoulay and Kapferer, 2003; Muzellec and Lambkin, 2007). For example, Aaker's work is centred on the US where the character trait 'western' has different connotations than it might have in the

Middle East (Davies et al., 2004). Two of the traits were omitted by Smith (2003) as respondents were unsure of the meaning of 'small town' and 'Western' and later scales replace some traits (e.g. 'small town' and 'feminine') with more culturally neutral expressions (Davies et al., 2001).

## 2.7 Davies' et al. Corporate Character Scale

In a scale which follows from Aaker's Brand Personality scale, Davies et al. (2003) define corporate character as 'how a stakeholder distinguishes an organisation, expressed in terms of human characteristics'. The authors chose to use 'character' as, although it is similar to the term 'personality', is more applicable to corporate reputation. The Corporate Character Scale is a detailed measure incorporating multiple dimensions of corporate personality and their associated traits. It has been widely validated in studies of consumer and B2B studies, yielding consistent results, and is thus ideal for the rigorous analysis of supplier decision-making required in this research. The scale asks respondents to imagine the target company as a human being and allows for views of the company to be analysed across seven different dimensions - Agreeableness, Enterprise, Competence, Chic, Ruthlessness, Informality and Machismo. These dimensions are further segmented into forty nine trait items, as shown in Table 2.4. The Davies scale is similar in approach to that of the Aaker scale but, importantly, is validated for both internal and external stakeholders and has been applied to both corporate and product brands. It includes different dimensions to those contained in the Aaker Scale (1997), some of which are negatively constructed, so it can access views that may not arise in the Aaker scale (Alwi and Da Silva, 2007).

**Table 2.4**                      **Davies' et al. Corporate Character Scale (2004)**

Dimension	Facet	Items
Agreeableness	Warmth	Friendly, Pleasant, Open, Straightforward
	Empathy	Concerned, Reassuring, Supportive, Agreeable
	Integrity	Honest, Sincere, Trustworthy, Socially Responsible
Competence	Conscientiousness	Reliable, Secure, Hardworking
	Drive	Ambitious, Achievement Oriented, Leading
	Technocracy	Technical, Corporate
Enterprise	Modernity	Cool, Trendy, Young
	Adventure	Imaginative, Up-to-date, Exciting, Innovative
	Boldness	Extrovert, Daring
Chic	Elegance	Charming, Stylish, Elegant
	Prestige	Prestigious, Exclusive, Refined
	Snobbery	Snobby, Elitist
Ruthlessness	Egotism	Arrogant, Aggressive, Selfish
	Dominance	Inward Looking, Authoritarian, Controlling
Machismo		Masculine, Tough, Rugged
Informality		Casual, Simple, Easy Going

Davies et al. (2004) found a direct link between each of these dimensions and customer satisfaction, with Agreeableness and Competence being the most strongly correlated. This reinforces earlier authors views on the same point (Anderson and Sullivan, 1993; Fombrun, 1996; Martensen et al., 2000; Nguyen and Leblanc, 2001). Taken a step further, there is a positive relationship in international B2B and consumer markets between corporate

reputation and business outcomes such as financial performance (Davies et al., 2009), purchase intention (Markham, 1972; Yoon et al., 1993; Lafferty and Goldsmith, 1999), promotion of customer loyalty (Saxton, 1998; Alwi and Da Silva, 2007), belief of advertising claims (Goldberg and Hartwick, 1990) and employee and customer satisfaction (Davies et al., 2003, 2004). In fact, one of the earliest uses of the scale (Roper and Davies, 2002) described the atmosphere between a business and its customers (echoing Hakansson's earlier definition of corporate reputation) as being composed of the emotional traits of Agreeableness and Ruthlessness. Based on this support, the scale seems suitable for use in identifying the dimensions of corporate reputation that have most impact on supplier selection and supplier termination in this research. By analysing the findings of previous studies that have employed the Corporate Character Scale, the strength and direction of the relationship between the dimensions of corporate reputation and supplier selection and termination can be hypothesised. Further, as the most important characteristics of a supplier are suggested to be Agreeableness and Competence, which map directly onto the factors of warmth and competence, the two central components of the Stereotype Content Model, that model is described next.

## **2.8 Stereotype Content Model**

A stereotype is defined by Asch (1946) as a central quality belonging to an extremely simplified impression of character which is formed immediately when one looks at a person. Such stereotypes are captured by two dimensions, warmth and competence, which incorporate multiple personality traits (Fiske et al., 2002; Cuddy et al., 2004; Fiske et al., 2007; Aaker et al., 2010). Warmth includes tolerant, warm, good natured, sincere, friendly, trustworthy, moral, generous, kind, helpful, and thoughtful, while competence includes



competent, confident, independent, competitive, intelligent, skillful, creative, efficient, effective, and capable. These two dimensions are conceptualised as orthogonal (Aaker et al., 2010) and, when combined, account for 82% of the variance in perception of everyday social behaviours (Fiske et al., 2007). A halo effect can cause individuals who rank high on either warmth or competence to be judged higher on the other, but that does not apply to social groups, many of whom are judged high on one dimension and low on the other, as shown by the emotions elicited in relation to social groups in Figure 2.3. This could have a bearing if buyers consider the supplier's entire company or if they focus on the personality of the salesperson.

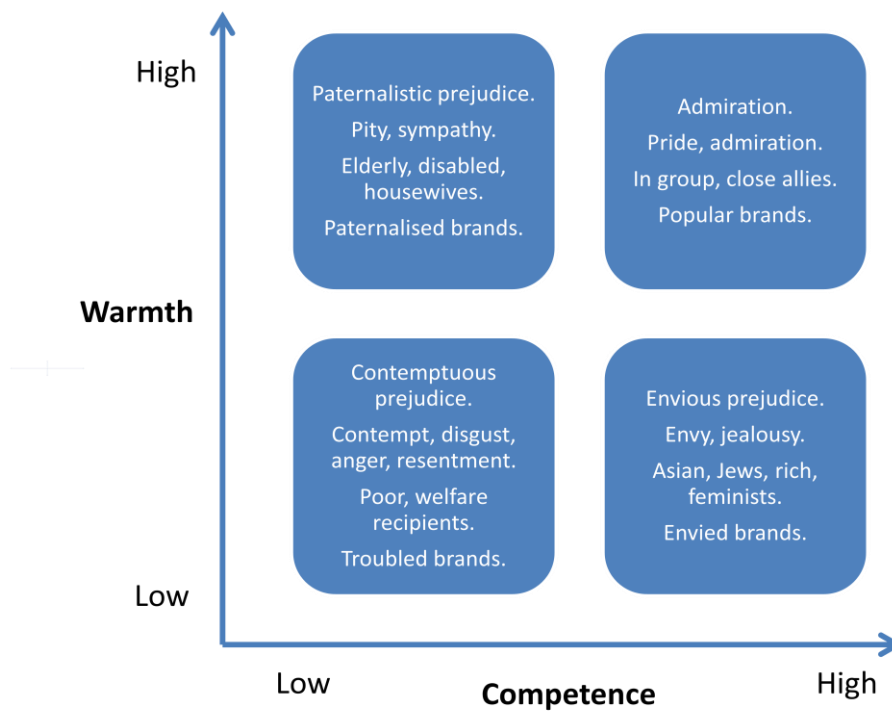


Figure 2.3

Stereotype Content Model (Fiske et al., 2002)

Kervyn et al. (2012) apply this model to consumer purchase intent of brands where the emotions elicited by the brands lead to the four types included in Figure 2.3 – paternalised brands, troubled brands, envied brands, and popular brands. Their results indicate that a brand's perceived relational intentions (warmth) in addition to its perceived ability (competence) are strong predictors of consumer purchase intent. Aaker et al. (2010) investigate the two social groups of non-profit companies (seen as warmer but less competent) and for-profit companies (seen as more competent but not as warm). Their study shows that firms perceived competence better predicts willingness to buy amongst customers than warmth. However, in B2B environments, where trust between customers and suppliers is critical, warmth may predict willingness to buy more than competence. While Fiske et al. (2007) find that warmth is judged before competence, Aaker et al. (2010) suggest that further research is required to understand if it is better to cultivate respect first (through competence) and then add warmth, or vice versa, in B2B relationships. Within this work on the Stereotype Content Model, kind and honest are seen as the opposite of aggressive. Applied to the terminology of the Corporate Character Scale, this shows Ruthlessness traits to be the opposite of Agreeableness traits. This is borne out by the results of Davies et al. (2003) and is consistent with various bipolar scales to measure corporate personality which use pairs of character traits such as honest-dishonest (Asch, 1946), good-bad (Rosenberg et al., 1968), or extrovert-introvert (Markham, 1972). As it has long been understood (Asch, 1946) that impressions of personality change depending on the order in which traits are presented to respondents, it is important when considering research design to present the personality traits in random order when administering the research instrument.

To reduce all corporate personality to just two dimensions of warmth and competence may appear to be a simplification, even if these dimensions each signify ten or more character traits. This can be partially justified by Rosenberg et al. (1968) analysis of human personality traits which points to the likelihood of trait co-occurrence. That is the degree to which two traits are perceived as occurring in the same individual e.g. ‘intelligent’ and ‘industrious’ are not likely to be judged as synonymous but they are likely to be seen as going together in the same individual, one displaying competence in this case.

## 2.9 Conclusion

This literature review has shown that the Corporate Character Scale (Davies et al. 2003) appears to be the most complete and accurate method of defining a company’s corporate reputation. Results from previous use of that scale indicate that Agreeableness and Competence are the two most significant dimensions which impact customer-supplier relationships. Further, this may indicate that the dimensions of personality in the Stereotype Content Model (warmth and competence) could be useful in understanding the elements of corporate reputation which impact the selection and termination of suppliers. A corresponding literature review is examined in the next chapter to understand the purchasing side of the buyer-seller dyad with the aim of choosing a suitable scale for measuring the importance of various B2B purchasing criteria in the selection and termination of suppliers.

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# **Chapter Three**

## **B2B Purchasing**

The typical buyer is a man past middle-life; spare, wrinkled, intelligent, cold, passive, non-committal, with eyes like a codfish; polite in contact, but at the same time unresponsive; cool, calm and as damnably composed as a concrete post, or a plaster-of-paris cat; a human petrification with a heart of feldspar, and without charm, or the friendly germ; minus bowels, passions, or a sense of humour. Happily they never reproduce, and all of them finally go to Hell.

Elbert Hubbard (1856-1915)

### 3 B2B Purchasing

#### 3.1 Introduction

The conventional wisdom is that B2B buyers make rational, low cost, profitable purchasing decisions based on price, quality and service (Kotler and Pfoertsch, 2006, Brennan et al., 2010). It is suggested that they are selfish, rational and motivated by profit rather than by personal gratification, so rational appeals must be stressed instead of the emotional ones (Webster and Wind, 1972, Lunn, 2008, Hingley et al., 2008). However, there are other viewpoints. Lamons (2005) takes the view that too many B2B marketing and sales managers still, incorrectly, believe that customers make studied, rational selections after carefully examining all the possible options and Bellizzi (2009) points out that business buyers are human and therefore possess emotional characteristics. When selling to them, emotional information could be used to supplement rational straightforward information. It may seem that ‘non rational behaviour’ and ‘soft facts like reputation’ have no place in this environment but they may be just as important as in consumer markets (Kotler and Pfoertsch, 2006). Indeed, the question has been asked since the earliest marketing literature whether a company’s reputation is an emotional factor which affects its ability to sell B2B products (Levitt, 1965).

The context of this study is the B2B purchasing environment which is influenced by four factors (Moriarty and Spekman, 1984) : characteristics of the buying situation, characteristics of the individual decision makers, phases in the buying process and organisational characteristics (including corporate reputation). Each of these four areas will be examined further in this chapter. First the buying situation will be tackled in section 3.2 and will be

related specifically to the IT industry in section 3.2.1. The characteristics of the individual decision makers, including all buying centre members, but especially those in boundary person roles, will be examined in section 3.3. Then, the customer-supplier lifecycle is considered in section 3.4 with specific emphasis on the steps in the buying process which lead to supplier selection or termination (sections 3.4.1 and 3.4.2). Finally, the relative importance of organisational characteristics will be considered in section 3.5 leading to a list of purchase decision-making criteria which can be integrated into the conceptual model of the next chapter.

## **3.2 B2B Purchasing Environment**

There are three different buying situations involving increasing risk to the buyer as defined by Robinson et al. (1967) in their seminal work which is also cited by Webster and Wind (1972), Fisher (1976), Doyle et al. (1979), Bellizzi and McVey (1983), Crow and Lindquist (1985), Anderson et al. (1987), Reeder et al. (1991), Wilson et al. (1991), Baily et al. (1998), Da Silva et al. (2002), Leonidou (2005), and Howard and Doyle (2006). In a straight rebuy, goods or services are reordered from an existing supplier. Whereas a modified rebuy may require a search for new suppliers, a new task buy always involves supplier selection, as it fulfils a new purchasing need (Narayandas et al., 2002). Specifically, in the IT industry, these three kinds of transactions are referred to as book and ship orders, value added orders and design wins (Narayandas et al., 2002) where a design win is a complicated new task buy, accounting for approximately twenty percent of cases (Robinson et al., 1967; Leonidou, 2005).

The complexity of IT purchases requires a purchasing team or buying centre for implementation (Howard and Doyle, 2006). This buying centre is an informal, cross departmental, decision making unit (Reeder et al., 1991; Lau et al., 1999) and is usually composed of representatives from purchasing, quality, engineering, marketing, and led by a buyer from the purchasing department. The buyer is the boundary role person who acts as a gatekeeper for the purchasing company (Moriarty and Spekman, 1984; Krapfel, 1985; Lau et al., 2003). Their position allows them to exercise expert power, assuring themselves of an influential voice in the decision making process (Spekman, 1979) but their importance tends to be reduced in a highly technical purchase (Howard and Doyle, 2006). In addition to this economic buyer (Rozin, 2004), buying centre members have been defined (Webster and Wind, 1972) as

- User                uses the product or service e.g. manufacturing operator.
- Influencer        doesn't necessarily have the buying authority but can influence the decision through the application of constraints e.g. finance manager.
- Buyer             has formal authority for selecting the supplier and arranging the terms of the purchase.
- Decider           has formal authority for deciding among alternative vendors e.g. managing director.

These different roles can be important at different stages of a purchasing decision (Webster and Wind, 1972). For example, engineers have more influence on a technical purchase as this quote from a Robinson et al. (1967, p.127) case study explains:



*“The designers are the real buyers around here. When the drawings come to the buyer from them, 90% of the final purchasing costs are already locked up tight”*

They also conclude that technically sophisticated personnel seem to be influenced by the seller's reputation to a point that is unexpectedly higher than with technically less sophisticated personnel such as purchasing agents. Pingry (1974) also found this to be true but Bellizzi and McVey (1983) found that the Buyclass Model did not predict the relative influence of different buying centre members in the construction industry. If this theory holds in the case of the IT industry, the technically aware buying centre members are likely to be influenced by supplier reputation.

With increasing complexity in the buying situation, the number of viewpoints increases and the total number of buying centre members can be as many as forty, but is more likely to be seven or eight (Hill and Hillier, 1977). While greater decision novelty will result in a larger number of more senior participants, especially at the later stages of the procurement process (Abratt, 1986), it is rare that a senior manager would overrule the recommendation of the buying centre. These deciders merely ratify the decision (Howard and Doyle 2006).

### **3.2.1 Channel Influence**

In the preceding section it is assumed that the supplier and customer had a direct relationship but this is not always the case. For many businesses, the customer is another company which can be classified as an intermediate marketing organisation (Webster and Wind, 1972). These organisations (distributors, retailers, wholesalers, resellers etc.) are part of the marketing channel and the supplier sells through a third party. In that case, supplier selection or

termination may be a reflection of the effectiveness of the agent or distributor and corporate reputation must be understood through this network of relationships (Anderson et al., 1994; Coviello and Brodie, 2001; Middleton and Hanson, 2003).

To understand a corporation's reputation it is instructive to understand the network in which it is embedded (Middleton and Hanson, 2003). The supplier needs to consider their own reputation and that of their representative from the point of view of the buyer (Anderson et al., 1994) in case the buyer perceives a 'reputation gap' between the reputation of the supplier and that of their agent (Weiss et al., 1999). To modify this reputation gap, the more trusting the relationship between supplier and distributor, the more effort the distributor will exert on their behalf (Doney and Cannon, 1997). There should be mutual recognition between suppliers and distributors that the success of each firm depends in part on the other firm, and a coordinated effort focused on jointly satisfying the requirements of the market is required (Anderson and Narus, 1990; Hansen, 2009). The power in this relationship must also be considered, as the relationship can be unequal or even adversarial (Mudambi and Helper, 1998). Sometimes a supplier is very dependent on a particular customer, even if they sell through an intermediary. The more dependent firm in the relationship needs to protect its customer specific investments by taking actions such as closer bonding with end-user firms (Alojoutsijarvi et al., 2000) further down the channel. They will discuss business conditions directly, leaving the distributor to act as a logistics partner. As markets mature and competition intensifies, information and resources begin to flow more freely between producers and consumers (Ellis, 2006) resulting in a shortening of channels (Sharma and Dominguez, 1992).

The relationship between channel partners can also break down from either side. For example; a distributor can actively breach a contract by selling into unauthorised territory or passively fail to honour an agreement by withholding effort (Ellis, 2006). It can also be caused by communication problems e.g. a sudden increase in price or remaining silent for an unexpected period (Alojoutsijarvi et al., 2000). Suppliers who have a reputation for terminating relationships and seeking high profits use excessive power (Frazier and Antia, 1995) and provide a signal to their customers that they are concerned solely with their own interests, rather than being committed to the success of their channel partners (Ganesan, 1994). This lack of commitment may lead to relationship dissolution and mirrors the Stereotype Content Model view of intentions being a primary driver of relationships between social groups. While these corporate relationships are important, the personal relationship between buyer and seller should also be studied, as in the next section.

### 3.3 Buyer Behaviour

Buyers are human and thus motivated by factors based on their character, psychology or behaviour. Examples of these motivations are the desire for promotion, salary raises, increased job security (Homburg et al., 2010), more interesting job assignments (Robinson et al., 1967), ego enhancement, office politics and lateral relationships (Hill and Hillier, 1977), trust, prestige/status (de Chernatony 2006; Blomback and Axelsson, 2007), friendship and social needs (Lynch and de Chernatony, 2004). These motivations (Webster and Wind, 1972) can be selfish (e.g. ambition, beating competition), financial (e.g. standard of living) or even altruistic (e.g. family life, community involvement) but Robinson et al. (1967) reduce them to two generic motives – risk reduction and achievement. Risk reduction motives are concerned with role expectations and reward structures and achievement motives are concerned with

personal advancement and recognition. Risks can be reduced by emotional, non economic factors (Lynch and de Chernatony, 2004; Blomback and Axelsson, 2007; Kotler and Pfoertsch, 2007) and corporate reputation is seen as particularly important in helping buyers achieve their goals e.g. in the selection of new suppliers (Howard and Doyle, 2006), in working with reputable suppliers (Blomback and Axelsson, 2007), and in maintaining long lasting relationships (Bennett and Gabriel, 2001). As professional buyers tend to be conformists more than innovators (Hill and Hillier, 1977) they are inclined towards source loyalty. Webster and Wind (1972) note that it takes a shock to jolt the organisational buying out of a pattern of placing repeat orders with a favoured supplier or to extend the constrained set of feasible suppliers. The reasons for this behaviour include the cost of searching for new suppliers, the low risk in working with known suppliers and personal relationships between buyer and seller, which is discussed next.

### **3.3.1 Boundary Person Interaction**

When companies do business together, it is inevitable that the people at the interface have a strong influence. The people in question are usually the sales person on the supplier side and the buyer on the customer side. This buyer-seller relationship has been argued to form the core unit of analysis in marketing theory (Dwyer et al., 1987) and to be successful this relationship must exhibit solidarity, mutuality and flexibility (Boyle et al., 1992). The boundary role person acts as a gatekeeper who controls, channels and reformulates available environmental information (Spekman, 1979). This gatekeeper has power over the supplier's salesperson as they can deny permission to a salesman to call upon an influencer or a user and thus exert a strong influence on the buying process (Webster and Wind, 1972). In fact, in a big company the buyer is often used as a barrier to stop salesmen bothering internal senior

managers (Markham, 1972). Lau et al. (2003) note the distinction between gatekeepers and boundary spanners is that both bring external information into the organisation but only the gatekeepers transfer the information within the organisational boundaries. This implies that companies cannot automatically assume that all marketing communications will reach the desired buying centre participants or be channelled in the manner intended. To be successful, a trusting relationship between buyer and salesperson is required.

Some studies have looked at the positive effects that salespeople can have on building relationships with their customer. Thompson et al. (1998) found that once initial contacts were established between businesses, the buyers quickly accepted the trustworthiness of the products and moved to an assessment of the people behind them. Ganesan (1994) and Doney and Canon (1997) grouped the effects under trust (frank, likeable, open, honest, reliable) and expertise (product knowledge, capable of answering questions), once again mirroring the intentions-based and abilities-based factors of warmth and competence from the Stereotype Content Model. All three of Keller & Aaker's (1998) dimensions of corporate credibility (trust, expertise and likability) are also included, showing a direct link between salesperson attributes and the credibility of the company they represent. The perceived company reputation is more strongly related to salesperson attitude for in-suppliers than out-suppliers (Brown et al., 1995) where an in-supplier is defined as the current supplier who has the business and an out-supplier is one who is bidding to gain the business.

Personal interactions are essential for building trust, especially in the early stages of a relationship (Myhr and Spekman, 2005). Moriarty and Spekman (1984, p.138) stressed "*the ubiquitous and pervasive influence of the industrial salesperson throughout the procurement*

*decision process*”. Ideally the salesperson should make the buyer an advocate for their offering within the buying team (Gummesson, 2004) as there is evidence to suggest that an advocate is resistant to changing their mind (Bennett, 1955) and if rewarded by satisfactory product performance and customer service feedback will continue to champion the supplier beyond the timeframe of the purchasing task (Krapfel, 1985). Successful relationships thus make buyers valuable part-time marketers who give referrals and spread positive word of mouth within the customer organisation (Gummesson, 2004) and provide salespeople with valuable insights from buyers (Howard and Doyle, 2006). However, buyers are trained to avoid becoming too close to suppliers (Doney and Cannon, 1997) and many companies have a policy of rotating their buyers amongst suppliers to prevent these relationships becoming too close (Gedeon et al., 2009). On the supplier side, it has been suggested that salespeople should be trained to develop trust (Doyle and Roth 1992) so, rather than hiring salespeople with the usual extrovert and communicative personality traits, Hill and Hillier (1977) suggest that the more compatible the salespeople are with the buyers, the higher the sales prospects. These compatible sales people are often tied to a company with extensive non-compete contractual clauses (Pivateau, 2007) such is their importance within the buyer-seller relationship.

Personal relationships are not the same in every country and the importance given to the people involved depends on the prevailing culture. Canon et al. (1999) distinguish between the relational natures of cultures. More relational cultures such as Mexico place more emphasis on trusting suppliers than less relational cultures, like the USA, which prefer more objective economic criteria. Similarly, salespersons can earn trust via their capabilities if they work in culture which values individual expertise e.g. USA. There are other countries where

individual effort is less important than the group or team effort. In these collectivist cultures, such as Japan, a salesperson who makes themselves the focus of the sale will fail to gain trust (Doney et al., 1999). However, trust of a supplier firm and trust of a supplier's salesperson, though related, represent different concepts (Doney and Cannon, 1997) and ultimately, while contact people change, company behaviour tends to remain constant. It tends to be agreed that trust or reputation at a corporate level has more impact on the business between firms (Zaher et al., 1998; Canning and Hanmer-Lloyd, 2007). Therefore, for the remaining sections of this chapter, the unit of analysis returns to the corporate level.

### 3.3.2 The IBM Effect

Bringing the preceding discussions back to an industry context, there is an old adage amongst IT buyers that *"nobody ever got fired for buying IBM"* (Aaker, 1991; Dowling, 1994 and 2001; Haig, 2006; Homburg et al., 2010), emphasising the risk avoidance inherent in IT purchasing behaviour. It has been phrased emphatically as *"you can't get fired for buying IBM"* (Aaker, 1996) and a version of this statement (*"you won't get fired for buying IBM"*) was termed the IBM effect by Brown et al. (2011). The basis of the effect, previously discussed by Peters and Waterman (1982), is that purchasing from a market leader brings less risk and less need to justify the choice to other members of the buying centre team. As successful buyers tend to show a stronger tendency towards self-protection, whereas under-performing buyers are more willing to bear greater risks in search of opportunities (Jacob and Ehret, 2006), it appears that the IBM effect makes buyers more effective and successful. Some buyers feel they gain prestige or status by buying from a market leader (McDowell-Mudambi et al., 1997) but as one IBM advertising campaign read *"what most people want from a computer service company is a good night's sleep"* (Lynch and de Chernatony, 2004,

p.409). Their positioning as a trust brand (Kotler and Pfoertsch, 2006) and IBM's corporate reputation have driven increased sales for decades. This growth has been attributed to the fact that in the early days of computing businesses did not just want a computer; they wanted an IBM (King, 1973). The reputational effects were still important in the mid 1970s as evidenced by this quote from Olins (1978, page 116).

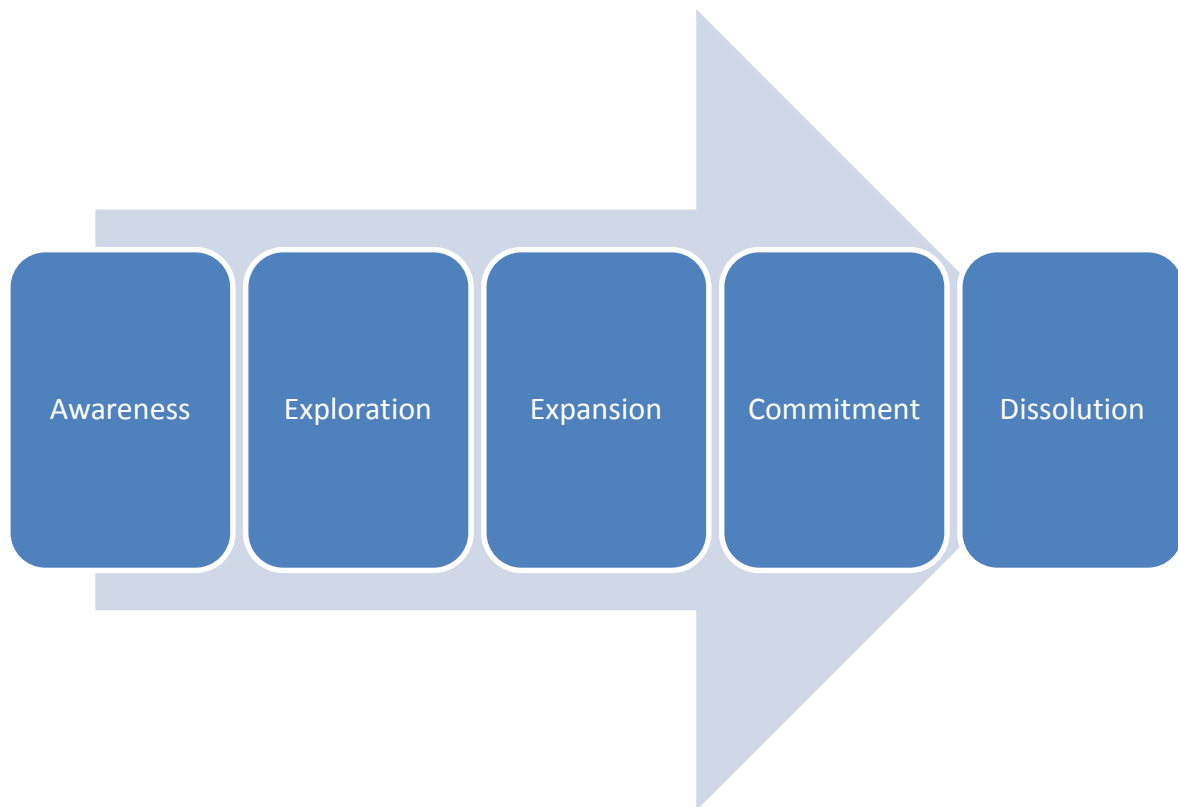
*"If I want reassurance, and most of us do most of the time, then IBM can give me that. IBM give me the comfortable feeling that I can't be making a mistake."*

This was reinforced by former IBM employee Gene Amdahl, founder of Amdahl Corp in 1975, who coined the term 'fear, uncertainty and doubt (FUD)' to describe the feelings the IBM sales team instilled in the minds of potential customers who might have been considering Amdahl products (Pfaffenberger, 2000). It was still the case when IBM introduced their first personal computer in 1981, some years after Apple had introduced their Macintosh range. Apple were arrogant enough to believe that they would easily beat IBM, not realising that corporate technology managers and IT buyers might feel more comfortable purchasing from an established company with a strong reputation like IBM, rather than a new market entrant (Isaacson, 2011). IBM's growth hasn't always been steady (Achrol, 1997). In 1972 they were among the top three most valuable companies in the world, dropping to 206<sup>th</sup> in 1992 (Fombrun, 1996), but rebounding to fifth in 2012 (Beauchamp and O'Connor, 2012) thanks, in part, to the turnaround efforts of former CEO Lou Gerstner in the 1990s (Gerstner, 2002). The central, distinctive and enduring nature of corporate reputation (Albert and Whetten, 1985) has maintained IBM's leading position in B2B markets, despite the Apple effect (Olson et al., 2005; Brown and Turner, 2008) currently dominating consumer markets.



### 3.4 Supplier-Customer Relationships

Supplier-customer relationships have already been discussed and supplier selection and termination decisions are made in that context. The lifecycle of these relationships has been modelled extensively but is often only studied up to the point of first purchase (Markham, 1972; Ford, 1980; Levitt, 1986; Pidduck, 2006). Some models follow the lifecycle through to potential termination such as Kogut (1988) who described three sequential stages: alliance formation, operation and termination. This was modified by Lorange and Roos (1992) to alliance formation, implementation and evolution, where the evolution could be either positive or negative. Murray and Mahon (1993) then extended this to five phases - courtship, negotiation, start-up, maintenance and two possible endings. The endings could be either amicable separation or an extension of the alliance. Separations may not always be amicable, but at least the possibility of termination was included. The seminal model (Wagner et al., 2011) of Dwyer et al. (1987) describes the customer-supplier lifecycle as going from awareness to exploration to expansion to commitment to dissolution (Figure 3.1). The decision to appoint a new supplier takes place during the exploration phase and supplier termination decisions occur in the dissolution phase.



**Figure 3.1** Lifecycle of Supplier-Customer Relationship (Dwyer et al., 1987)

Corporate reputation enters the process right at the start of Figure 3.1 (Schurr, 2007). In the awareness phase, little may be known about potential suppliers, but their corporate reputation. A positive corporate reputation may allow a supplier to gain a place on the potential list of suppliers for initial consideration (Malaval, 2001). In the exploration phase, potential suppliers are evaluated and selected. This phase is split into:

- a. attraction
- b. communication and bargaining
- c. development and exercise of power
- d. norm development
- e. expectations development

(Dwyer et al., 1987)

Attraction is a suitably emotional description of the process. If a supplier's corporate reputation, or specific elements of its character, is attractive, the purchasing company will be more inclined to choose that supplier. Many studies support this suggestion that good reputation or familiarity is crucial particularly during the primary selection phases of a purchase (e.g. Levitt, 1965; Moller and Laakonsen, 1986; Baily et al., 1998), but equally, a bad reputation can especially be devastating during the early phase of selection (Blomback and Axelsson, 2007). The other sub-phases in exploration move through the choice of supplier, relationship development and the establishment of trust. The expansion phase involves the building of trust based on the continual increase in benefits obtained by the partners and their increasing interdependence. If this relationship develops well, it leads to commitment (phase 4) and enhanced business dealings. However, if the relationship doesn't work well, it leads to dissolution (phase 5) of the partnership and supplier termination. Focusing on the exploration and dissolution phases provides relationship context for the activities surrounding supplier selection and termination.

### **3.4.1 Supplier Selection**

In this area of supplier selection, the BuyGrid model of Robinson et al. (1967) is one of the seminal works and has been used as the basis of much of the research which followed. It examines organisational buying behaviour as a process which leads to supplier selection, following eight steps known as Buy Phases and three buying situations, called Buy Classes, shown in Table 3.1.

**Table 3.1 BuyGrid Model of Supplier Selection (Robinson et al., 1967)**

	Buy Phases	Buy Classes		
		New task	Modified rebuy	Straight rebuy
1	Anticipation or recognition of a problem (need) and a general solution			
2	Determination of characteristics and quantity of needed item			
3	Description of characteristics and quantity of needed item			
4	Search for and qualification of potential sources			
5	Aquisition and analysis of proposals			
6	Evaluation of proposals and selection of supplier(s)			
7	Selection of an order routine			
8	Performance feedback and evaluation			

The buy phases are the steps towards selecting a supplier. The eight phase approach is pretty comprehensive and can incorporate other early models within it e.g. Fisher's (1969) 3S approach - specify the product, select the supplier, and sign the authorisation; Webster's (1965) 4 stages – problem recognition, assignment of buying responsibility, search for product information and vendor selection criteria, and choice process; and Ozanne and Churchill's (1968) 5 stages – awareness, interest, evaluation, trial, and adoption. More recent approaches have not changed significantly. For example, Sweeney (2002) investigated the role of business brands at four stages of the industrial buyer's decision process. He defined the activities involved as deciding on the tender list, short listing for negotiation, signing a purchase agreement, and deciding on supply and support services. The process starts with a wide range of candidates and gradually narrows to a single supplier or an approved vendor list. Thompson et al. (1998) also look at a narrowing of potential candidates at a series of management reviews, where potential suppliers are evaluated using increasingly more detailed criteria, as shown in Table 3.2. The stages identified are technical specification, awareness set, consideration set and choice set.

**Table 3.2**                      **Supplier Selection Criteria (Thompson et al., 1998)**

<b>Brand Attribute</b>	<b>Technical Specification</b>	<b>Awareness Set</b>	<b>Consideration Set</b>	<b>Choice set</b>
Product/service quality	x	x	x	x
Technical capability	x	x	x	x
Reputation for reliability	x	x	x	x
Pre/post sales support and responsiveness	x	x	x	x
Company size		x	x	x
Innovativeness		x	x	x
Financial standing		x	x	x
Image		x	x	x
Price level perception			x	x
Management skills				x
Organisational cultural fit				x
Personal compatability and trust				x
Professionalism/leadership				x

Thompson et al. (1998) list the brand attributes that contribute to each of the decision points. There are some basic attributes that must apply for a supplier to pass through the initial review i.e. adherence to technical specification. These criteria could be considered as order qualifiers which allow a supplier move through the selection process but will not necessarily win the final order. These concepts of order qualifiers and order winners (Hill, 1994) will be revisited in section 3.5.2. At the awareness stage a group of potential suppliers are defined from those who are technically capable of supplying the product or service with financial standing and company size included here. The final stage is a list of thirteen criteria from which to choose a supplier. More lists of purchase decision-making criteria will be examined later in section 3.5, leading to a group of criteria that are relevant for use in this research. As in Thompson et al.'s (1998) research, reputation is one of the criteria often used to select suppliers. In studies of industrial buying, corporate reputation usually appears as a top-four selection criterion (Roberts and Merrilees, 2007) and Aspara and Tikkanen (2008) find B2B customers' purchasing decisions are significantly influenced by supplier companies' images or reputations (e.g. Kauffmann, 1994; Lehman and O'Shaughnessy, 1974; Moller and

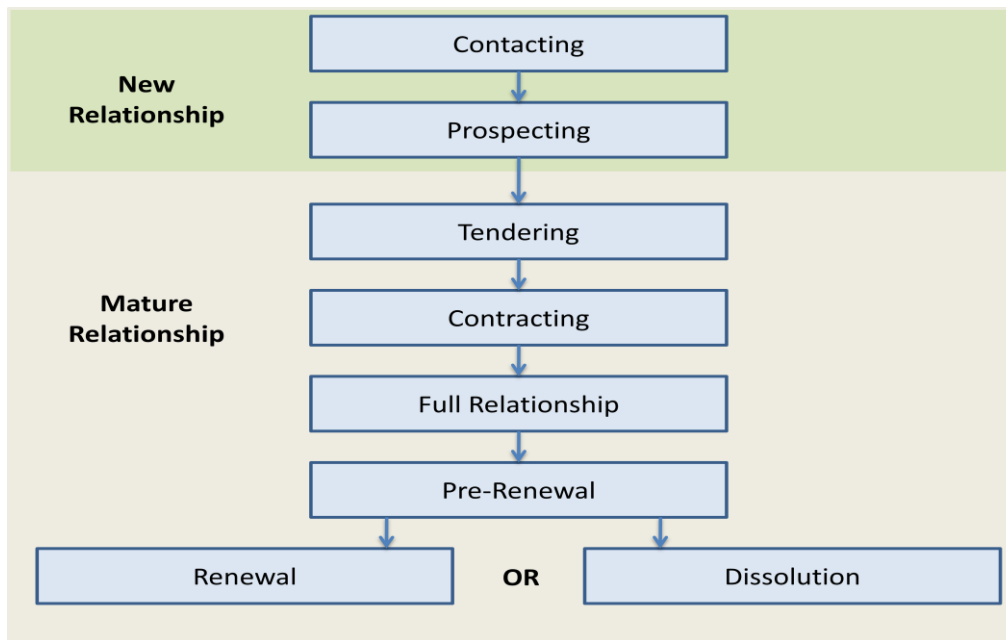
Laaksonen, 1986; Shaw et al., 1989). A buyer who has never had any business contact with a potential supplier may still have a strong opinion of that company based on their brand, image or corporate reputation (Kotler and Pfoertsch, 2006) and this can determine supplier selection. The supplier selection process can be irrational and often very personal, based on friendship, prior relationships and reputation which create trust (Pidduck, 2006) with Markham (1972) phrasing it neatly as ‘you open the door to a friend’.

Trust is the construct most often linked to supplier reputation and is so intertwined with corporate reputation that Achrol (1997) notes that many business decisions superficially based on trust may, in reality, be judgements related to the reputation of an organisation. At the early stages of a relationship, the partners have no experience on which to estimate each other’s trustworthiness, so neither partner is prepared to make the first trusting investment. In this case, reputation for performance in other relationships takes the place of trust building process (Wilson, 1995) and reduces uncertainty (Ford, 1980). The corporate reputation can be understood from PR activities (Murray and White, 2005), word of mouth (Rosen, 2000), or information transferred between companies (Doney and Cannon, 1997) and then becomes a proxy for trust, allowing companies make the leap of faith involved in developing a new relationship (Bennett and Gabriel, 2001). As trust is relational, once initiated, it must be maintained (Bendixen and Abratt, 2007). Real trust doesn’t happen instantly but builds gradually over time (Selnes, 1998) and is directly related to the amount of exposure to a satisfactory supplier (Metcalf et al., 1992; Mitchell, 1998) who consistently delivers on promises (Murray and White, 2005) in repeated successful transactions (Anderson and Narus, 1990; Canning and Hanmer-Lloyd, 2007; Schurr, 2007). These episodes don’t have to be very important in themselves. Marken (2004, p.36) believes that trust is built and managed on

small daily actions and explains that *“a reputation is built with each phone call, each email, each release, each decision and each action”*.

### 3.4.2 Supplier Termination

Not all relationships are successful and even those which show initial promise can deteriorate over time. The dissolution of business relationships is almost inevitable and can be influenced by non-economic factors (Alojoutsijarvi et al., 2000). It can happen easily because bilateral efforts are required for relationship development, but dissolution is more easily initiated unilaterally (Dwyer et al., 1987). A relationship can be considered terminated when no activity links or resource ties (e.g. exchange of objects, personal relationships, contracts, bonds of trust, and commitment) exist between the parties involved in the relationship (Giller and Matear, 2001; Halinen and Tahtinen, 2002; Helm et al., 2005). Different terminology such as dissolution, disengagement, termination (Chronis, 2001) departure, ending, exit, or switching (Pick, 2010) may be used and, in the service marketing literature, the phrase customer switching is employed (Roos, 1999; Walsh et al., 2006). From a supplier viewpoint, the termination of a contract and the dissolution of a business relationship is usually undesirable. However, from the purchasing company's side of the relationship, it can be useful to release poorly deployed resources and gain better return on investment (Alojoutsijarvi et al., 2000). In fact, if a systematic view of the relationship process is taken, dissolution will be considered every time a contract is renewed, as shown in the Beloucif et al. (2005) model of the supplier-customer relationship in Figure 3.2.



**Figure 3.2** Supplier-Customer Relationship (Beloucif et al., 2005)

A more detailed four stage conceptual framework for relationship dissolution comes from theories of personal psychology developed by Duck (1982), Baxter (1985) and Baxter and Philpott (1982) and recently employed in a consumer-brand context by Odekerken-Schroder et al. (2010). The stages describe the dissatisfaction between the parties, the negotiation of their disengagement, the public presentation of that disengagement and the recovery from the breakup. While these four stages are the norm, there are differences in approach by company. Helm (2005) found there were three clusters of company based on their willingness to end unprofitable relationships from hardliners (who take an active and rigorous stance in terminating unprofitable relationships) through appeasers (who take a more considerate or cautious approach) to the undecided (who are reluctant to terminate unprofitable relationships, mainly because they fear the costs involved in attracting new customers). This supplier termination process is less well studied than that of supplier selection but it has been found that social, as well as economic, factors drive switching behaviour (Granovetter, 1985;



Roos, 1999) and that brand attitudes are the most important determinant in B2B contract renewal (Roberts and Merilees, 2007).

A supplier would hope that ongoing performance would lead to a commitment from the buying company, but that can never be guaranteed. While long-term relationships are desirable for suppliers and often for customers, there has been a growing trend since the 1990s towards single sourcing and reduction of vendor lists (Kalwani and Narayandas, 1995). To create economies of scale, the number of suppliers in a product category is reduced; although a minimum of two is usually required in case of supply problems with one company (Lewis, 1995). As long term relationships have a horizon of five to seven years, it means suppliers can lose their customers forever. Suppliers can also decide to end relationships (Helm, 2005), for example, where the benefits of supplying a particular customer (including the reputational effects of association with the customer) might be outweighed by the sacrifices involved in the supply (Blois, 2004). Many suppliers will find themselves in unprofitable relationships with up to half of their customers (Helm, 2005) and these can be masked by the profitable ones (Gummesson, 2004). A proper analysis of the supplier or customer base should reveal the unprofitable relationships which are better terminated than maintained out of habit or misplaced loyalty (Giller and Matear, 2001). The termination of the relationship can even be done while there is still profit to be made from a relationship (Gronroos, 1994). However, most business relationships are so complicated, involving commitment to activities and resources, that to stop the buying process is difficult (Alojoutsijarvi et al., 2000). In the case of Chinese business relationships, that difficulty can be enhanced by the risk of losing face (Pressey and Qiu, 2007). These factors inhibiting the termination of a relationship are called switching deterrents (Ellis, 2006) and are the B2B

equivalent of exit barriers in consumer markets (Dwyer et al., 1987). A selection is listed in Table 3.3 along with related switching motivators.

**Table 3.3**                      **Switching Motivators and Deterrents (Ellis, 2006)**

<b>Switching motivators</b>	<b>Switching deterrents</b>
<u>External/market factors</u>	<u>External/market factors</u>
Market growth	Cultural distance to market
Economic development	Recruitment and training costs
Urbanisation	Country risk
Competitors with integrated channels	Government policies/legal restrictions
<u>Relationship factors</u>	<u>Relationship factors</u>
Relationship age	Loss of sales revenue
Agent opportunism	Contractual restrictions
Satisfaction with performance	Commitment
Agent monitoring costs	Satisfaction
Channel conflict	Relationship age
Replaceability	Channel cooperation
Destructive acts	Relationship specific investments
<u>Company/product factors</u>	<u>Company/product factors</u>
Company growth/ firm size	Foreign operation learning costs
Accumulation of market knowledge	
Asset specificity	
<u>Strategic factors</u>	
Perceived gains from integration	
Sales volume	
Underutilised managerial capacity	

Similar to the link between trust and supplier selection, commitment is the construct most often linked to supplier termination. Commitment is an enduring desire to maintain a relationship with the other party (Brown et al., 2005) which is demonstrated by a long term orientation in a relationship (Ganesan, 1994). There are advantages to be gained by both suppliers and customers in having such a long term relationship. Ganesan (1993) described how customers in a retail environment can achieve a sustainable competitive advantage by receiving merchandise in short supply; information on new and best selling products; competitive information; and best pricing and allowances. On their side, vendors with long

term relationships can obtain information on best selling products; information on competitive activity; and better advertising and displays for their merchandise. Ultimately, commitment to a relationship can prevent supplier termination (Ellis, 2006) and lack of commitment can provide not only a cause for termination but can influence the strategies utilised in terminating the relationship (Hocutt et al., 1997). These strategies are included in a single phase of Dwyer et al. (1987) model of the supplier-customer lifecycle, but they admit that this risks over-simplification. There can be varying reasons for commitment (Bennett and Gabriel, 2001) which relate to switching motivators and deterrents, including:

- Risk aversion – it is better to work with a company with a proven corporate reputation than risk an unknown supplier (Kotler and Pfoertsch, 2007). Howard and Doyle (2006) categorise the risks as perceived risk, personal risk, organisational risk and environmental risk. A strong corporate brand has been identified as useful in reducing these risks in B2B purchasing decisions (McQuiston, 2004; Harcar, 2006; Kotler and Pfoertsch, 2007; Blomback and Axelsson, 2007).
- High switching costs – especially if specific investments have been made in adaptation of a product, plant, piece of equipment or operating procedure that is in some way dedicated to the partner and which cannot easily be redeployed. These switching costs must be balanced against the ongoing maintenance cost of a relationship. In a trusting relationship, activities happen to schedule with minimum management effort and resultant low costs (Covey, 2006).
- Source loyalty – this is most likely because of repeated positive interactions. Commitment to the relationship limits the amount of research of alternate suppliers and likelihood of switching (Tsiros et al., 2009). Loyalty could also be for other reasons, such as using local suppliers to maintain good community relations (Bendixen and Abratt,

2007). Greyser (1999) concludes that one situation where good corporate reputation can make a difference is when product offers are very similar or identical in a market.

- Market concentration resulting in a few powerful players – there may not always be a good choice of suppliers. In the case of a monopolistic supplier, customers may just be ‘happy slaves’ to the situation (Gummesson, 2004) rather than demonstrate real commitment.
- Inertia - Non economic factors are important because they reduce risk for the buyer (Walley et al., 2007) leading to a building of trust which, once developed, can become entrenched as inertia (Hague, 1992). This leads to a reluctance to try other brands (Nilsson and Host, 1987) and is similar to commitment, but rather than actively evaluating other options, the customer repurchases from the same supplier because they feel no reason to change. Companies faced with inertia problems (e.g. banks, energy suppliers, magazine subscriptions, software vendors) tend to have pricing models which reduce the economic cost of switching to zero e.g. free trials, money back guarantees etc. Some even offer gifts (e.g. Amazon vouchers for trying Netflix) with the understanding that once signed up, many customers do not cancel (Salies, 2010).

As the processes for supplier selection and termination have now been discussed, the detailed purchasing criteria which influence these purchasing decisions must be defined and these are developed in the next section.

### **3.5 Purchase Decision-Making Criteria**

The literature review revealed a wide range of studies which listed criteria for purchase decision-making but they were predominantly related to supplier selection and evaluation

rather than supplier termination. The seminal paper in this area is Dickson's (1966) description of twenty three vendor selection criteria ranked in order of importance below in Table 3.4.

**Table 3.4 Purchase Decision-Making Criteria (Dickson, 1966)**

1	Quality	13	Management and Organisation
2	Delivery	14	Operating Controls
3	Performance History	15	Repair Service
4	Warranties and Claim Policies	16	Attitude
5	Production Facilities and Capacity	17	Impression
6	Price	18	Packaging Ability
7	Technical Capability	19	Labour Relations Record
8	Financial Position	20	Geographical Location
9	Procedural Compliance	21	Amount of Past Business
10	Communication System	22	Training Aids
11	Reputation and Position in Industry	23	Reciprocal Arrangements
12	Desire for Business		

Dickson's analysis was reviewed in a full literature search by Weber et al. (1991), along with seventy four other articles, to provide a comprehensive list of potential decision-making criteria. In several cases since (e.g. Nydick and Hill, 1992; Goffin et al., 1997; Hwang and Chi, 2005), modified lists of criteria were gathered and ranked by their importance to purchasing professionals. No single scale has dominated the analyses although many (e.g. Pearson and Ellram, 1995; Weber et al., 2000; Dzever et al., 2001; Narasimhan et al., 2001; Muralidharan et al., 2002; Hwang and Chi, 2005; Blomback and Axelsson, 2007, Talluri et al., 2013) quote Dickson (1966) as a starting point. In a recent review of the literature (Ho et al., 2010), it was found that only fourteen different purchasing criteria were used across seventy eight articles published between 2000 and 2008. Reputation was only included in

fifteen of the scales while the traditional abilities-based factors of quality, delivery and cost were used in more than eighty percent of cases. In addition to scale items, the method of analysis employed in the supplier rating method is also important. Some are quite complex, being mathematical, statistical or cost based but, while each has its advantages, they are mostly based on ability-based criteria (Muralidharan et al., 2002) and neglect intentions based criteria. Following the example of Swift and Gruben (2000) who use the Spekman et al. (1998) scale but reduce it from thirty one items to twenty one items, this research employs a straightforward categorical rating method which starts with Dickson's twenty three items. Ten are used directly – quality, delivery, warranty and service, production facilities, technical capability, financial position, reputation, desire for business, management and organisation, geographical location. These were split into groups of ability-based (quality, management and organisation, technical capability, geographic location, financial position, warranty and service and production facilities) and intentions-based (delivery, reputation, desire for business) criteria. Some of the other factors were considered to be contained within these chosen criteria e.g. attitude within desire for business; operating controls within management and organisation; packaging ability within technical capability; and procedural compliance and labour relations record within quality. Two of the items were renamed to more relevant terms for the target respondents while maintaining the same meaning; price becoming cost and impression becoming image. A further two items were removed as they assumed a previous business relationship (amount of past business and performance history) which would be relevant to the termination case but not the selection case. In recent years, information technology and mobile communications has improved personal communication between buyer and seller. At a company level, the move from manual methods, through EDI systems, to internet-based e-procurement systems has standardised purchasing to the extent that communications systems have become a less important factor (Dai and Kauffman, 2000).

However, communication systems are still captured in the criterion ease of ordering. Finally, the two least important factors in Dickson's analysis, training aids and reciprocal arrangements were omitted as they lacked sufficient support in his or other analyses. Ultimately Dickson (1966) provided four intentions-based criteria and seven ability-based criteria. Indicative of the growing recognition of the importance of intentions-based purchasing criteria, these were augmented with seven other factors from more recent literature sources as indicated in Table 3.5.

**Table 3.5**                      **Intentions-based, B2B Purchasing Criteria (Warmth)**

<b>Intentions-based, B2B Purchasing Criteria (Warmth)</b>	
<b>Criteria</b>	<b>Reference</b>
Responsiveness	Hansen (2009), Goodman et al (1995)
Delivery	Chao et al (1993), Crow et al (1980), Tracey and Tan (2001)
Payment Terms	Mudambi (2002), Muralidharan et al (2002)
Reputation	Kannan and Tan (2003), Franke et al (2005)
Brand	Lynch and De Chernatony (2004), Hwang and Chi (2005)
Image	Blomback and Axelsson (2007), Alwi and Da Silva (2007)
Desire for Business	Muralidharan (2002), Ellegaard (2009)
Personal Relationships	Chao et al (1993), Aspara and Tikkanen (2008)
Social Responsibility	Drumwright (1994), Russell and Kropf (2009)
Cost	Goffin et al (1997), Degraeve and Roodhooft (1999)
Ease of Ordering	Chao et al (1993), Wright (2004)

While *reputation* is the primary focus of this research, the literature review showed *image* and *brand* to be related concepts. Reputation, brand and image are brought together by Lynch and de Chernatony (2004) as intentions-based criteria which influence supplier selection. They, in turn, quote Abratt (1986), Shaw et al. (1989), and Thompson et al. (1998) to support this contention. *Desire for Business* is another criterion which originated with Dickson (1966) and is maintained here for its relevance to small businesses where greater interaction intensity leads to the confidence that extra efforts are consistently made by the supplier (Ellegaard, 2009). This in turn relates to the criterion of *personal relationships* which reflects the perennial discussion (dating back to Levitt, 1967) of whether the relationship with the sales

person supersedes that of the relationship with the supplier or vice versa. Within the relationship, *responsiveness* is seen to be crucial by studies which are viewed from a practitioner point of view. Case studies show it as one of the main pillars of Hewlett-Packard (HP)'s supplier evaluation system (Maignan et al., 2002; Varmazis, 2006; Russell and Kropf, 2009). At Wal-Mart, responsiveness is enshrined in the Sundown Rule which requires suppliers to answer, or at least acknowledge, a request by close of business on the day it is received (Hansen, 2009; Walton and Huey, 1992). *Social responsibility* is becoming more important in B2B purchasing and can have the effect of commanding a higher price for a product or service. Drumwright (1994) uses her results to define vendor strategies to respond to the requirements of socially responsible buying. Changes in technology also have an influence on purchasing trends. Material Requirements Planning (MRP) was mentioned in many articles during the 1980s (Benton, 1983 and 1985; Bragg and Hahn, 1982; Ho and Carter, 1988; LaForge, 1985) but has been surpassed by technologies such as Electronic Data Interchange (EDI) and web based ordering (Wright, 2004). As these have become the norm, *ease of ordering* is now an increasingly important criterion. The final three criteria of *cost*, *payment terms* and *delivery* could be seen as ability-based measures as they can be easily quantified. However, the supplier has a certain degree of control over these items and can choose to offer different terms and conditions to different customers, depending on the business circumstances. From that viewpoint they can be seen as intentions-based criteria. Dickson's factor price was renamed as *cost*. While many analyses concentrate on price, the total cost generated by external purchasing should be considered (Degraeve and Roodhooft, 1999), as this involves factors other than the price. Cost is the more frequently used term when purchasing services; it can incorporate broader cost factors other than headline price, and it is more relevant in B2B where products are bought for resale. *Payment terms*, can easily be overlooked as they are part of the pricing agreement but they are a separate criterion



in other analyses (Mudambi, 2002) and are treated as such here. *Delivery* is included in most lists of vendor selection criteria (e.g. Chao et al., 1993; Hill, 1994; Kannan and Tan, 2003; Ting and Cho, 2008) and has been shown to be a more effective predictor of firm performance and customer satisfaction than price (Tracey and Tan, 2001).

Consistent with the viewpoint that earlier scales were dominated by objective criteria, seven of the ability-based purchasing criteria are taken straight from Dickson's (1966) original analysis. They have been reinforced by three additional criteria from recent diverse sources as listed in Table 3.6.

**Table 3.6 Ability-based, B2B Purchasing Criteria (Competence)**

<b>Ability-based, B2B Purchasing Criteria (Competence)</b>	
<b>Criteria</b>	<b>Reference</b>
Quality	Chao et al (1993), Vyas and Woodside (1984)
Employee Quality/Capability	Sarkis and Talluri (2002), Hwang and Chi (2005)
Technical Capability	Hill (1994), Kannan and Tan (2003)
Management and Organisation	Sarkis and Talluri (2002)
Geographic Location	Dzever et al (2001), Kannan and Tan (2003)
Financial Position	Ting and Cho (2008)
Warranty and Service	Nydick and Hill (1992), Sarkis and Talluri (2002)
Range of Products/Services	Muralidharan et al (1992), Sonmez and Moorhouse (2010)
Innovativeness	Da Silva et al (2002), Ellegaard (2009)
Production Facilities	Kannan and Tan (2003)

*Quality* is consistently seen as the most important influence on supplier decision making (Dickson, 1966; Nydick and Hill, 1992, Goffin et al., 1997). It potentially has several interpretations including performance, reliability, conformance, durability, serviceability, aesthetics and perceived quality (Hill, 1994) but is combined in one criterion here. *Warranty*

*and service* were also combined as one criterion to capture the contractual agreement to provide a warranty and the performance of that service. It is described using different terminology in other papers (e.g. service capability in Sarkis and Talluri, 2002; warranty and claims policy, repair services in Dickson, 1966) but the items being measured are synonymous. Sarkis and Talluri (2002) provide more insight into the *management and organisation* criterion by incorporating several organisational factors in their model for supplier selection including management's attitude and outlook, top management capability and the supplier's organisational structure and personnel. As management and organisation could be viewed as a structural criterion, *employee quality/capability* is included as a separate criterion here. The criterion of *financial position* is retained to indicate the overall financial health of the supplier and can incorporate assets and debts, income and earnings and cash flow (Ting and Cho, 2008). *Range of products/services* is another common criterion as, due to the cost of selecting and managing a supplier, a preference exists for those who can supply a range of products and this equally applies in the supply of services (Sonmez and Moorhouse, 2010). *Technical capability*, *production facilities* and *geographic location* are related to each other and stem from the emphasis on manufacturing capabilities in early studies. All three are retained but take on a different emphasis when the supplier provides a service rather than a product. Geographic location has varied in importance over time. It ranked only 20<sup>th</sup> of 23 items in Dickson's 1966 study but by 1991, when Weber et al. re-evaluated these criteria; geographic location had become fifth most important. This was primarily due to the rise in importance of Just-In-Time (JIT) manufacturing techniques where local suppliers who can replenish inventory quickly are highly prized. Many authors at that time (Jackson, 1983; Manoochehri, 1984; Ansari and Modares, 1986 and 1988; Treleven, 1987; Frazier et al., 1988; Newman, 1988; Benton and Krajewski, 1990; Chapman and Carter, 1990) used JIT supply as a purchasing criterion. In the intervening years, JIT has been

surpassed by the effects of global supply chains. Geographic location can have other effects as it impacts flexibility, cultural understanding and dialogue (Dzever et al., 2001). Finally, *innovativeness* is particularly important in the fast moving IT industry and can be broken into the dimensions of creativity, conformity, inspiration, ingenuity and copycat (Davies et al., 2008). Ellram (1990) emphasises innovation in each technical sphere from design capability through speed of development to future manufacturing capability, but it could equally refer to innovation in processes such as financial transactions, supply chain or order fulfilment. Each has a bigger impact on small businesses which cannot replicate the design and development departments of their larger competitors and often rely on suppliers to introduce them to new innovations (Ellegaard, 2009).

### 3.5.1 Comparison of Corporate Reputation and Purchasing Criteria

There is a strong similarity between the criteria use to measure corporate reputation and the purchase decision-making criteria defined above. The topics of importance to buyers (purchasing criteria) are closely linked to the topics of importance for marketers (corporate reputation factors) which is expected as they are opposite sides of the same transaction. Three examples of the links between reputation factors and purchasing criteria can be seen by mapping purchasing criteria onto the factors used in the Fortune measure of America's Most Admired Companies, Helm's measurement model for reputation (2005) and Bennett and Gabriel's (2001) analysis. Each of the reputation criteria in these studies can be mapped to one of the purchase decision-making criteria, as shown in Table 3.7. Corporate Social Responsibility (CSR) and financial concerns are prominent in all three comparisons, but the fact that one criterion, financial position, covers four of the Fortune criteria appears to

confirm the criticism (Fryxell and Wang, 1994; Fombrun, 1996; Caruana, 2000) that the Fortune scale is too financially biased and limited in coverage.

**Table 3.7 Comparison of Purchase Decision-Making Criteria to Reputation Criteria**

<b>Fortune reputation criteria</b>	<b>Purchase decision-making criteria</b>	<b>Helm (2005) reputation criteria</b>	<b>Purchase decision-making criteria</b>	<b>Bennett and Gabriel (2001) reputation criteria</b>	<b>Purchase decision-making criteria</b>
1. Quality of management	Management and organisation	1. Quality of products	Quality	1. Top quality management	Management and organisation
2. Quality of products and services	Quality	2. Commitment to protecting the environment	Social responsibility	2. Good quality service	Warranty and Service
3. Innovativeness	Innovativeness	3. Corporate success	Financial position	3. Financial soundness	Financial position
4. Long term investment value	Financial position	4. Treatment of employees	Management and organisation	4. Attracts and retains talented employees	Employee quality/
5. Financial soundness	Financial position	5. Customer orientation	Responsiveness		capability
6. Employee talent	Employee quality/capability	6. Commitment to charitable and social issues	Social responsibility	5. Good long term future	Financial position
7. Use of corporate assets	Financial position	7. Value for money of products	Financial position	6. Environmental responsibility	Social responsibility
8. Social responsibility	Social responsibility	8. Financial performance	Financial position	7. Innovative	Innovativeness
and overall company results	Financial position	9. Qualification of management	Management and organisation	8. Uses assets wisely	Financial position
		10. Credibility of advertising claims	Image	9. Frequently mentioned in media	Image

This adds some validity to the choice of B2B purchasing criteria. While every major company in the IT industry has its own supplier evaluation methodology, the scale used by Hewlett-Packard, the TQRDCEB, standing for Technology, Quality, Responsiveness, Delivery, Cost, Environment and Business, is described in most detail in the literature

(Maignan et al., 2002; Varmazis, 2006; Russell and Kropf, 2009). The results of this research will later be compared to the HP methodology to help support the validity of this research and to provide a comparison of the selected B2B purchasing criteria to a scale which is in current practice.

### 3.5.2 Order Qualifiers versus Order Winners

In section 2.3, it was noted that the Reputation Quotient measure of corporate reputation was reduced from six pillars (Products and Services, Vision and Leadership, Workplace Environment, Financial Performance, Social Responsibility and Emotional Appeal) to just the emotional appeal elements of trust, admiration and respect; good feeling; and esteem for the company. This indicates that intentions-based (warm, subjective and emotional) factors, measured by personality/character/reputation could be the most important indicator in positive customer outcomes like purchase intention, customer satisfaction or loyalty (Kim and Chun, 2008). The ability-based (competent, objective and non-emotional) factors were not considered to be irrelevant, but perhaps some were threshold criteria, or “table stakes” as described by Moller (1985), that suppliers must demonstrate before a buyer will consider them. Da Silva et al. (2002) describes the same idea but calls this a “hoop” or generic attribute e.g. if the supplier doesn’t offer adequate delivery time, they are unlikely to be considered, irrespective of their performance on other attributes. Hill (1994) describes order qualifiers are those criteria which are necessary even to be considered as a possible supplier and order winners are those criteria which win the order. For order qualifiers, a supplier only needs to be as good as their competitors or the basic specifications, but for order winners, a supplier needs to beat the competition. This has an implication for marketing practice as it will determine the aspects of the product or service offering that will capture the available

business. The order qualifiers and winners will vary over time and by market (e.g. geographic location as described above) and with changes in technology (e.g. web based negotiating and ordering, Hartley et al., 2006).

Hill (1994) discusses the example of price as an order qualifier or winner. Even if price is just an order qualifier, it doesn't allow a supplier to charge excessively for their product. In that situation they risk being replaced with a cheaper supplier and they will have turned a qualifying criterion into an order-losing criterion. The same applies to all other criteria. They may not initially be order winners, but they are all important as they could become order-losers. A recent purchasing development in the IT industry has been the use of e-auctions. This is an online bidding process where competing vendors are given a product specification and invited to bid. It is assumed that all suppliers can meet the technical specifications and that only price matters as a 'deal clincher' (Goodman and Hellin, 2009). This initially appears to make all criteria order qualifiers with only price as an order winner. As the reverse auction proceeds, each supplier can bid a lower price than the last to make them the best positioned to be named as a supplier (Wright, 2004). However, the purchasing company usually reserves the right to choose any supplier, not just the cheapest one. The result is the supplier with the best corporate reputation lowering their price to compete with unknown, probably inferior, brands. The buyer can, controversially, ignore the cheapest supplier and select the supplier that better matches their intentions-based criteria (Tassabehji et al., 2006; Losch and Lambert, 2007) thus reversing the effect of cost and making it an order qualifier with reputation gaining importance in the process.

### 3.6 Conclusion

In this chapter, the B2B purchasing environment has been described and the buyer's role within that structure explained. Setting their role in the context of a customer-supplier relationship led to a discussion of the processes of supplier selection and termination. These supplier decisions are based on a range of purchase decision-making criteria which were detailed in readiness for use as independent variables in the primary research. By introducing the theory of order winners and qualifiers, further discussion of the results from this viewpoint will be possible in Chapter 7.

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# **Chapter Four**

## **Theoretical Background**

### **and**

## **Model Development**

The buyer is learning more and more to trust the seller. The seller is learning more and more that his interests are identical with those of the buyer.

Elbert Hubbard (1856-1915)

## 4 Theoretical Background and Model Development

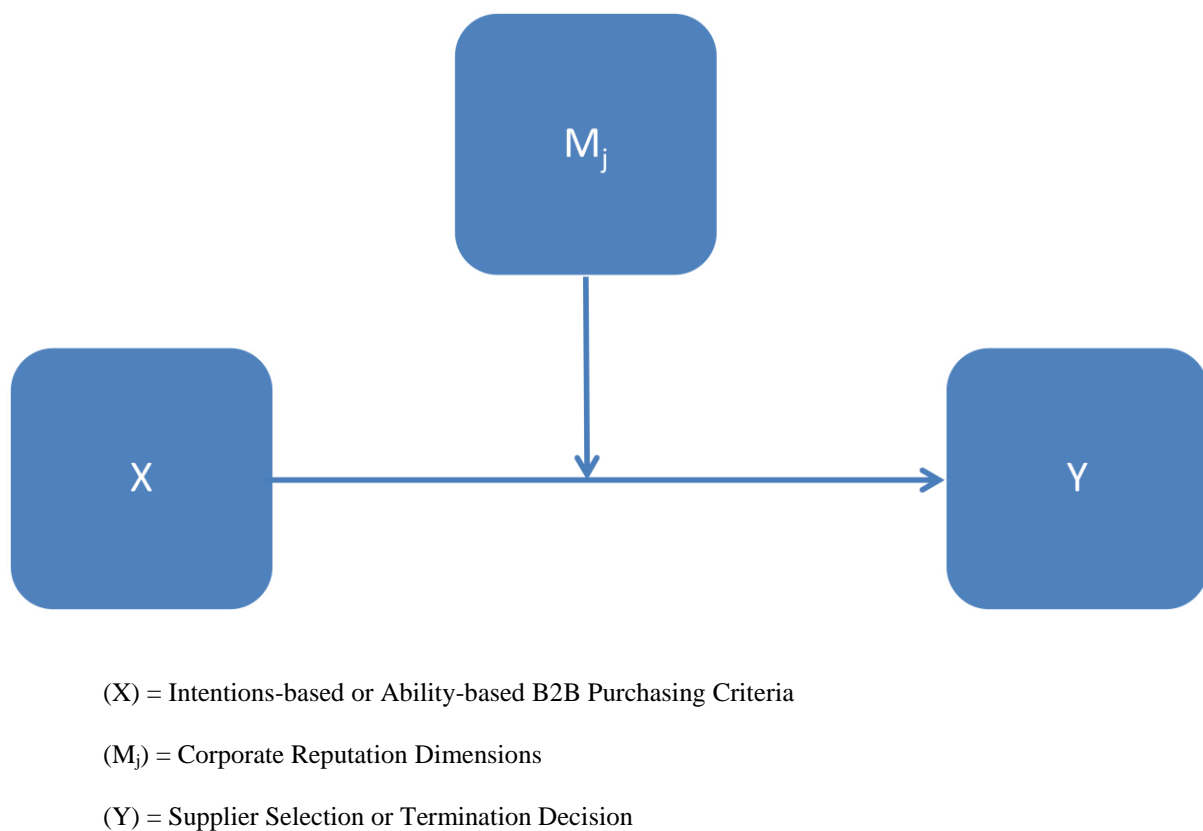
### 4.1 Introduction

The literature reviews of chapters 2 and 3 uncovered factors which influence the decisions to select or terminate suppliers and have provided appropriate scales to measure their relative influence. This chapter proposes the theoretical background and develops the conceptual model for the research which incorporates these variables. In doing so, five hypotheses are offered.

### 4.2 Conceptual Model

Chapter 1 discussed the gaps in the existing literature. Two in particular were captured by Dacin and Brown (2002, p.261) who asked “*what is the precise role of corporate associations in affecting product purchasing decisions?*” and “*what are the key moderators?*”. Chapters 2 and 3 analysed that literature for influences on the B2B purchasing decisions of supplier selection and termination. These are found under two headings – B2B purchasing criteria (which can be intentions-based or ability-based criteria) and corporate reputation (which can be divided into dimensions of Agreeableness, Competence, Enterprise, Informality, Chic and Ruthlessness). Purchasing criteria, by definition, have an influence on supplier selection and termination, but evidence from Chapter 2 also indicated that corporate reputation and its dimensions can play a role. There are studies which show corporate reputation as the dominant influence (e.g. Thompson et al., 1988; Hwang and Chi, 2005; Graham and Bansal, 2007) but there are also situations where it seems to have no influence. This was reinforced in one response to an early pilot study of the basic link between corporate reputation and supplier termination. A supplier had been terminated, even though

the key dimensions of corporate reputation (Agreeableness, Competence and Enterprise) were all rated highly for the supplier. By discussing the results with the respondent, it was discovered that the termination had been forced due to lack of budget. The supplier was excellent, but expensive. As budgets were cut, the supplier was terminated but its corporate reputation had no influence. Between these extreme cases are a range of options for the influence of corporate reputation. This would suggest that it has a moderating effect on the relationship between B2B purchasing criteria and supplier selection or termination as shown in Figure 4.1.

**Figure 4.1****Conceptual Model for Supplier Selection and Termination**

### 4.2.1 Dependent Variable

The dependent variable is of primary interest to the researcher. The goal is to understand and describe the dependent variable, or alternatively to explain or predict its variability. In this case, the dependent variable is the process of either supplier selection or termination. Although data is gathered from different populations for the selection and termination cases, they can be grouped together as a dummy dichotomous variable during the data analysis to examine the differences between the cases. As the decision to select or terminate a supplier is binary in nature (i.e. the supplier is either selected or terminated), selection decisions were coded 0 while termination decisions were coded 1. Independent sample respondents were asked to imagine a recent supplier they began working with (or stopped working with) and proceeded to answer measures presented. That is consistent with previous research (Davies et al., 2004, Roper and Davies, 2007; Whelan and Davies, 2007; Muzellec and Lambkin, 2007; Power et al., 2008) which chose customer satisfaction as the dependent variable. In the case of supplier selection, a supplier needs to be chosen before they can provide customer satisfaction and in the case of supplier termination, the supplier has created dissatisfaction in the customer which leads to termination. Other studies include supplier selection (Ting and Cho, 2008; Zegraeve and Roodhooft, 1999), supplier evaluation (Chao et al., 1993; Kannan and Tan, 2003) or supplier termination (Giller and Matear, 2001, Gedeon et al., 2009) as the dependent variable with a wide variety of criteria as the independent variable.

### 4.2.2 Independent Variables

The independent variable influences the dependent variable in either a positive or negative way. In this model, the independent variables are B2B purchasing criteria and are hypothesised to have an influence on the dependent variable of supplier selection and

termination. B2B purchasing criteria such as cost, quality, delivery and others are represented as single variables. No single scale dominated the literature so the B2B purchasing criteria act as a list of individual variables, but all may not have a strong influence. However, those which have an influence on the decisions to select or terminate suppliers could be combined into groups to form the basis of further analysis. This grouping will be tackled in section 4.4.1 using the Stereotype Content Model. To assess the B2B purchasing criteria that influence the selection or termination of suppliers, respondents were asked to “rate the importance of the following factors that influence your decision to select a new supplier (stop working with an existing supplier)” on 5 point likert scales, where 1 = not at all influential and 5 = very strongly influential across purchasing criteria that reflect both intentions-based judgements and ability-based judgements. While the B2B purchasing criteria are hypothesised to have an influence on supplier selection or termination, that relationship can be moderated by one or more dimensions of corporate reputation.

#### **4.2.3 Moderating Variables**

A moderating variable has a strong contingent effect on the independent variable – dependent variable relationship. An example of moderation in the B2B environment is the analysis of strategic supplier selection by Sarkis and Talluri (2002) in which the interactions between purchasing criteria are modelled. They demonstrate an internal interdependency between the criteria of cost, quality, time and flexibility, pointing out that these factors can have a moderating effect on each other and that one criterion (e.g. cost) may be modified by another (e.g. quality or time) in its influence of supplier selection. Corporate reputation is hypothesised to act as a moderating variable in this research. Similarly, Brown et al. (2011) examine when brand, rather than reputation, is most influential on B2B buyer decision

making. They consider two decision-making perspectives while introducing an extra factor of purchase risk. Taking an objective view, a brand should have less influence as purchase risk increases. Conversely, taking a subjective view, brands should have more influence as purchase risk increases. Using a complementary perspectives approach, they found a U-shaped relationship between purchase risk and brand sensitivity. This means that brands can have an influence in both low risk situations (where they simplify the choice of supplier when management are not concerned about the identity of the supplier) and high risk situations (where brands reduce risk and support the 'IBM effect' that a reputable brand is a safe choice). Similarly, in this research, there may not be an obvious linear relationship between B2B purchasing criteria and supplier decision making. Equally, the hypothesis that this relationship is moderated by dimensions of corporate reputation may not be valid for every purchasing criterion.

Corporate reputation can be measured in a number of ways from single item scales (Goldberg and Hartwick, 1990) to more complex and potentially more useful measures (e.g. Dukerich et al., 2002). Such measures can involve scales created for a specific research context, or generic scales where dimensions have been derived from theory and measurement items developed from previous empirical research. The principal advantage of a generic scale is that it is equally valid in all contexts and assesses common aspects of a construct (Chun and Davies, 2006). In marketing research, personality approaches to reputation have been applied mainly to product brands (Aaker, 1997). The Corporate Character Scale (Davies et al., 2003, 2004) however was validated with corporate brands and in an international business environment across several industries and contexts, including customers (Davies et al., 2009), cultures (Loo and Davies, 2006) and organisations (Chun and Davies, 2010). It includes both

positive (e.g., Agreeableness) and negative (e.g. Ruthlessness) valenced dimensions of reputation which is crucial for an investigation of both positive and negative outcomes such as supplier selection and termination, thereby justifying its use in this study.

Corporate character, defined as *“how a stakeholder distinguishes an organisation, expressed in terms of human characteristics”* (Chun and Davies, 2006), is a multidimensional construct, and its measurement scale has seven dimensions: Agreeableness, Competence, Enterprise, Chic, Informality, Machismo and Ruthlessness, as listed previously in Table 2.4. Respondents are asked to think about the last supplier with whom they decided to work (or stop working) and to indicate the extent to which they agreed or disagreed that the items presented describes the company if it had come to life as a person. Each of the items for the relevant dimensions in this work, Agreeableness, Ruthlessness, Enterprise, Machismo and Competence were measured on a five-point likert scale, labelled from 1 = strongly disagree to 5 = strongly agree. Dimensions were created through the transformation of relevant items in the Statistical Package for the Social Sciences (SPSS) software.

#### **4.2.4 Control Variables**

At the start of the survey, some introductory questions are asked to determine the sample composition of respondents. These control variables are included in other studies and can be analysed for their effect on the results e.g. gender differences in the weighting of supplier selection criteria have been studied by Swift and Gruben (2000). Many of the criteria examined were similar to this research and should allow for some comparisons. For example, women considered the criteria of warranty and service, geographic location, range of products/services and delivery to be significantly more important than men. As this is a

multinational survey, the country in which the respondent works is also a control variable. This is subtly different to the respondents' nationality. As the decisions to select or terminate suppliers are made by buying centres, the location of the business decision and the associated business culture and practices was deemed to be more relevant than the respondents' nationality. The data gleaned from this question can be used in comparison to studies of corporate reputation and country of origin effects in the UK and China (Loo and Davies, 2006). Two of the control questions, job title and purchasing role, are interrelated. Job title is an internal company description of the respondent's role and in the context of the IT industry job titles should be a relatively consistent indication of responsibilities. In this case all respondents had responsibility for supplier selection and termination decisions. The person's role in the purchasing decision-making process is more relevant and the purchasing role follows the definitions in Webster and Wind (1972). This allows comparison to other studies e.g. Lynch and De Chernatony (2004) who asked to what extent are B2B buyers influenced by the emotive characteristics of brands and how is that influence moderated by their role in the buying centre?. The final two control questions ask about the company's primary business and whether a product or service is being discussed. This can help add context to the situation being described while still maintaining the anonymity and confidentiality of the survey.

### **4.3 Reputation as a Purchasing Decision Criterion**

Reputation has been included as a purchase decision-making criterion in most purchasing studies. Reputation and position in the industry was ranked 11<sup>th</sup> of 23 criteria in Dickson's (1966) study. It doesn't make the top ten but it is classified as of considerable importance. Systematic research in this area has only been conducted since the 1950s (Nilsson and Host, 1987) and reputation generally fares badly in early studies. It had no influence in deciding



supplier selection in a study of oil suppliers in Sweden (Hill and Hillier, 1977). From 1,371 responses, reputation came last in a list of 16 criteria for selecting suppliers. However, there are a few older studies which rank reputation highly, for example Robinson et al. (1967) suggested there was increasing recognition that industrial buyers are influenced by emotional-non economic, as well as rational-economic considerations and Ozanne and Churchill (1968) warned that it can't be assumed that customers will only buy new products if they offer a real financial advantage, because emotional factors may also be important. This is a reasonable approach as the people participating in the buying function are neither purely economic nor are their motives purely emotional and irrational. Rather, their decisions and behaviour are influenced by both task and non-task related variables (Webster and Wind, 1972). Of the 34 studies of the grocery industry reviewed by Nilsson and Host (1987), three of the studies (Lebensmittel Zeitung, 1970; Montgomery, 1975; Hutt and Speh, 1979) found supplier reputation to be the most important decision criterion. In more recent studies, corporate reputation appears to have increased in importance since the 1980s and has proven to be the most important criterion in several studies (e.g. Thompson et al., 1988; Hwang and Chi, 2005; Graham and Bansal, 2007).

When questioning respondents on the importance of purchasing criteria, reputation was added to the list as a one-dimensional variable. The purpose was to test the relative importance of reputation compared to other intentions-based criteria and against ability-based criteria. This is a pre-test to ensure that reputation is generally seen as important enough to play a role in the conceptual model. Once this is proven, later uses of the reputation construct will be based around the multidimensional Corporate Reputation as defined by the Corporate Character Scale (Davies et al., 2003). Based on the increasing recognition of reputation and other

subjective criteria as important purchasing criteria and strong evidence of the strength of influence of reputation from the literature review, it is hypothesised that

H1 Reputation is an important factor in supplier selection and termination decisions, relative to other B2B purchasing criteria.

#### **4.4 Purchasing Criteria and Supplier Decisions**

The previous section showed some evidence for the importance of subjective purchasing criteria such as reputation and brand in the selection and termination of suppliers. Traditionally though, supposedly objective purchasing criteria such as product quality, delivery and cost were the most important factors in supplier decisions (Dickson, 1966; Hill and Hillier, 1977; Nydick and Hill, 1992; Goffin and New, 1997; Weber et al., 1991; Tracey and Tan, 2001). In the IT industry, Japanese electronics companies (Hirakubo and Kublin, 1998), and Hewlett-Packard (Maignan et al., 2002; Varmazis, 2006; Russell and Kropf, 2009) consistently adhered to economic measures of performance. HP's measurement of suppliers involved an analysis of supplier Technology, Quality, Responsiveness, Delivery and Cost (TQRDC). Over years of use, this was modified to add Environment and Business factors. The environmental impact was added in line with customer requirements for Corporate Social Responsibility (CSR) but the most interesting addition was a Business criterion. It requires suppliers to furnish financial information to HP that proves they are in a position to enter a viable long term business relationship with the company. This approaches a measure of reputation but, similar to other simple measures of corporate reputation, concentrates almost solely on financial information. This change by HP is not the only indication that intentions-based factors might have a strong influence. Lehman and O'Shaughnessy (1974) argued that

less tangible attributes, including reputation, are the basis of industrial buying decisions. This was later supported by Shaw et al. (1989) and Wolter et al. (1989), which led Beverland et al. (2007) to suggest that often it is a manufacturer's reputation, combined with the buyer's level of awareness and degree of loyalty, that are the most important considerations in purchase decisions. Respondents to the Blomback and Axelsson (2007) survey also acknowledge price, quality and delivery as the most important factors. However, Blomback (2005) found that industrial buyers make decisions based on limited rationality and that cost is not their only determining factor when making decisions on supplier selection. This is especially true for a new supplier, where the supplier's corporate reputation can give reassurance and act as a substitute for trust.

Cost is always an influence, but it may be interpreted in different ways. Actual price paid is not as important as the value being gained (Thompson et al., 1998) or the total cost of ownership (Franke et al., 2005) and it can be disregarded by senior management in favour of intentions-based factors (Hansen, 2005). Dickson (1966) found that reputation concerns only overrode a low cost in only 12% of cases but specific recent studies show that reputation can be more important in supplier decision-making than price; Thompson et al. (1998) found a supplier was chosen for its perceived strengths in cultural fit despite a £1 million premium for its services; while Graham and Bansal (2007) studied consumer choice of airline in the US and found that consumers were willing to pay more for an airline with a better corporate reputation. Although this is a consumer study, the purchase of airline tickets is a common activity in business so it may be relevant. Finally, Hwang and Chi (2005), in an analysis of supplier selection by Taiwanese machine tool manufacturers, found that the leading factor in supplier selection of domestic component suppliers was reputation. In the detailed results,

corporate reputation is represented by the factor ‘brand popularity’ and is shown to be more important than economic factors such as cost, quality and delivery.

There is far more research into the effect of ability-based and intentions-based factors on supplier selection than on supplier termination. Nilsson and Host (1987) show that price is important when customers decide to list new products, but unimportant in deletion decisions. Similar to the Brown et al. (2011) analysis of subjective versus objective purchasing criteria, increasing experience might change the weighting of importance between the use of intentions-based and ability-based criteria. When selecting a supplier, the reputation of the supplier is one of the few pieces of information available to the buyer in making that choice. A positive brand or reputation leads to trust in their competence and a positive supplier choice. When deciding to terminate a supplier, the underlying reasons for termination may be related to intentions-based factors, but it is easier to make a case for termination using ability-based factors. It is more socially acceptable to identify objective failures (e.g. late delivery percentages, excessive quality issues etc.) than the more personal factors of lack of responsiveness and relationship failures (Gedeon et al., 2009). Research into the termination of suppliers by small businesses (Goodman and Helin, 2009) confirmed that buyers created socially acceptable causes rather than blame the calibre of supplier employees. The results of this research will help to further the presently limited understanding of the influences on termination decisions.

#### 4.4.1 Incorporating the Stereotype Content Model

Recent work in B2B marketing suggests that intentions-based influences play an important role in reducing purchasing risk for buyers in industrial markets (Homburg et al., 2010; Kotler and Pfoertsch, 2006) and has considered the relevance of one intangible characteristic of a company, which is the metaphor of company as a person (Chun and Davies, 2010; Veloutsou and Taylor, 2012). Metaphor is increasingly accepted as useful and relevant to organisational theory and research (Cornelissen, 2005). Outside of B2B buying research, the personification metaphor has also been used to describe customer views of brand personality (Aaker, 1997), employee views of organisations (Slaughter et al., 2004), and views of corporate character (Davies et al., 2003, 2004). It is based on the idea that people engage with companies similarly to the ways they engage with other people (Fournier, 1998) such that companies can be imbued with human-like characteristics or personality traits (Aaker, 1997; Davies et al., 2003, 2004). There are a number of aspects of corporate personality relevant to the study of supplier decision making. For instance both Agreeableness, which fundamentally concerns trustworthiness and likeability, and Ruthlessness could both potentially play a role in new supplier selection or in the termination of an existing supplier. Similarly, views of Competence regarding how well a company can carry out its' promises, could potentially influence supplier selection or termination. Based on the introduction of human personality theory into organisational management, the understanding of how B2B buyers make decisions to select or terminate a supplier can profit from models of social perception developed in social psychology; specifically from the well established Stereotype Content Model (Fiske et al., 2002, 2007). In fact, the literatures of social psychology and organisational behaviour show that people differentiate others on the basis of two fundamental dimensions; intentions and abilities (Aaker et al., 2010).

Various corporate associations are defined using terminology equivalent to intentions and abilities. Dacin and Brown (2002) split corporate associations into Corporate Ability Associations, relating to an organisation's ability to develop and produce a product or service, and Corporate Social Responsibility Associations (intentions), relating to whether the organisation is perceived as acting as a responsible entity in society. Another possible corporate association is corporate credibility which Keller and Aaker (1998) define along three dimensions - expertise (abilities), trustworthiness (intentions), and likeability (intentions). This is particularly the case in the service industries where trust is seen as a combination of positive intentions or benevolence (intentions) and ability or reliability (abilities) on behalf of a service provider (Delgado et al., 2005; N'Goala, 2007; Keh and Xie, 2010). Superior customer service providers tend to score higher in extraversion or agreeableness (intentions) and competence (Hurley, 1998), leading to increased customer loyalty based on positive views of credibility or integrity (intentions) and expertise (abilities) which are antecedents of current and future purchases (Esch et al., 2006; Anisimova, 2007).

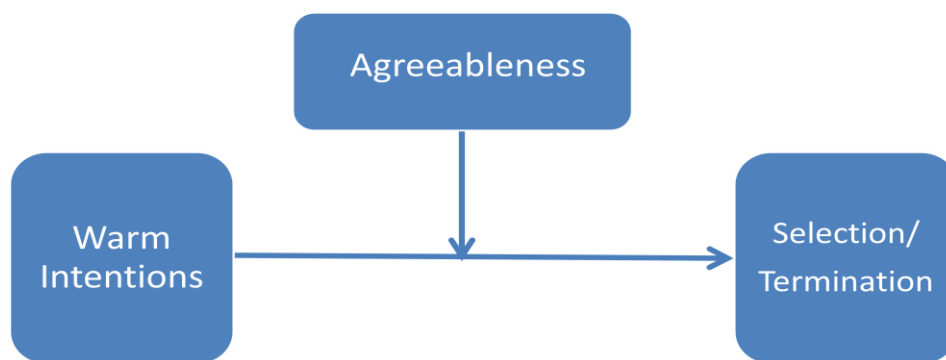
Based on the idea that purchasers relate to supplier companies in a social way, a model of social perception such as the Stereotype Content Model could also aid understanding of the role that corporate reputation perceptions play in the decision to select or terminate suppliers. The core assumption of the model is that people use fundamental judgments relating to intentions and abilities to organise the social world around them. A person or company with positive or cooperative intentions appear warm, whereas a person or company with negative, competitive or exploitative intentions appear cold (Kervyn et al., 2012). On the other hand, abilities perceptions, answer the question *"Is that other able to carry out its intentions?"* Demonstrating positive intentions suggests a motivation to be others focused, whereas

demonstrating ability suggests the necessary effective capacity to bring about one's intent (Aaker et al., 2010). In a departure from prior work, this research suggests that more holistic evaluations of a supplier's accumulated reputation will influence when intentions-based versus ability-based B2B purchasing criteria will or will not influence supplier selection and termination decisions.

The precise role of corporate reputation in affecting organisational supplier purchasing decisions has not been previously examined (Dacin and Brown, 2002). In contrast, research has focused heavily on ability-based purchasing criteria that are largely based on the seminal models of industrial buyer behaviour (Sheth, 1973; Webster and Wind, 1972). For example, prior research has focused on criteria such as delivery terms (Crow et al., 1980; Dickson, 1966, Tracey and Tan, 2001), quality and capability (Crow et al., 1980; Dickson, 1966; Hwang and Chi, 2005; Vyas and Woodside, 1984), payment terms (Frazier and Antia, 1995; Muralidharan et al., 2002; Vyas and Woodside, 1984) and supplier responsiveness (Goodman et al., 1995). Such criteria can be viewed through a stereotype content lens (Fiske et al., 2002, 2007).

Purchasing criteria can be split into those which are judgments relating to the suppliers' intentions toward the buyer (intentions-based as in Table 3.5) and those which are fundamental judgments of the suppliers' ability to carry out its intentions (ability-based as in Table 3.6). A further division can be made by viewing intentions as either warm or cold in their positive or negative intent towards the customer with payment terms and cost being the criteria where a negative intent could be expressed.

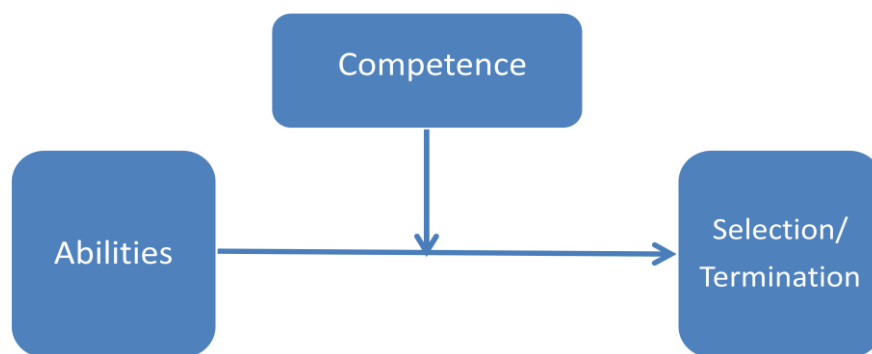
Taking the conceptual model of Figure 1.1 and overlaying this framework, there are three purchasing situations in which intentions or abilities can be associated with dimensions of corporate reputation leading to subsets of the conceptual model, identified as Models 1, 2 and 3 in the figures below. First, there is the case of warm intentions influencing supplier selection or termination. These intentions could include responsiveness, delivery, desire for business, personal relationships, social responsibility and ease of ordering, and are likely to be modified by warm dimension of Agreeableness as shown in Figure 4.2.

**Figure 4.2****Model 1 - Agreeableness moderating Warm Intentions**

While each of the six warm intentions-based purchasing criteria have been selected from the literature, that literature would suggest that desire for business may be more appropriate for small business and that ease of ordering may have become outdated with the introduction of technologies to facilitate internet-based ordering. Social responsibility is a strong element of the literature but, as this is an item within the Corporate Character Scale, it is already covered within the model. This would reduce warm intentions to just personal relationships, delivery and responsiveness.



Similarly in the case of abilities influencing supplier selection and termination, the corporate reputation dimension most aligned to these criteria is Competence and is proposed as the moderating variable in Model 2 and shown in Figure 4.3. From Chapter 3, ten abilities were selected from the literature to be included in the research: quality, employee capability, technical capability, management and organisation, financial position, geographic location, production facilities, range of products/services, innovativeness, warranty and service. As this list of purchasing criteria is not a fully developed and tested scale, all of the items will be included in the research instrument to provide the most complete data set possible, but, viewed through the lens of the Stereotype Content Model, it is suspected that only those most closely related to Competence will fit conceptual model 2.

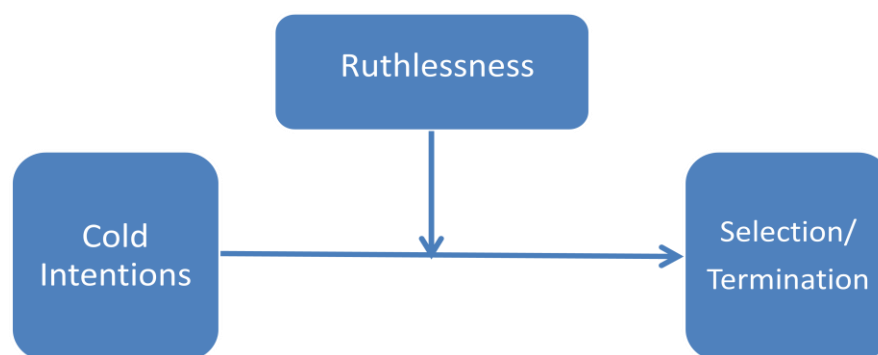


**Figure 4.3**                      **Model 2 - Competence moderating Abilities**

The first three criteria (quality, employee capability, technical capability) would appear to be direct measures of ability and most likely to fit. Management and organisation and financial position echo the factors of Fortune's Most Admired Companies which have been criticized for being too generic and financially oriented; geographic location and production facilities were stronger factors during the just-in-time era of the 1980s and 1990s; and range of

products/services, innovativeness and warranty and service may just be order qualifiers to stay in business in the IT industry.

The final model as shown in Figure 4.4 incorporates the cold intentions-based purchasing criteria of cost and payment terms and the corporate reputation dimension of Ruthlessness.



**Figure 4.4**                      **Model 3 - Ruthlessness moderating Cold Intentions**

As costs are mostly fixed and defined by narrow competitive limits, only payment terms is truly variable and can be used in a cold way. A minimum of 30 days is generally a requirement for any business but in the IT industry but actual payment terms can stretch to 120 days, imposing a burden which can appear to the customer as a cold intention, particularly when the supplier is larger and has more power in the relationship than the customer (Paul and Boden, 2011).

Consistent with the many previous studies from this perspective, it is suggested here that such intentions and abilities-based purchasing criteria will, at a baseline, exert an influence on

supplier selection or termination decisions, either as order qualifiers if not as order winners (Hill, 1994; Hill and Hillier, 1997). As an initial analysis, all of the identified B2B purchasing criteria will be included in the preliminary analysis but as more detailed moderation analysis is performed, the detailed models described above will be used. Thus the following hypothesis can be proposed:

- H2 The more important intentions-based and ability-based B2B purchasing criteria, the more likely they are to positively influence supplier selection and termination decisions.

#### 4.5 Influence of Corporate Reputation on Purchase Decision Making

Analysing results from other studies which use the Corporate Character Scale gives an indication of the potential relationship between dimensions of corporate reputation and customer outcomes. The seven dimensions of Agreeableness, Competence, Enterprise, Chic, Informality, Ruthlessness and Machismo are examined in turn here and the strength and direction of their influence will be hypothesised.

Agreeableness is the dimension found to be most closely correlated to customer satisfaction (Davies et al., 2004; Kim and Chun, 2008). The integrity facet of Agreeableness includes trust, and is therefore expected to be a corporate personality trait that is highly sought after. Davies et al. (2003) found that the agreeable organisation delivers an initial feeling of confidence in the prospective customer which could equally be called trust. Trust has been described as the only “*single variable which so thoroughly influences interpersonal and intergroup behaviour*” (Golembiewski and McConkie, 1975, p.131) and throughout the

literature the word trust is used most often as a positive indicator of a relationship, as a description of a good supplier and as an indication of positive corporate reputation. Lunn (2008) suggests that we are more inclined to buy from people with likeable (also part of Agreeableness) personality traits, such as irreverence and liveliness and Achrol (1997) notes that many business decisions superficially based on trust may in reality be judgements related to the reputation of an organisation. In the IT industry, trust can manifest itself in an investment in relationship specific assets (Nielsen, 1998). These are investments in the relationship that are not transferrable to another business and are a sign of trust and ongoing commitment to the relationship (Bennett and Gabriel, 2001). When such trust and commitment exists, it is difficult for new suppliers to compete. Other suppliers focusing solely on providing lowest cost product could find they are not even considered (Doney and Cannon, 1997). Only when there is a reduction in trust will it open up an opportunity for other suppliers to enter the business (Schurr and Ozanne, 1985). Not all relationships run smoothly though. Trust can be lost and need to be restored (Bendixen and Abratt, 2007) if termination is to be avoided. Another important trait of Agreeableness, reassuring, is related to risk reduction and is important in creating commitment to maintaining a relationship with the other party (Brown et al., 2005). Such risk reduction is an important driver of buyer behaviour and was discussed in chapter 3.

Davies et al. (2004) find that Competence is the second most positively influential dimension and is particularly strong in B2B markets. In a 2001 study, Chun and Davies analysed the corporate character of companies in the banking, retail and computer industries. Of the eleven computer companies in the study, seven had results focused on ‘competence’, three on ‘excitement’ and only Apple had results based on ‘sincerity’. This is a good indication that

Competence might be important in the IT industry, but not necessarily for all suppliers. Other evidence from the literature shows Competence to be an important dimension in influencing positive customer outcomes. Usually this influence is in conjunction with elements of the Agreeableness dimension and sometimes it is through an intermediate variable such as credibility or authenticity. For example, Maathuis et al. (2004) defined four elements of credibility: attractiveness (part of Agreeableness), trustworthiness (part of Agreeableness), expertise (part of Competence) and reliability (part of Competence). Similarly, Keller and Aaker (1998) had previously described three dimensions of corporate credibility as expertise (part of Competence), trustworthiness including honest (part of Agreeableness) and dependable (part of Competence), and likability (part of Agreeableness). Using a similar approach, Fombrun and van Riel (2004) found that authenticity drives reputation. Authentic firms are seen as trustworthy (a trait of Agreeableness), genuine, real (akin to straightforward, a trait of Agreeableness), accurate (akin to technical and corporate, traits of Competence), and reliable (a trait of Competence). Gilmore and Pine (2007) also linked authenticity to purchasing and described customers purchasing on the basis of conformance to self-image. This link between people and performance was furthered by Brown et al. (2009) who proposed that the Big 5 personality traits play a fundamental role in customer service and that employees should be hired based on the factors that deliver best customer service. They suggested that recruiters should seek out potential employees, who are friendly, reliable, responsive, and courteous, all traits of Competence and Agreeableness dimensions. Therefore, it seems that Competence is tied to Agreeableness and has a positive influence on all business relationships.

Davies et al. (2003) found the Enterprise dimension to be quite influential on customer satisfaction but they pointed out some potential downsides of this measurement dimension. As each individual trait is open to interpretation, the overall results for Enterprise might depend on interpretation and, while it is expected that Enterprise would be a positive influence on supplier selection, it may be less of an influence than Agreeableness and Competence. An example of Enterprise from the literature is Apple who was able to extend the iPod market from early adopters to the mainstream market ‘without diminishing the product’s cool factor’ (Olson et al., 2005). In a study of iPod users in Germany, Reppel et al. (2006) found that the design of the iPod satisfied the consumers’ desire for beauty and helped them feel individual. These traits of cool, beautiful and individual reflect Davies’ dimensions of Enterprise and Chic. Another brand with a cool, trendy, young (all traits of the Enterprise dimension), stylish and chic (traits of the Chic dimension) personality is the Mini car brand, owned by BMW and studied by Simms and Trott (2006). They found that the product’s personality is not necessarily reflective of BMW’s personality, so just like Apple, the enterprising personality of one product may not be generally applicable to the entire corporation.

Ruthlessness is comprised of traits which have negative connotations and is negatively correlated with satisfaction (Kim and Chun, 2008). There is a case to be made that Ruthlessness is the opposite of Agreeableness and putting their traits together in pairs, in the same way as Markham’s Corporate Personality Test (1972), could lead to a bipolar scale anchored by Ruthlessness on one side and Agreeableness on the other. There are even similarities in the traits to Markham’s Modest/Brash, Extrovert/Introvert and Dishonest/Honest traits. This is illustrated by Table 4.1.

**Table 4.1**                      **Linking Dimensions of Ruthlessness with Agreeableness**

<b>Ruthlessness</b>	<b>Agreeableness</b>
Arrogant	Supportive
Aggressive	Pleasant
Selfish	Honest
Inward Looking	Socially Responsible
Authoritarian	Open
Controlling	Reassuring

There is evidence in the marketing literature for this Ruthlessness/Agreeableness analysis. Agreeableness is negatively associated with aggression and arrogance, two traits of the Ruthlessness dimension (Barrick and Mount, 1991). The assumption that Agreeableness and Ruthlessness are opposites is also borne out in Davies' et al. (2003) results. While Agreeableness was the best predictor of customer satisfaction, Ruthlessness was the only dimension that was co-related negatively with satisfaction in every study. Trust has already been shown to be an important part of Agreeableness and when Power et al. (2008) examined Ruthlessness in brands they found it to be negatively related to trust. The implication is that Agreeableness and Ruthlessness are opposites.

Machismo, which includes rugged, masculine and tough, is linked to the personalities of consumer brands such as Levis (Aaker, 1999), Marlboro (Davies et al., 2003) and Guinness (Muzzelec and Lambkin, 2007). This dimension was derived from Aaker's (1999) study but ruggedness is the weakest of her five dimensions (Keller, 1998). Aaker's original work was sponsored by Levis jeans and, as ruggedness is a trait associated with their brand, it may have been given more emphasis than deserved in that scale (Davies, 2003). Machismo is included in the introductory analysis but is not considered to be a strong enough influence to include in

the more detailed moderation analyses. Similarly, considering the lack of theoretical support from the B2B literature and the negative feedback obtained during the pilot test phase, it was decided to omit the final two dimensions of Chic and Informality from the study.

In summary, Agreeableness, Competence and Enterprise are positively related to positive outcomes such as supplier selection and negatively related to negative outcomes such as supplier termination. The opposite is the case for Ruthlessness so, based on the preceding discussion, the expected relationships between the variables lead to the third hypothesis:

H3 Dimensions of corporate reputation have an impact on supplier selection and termination, specifically that Agreeableness, Enterprise and Competence have a positive (negative) impact on selection (termination) and that Ruthlessness has a negative (positive) impact on selection (termination).

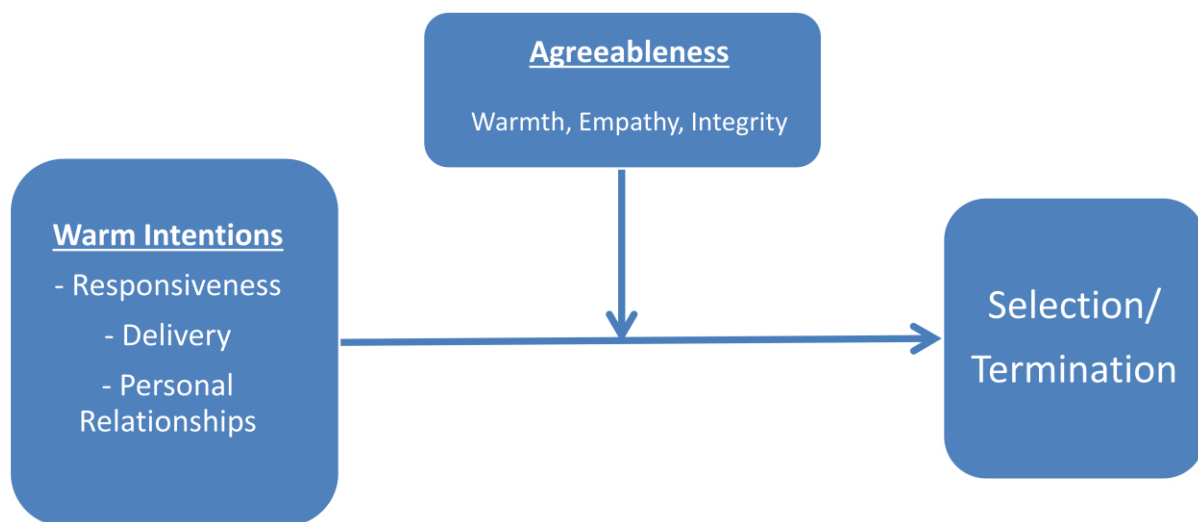


#### 4.6 The Moderating Role of Corporate Reputation

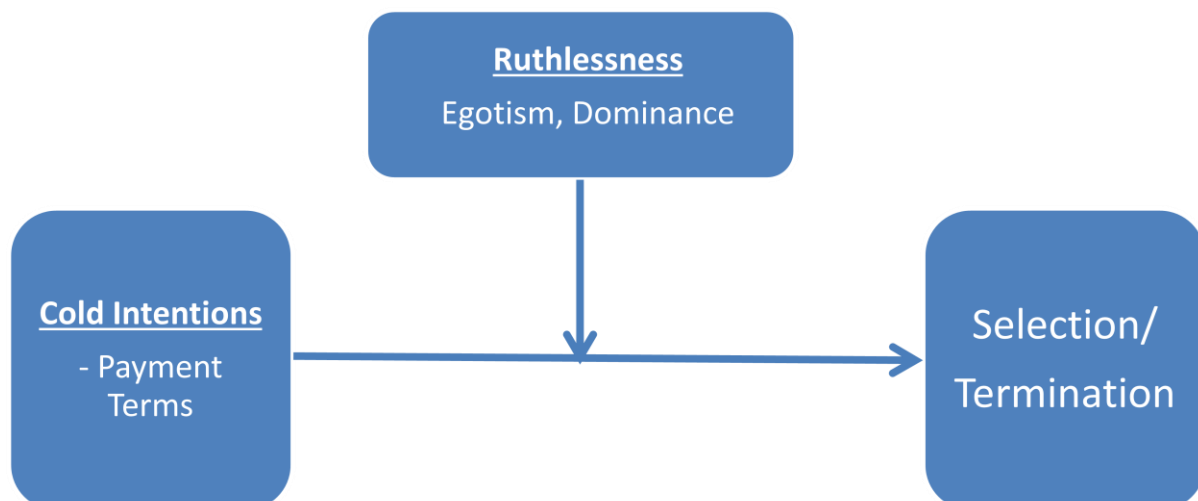
Considerable prior research has shown that companies have perceived corporate reputations that influence important outcomes. Such reputations are global evaluations of a company accumulated over a period of time (Fombrun and Shanley, 1990). Reputation is thus a holistic evaluation of a supplier along key dimensions and it can be suggested that reputation will moderate the influence of B2B purchasing criteria on supplier selection and termination decisions. With regard to intentions-based judgements, there are clear links between the Corporate Character Scale (Davies et al., 2003, 2004) Agreeableness and Ruthlessness dimensions and the Stereotype Content Model, as described earlier. Agreeableness includes three positive related facets; warmth, integrity and empathy. At the trait level, agreeableness includes items such as honesty, sincere, trustworthy, concerned, supportive and reassuring – all of which fall under an intentions-based umbrella of positive judgments that suggest a motivation to be others focused (Aaker et al., 2010). Ruthlessness traits are the opposite to agreeableness traits (Markham, 1972) and include facets such as ego and dominance as well as items reflecting negative intentions such as arrogant, aggressive and selfish (Davies, 2003, 2004).

Such holistic evaluations of potential and existing suppliers can be predicted to play an important role in determining when intentions-based B2B purchasing criteria will influence selection and termination decisions, and when they do not, because strong reputation perceptions as holistic evaluations supersede the effects of more specific B2B organisational purchasing criteria. Specifically, Agreeableness will moderate warm, intentions-based purchasing criteria such as delivery, responsiveness and personal relationships. Ruthlessness, on the other hand, will moderate the influence of financial payment terms, because payment

terms represent a colder intention on the part of the supplier. This approach is based on the analysis of section 4.4.1 and is illustrated in the more detailed models of Figure 4.5 and Figure 4.6.



**Figure 4.5** Agreeableness and Warm Intentions broken down to purchasing criteria and corporate reputation facets



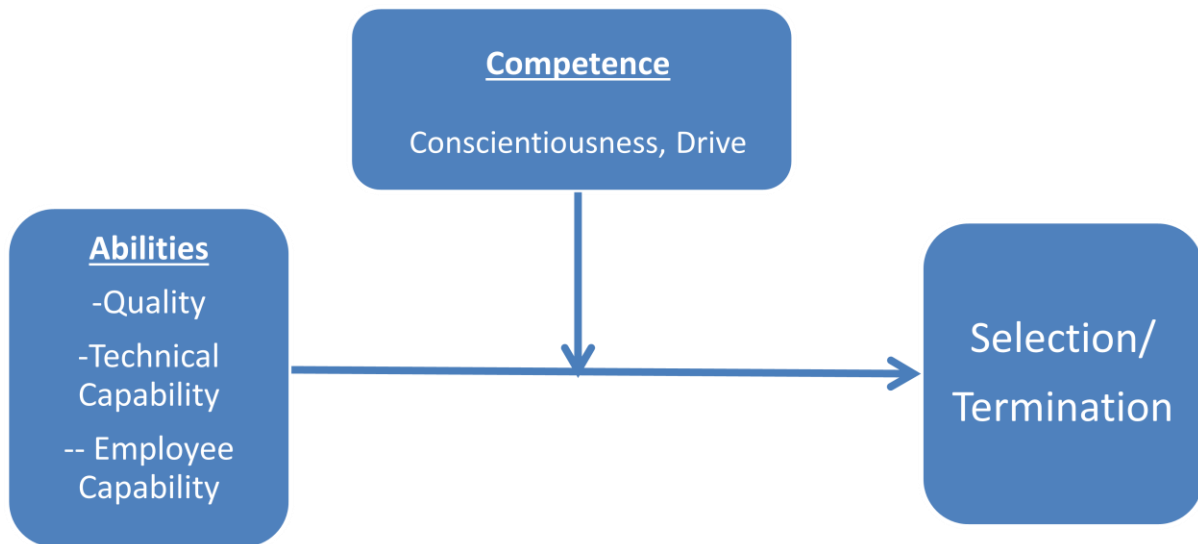
**Figure 4.6** Ruthlessness and Cold Intentions broken down to purchasing criteria and corporate reputation facets

More formally:

H4 (a) The Agreeableness dimension of corporate reputation moderates the influence of warm intentions-based purchasing criteria on supplier selection and termination decisions.

(b) The Ruthlessness dimension of corporate reputation moderates the influence of cold intentions-based purchasing criteria on supplier selection and termination decisions.

Similarly, for the Competence dimension of corporate reputation which includes facets such as conscientious, drive and technocracy (Davies et al., 2003; 2004) together with measurement items such as reliable, secure, hardworking, leading and achievement oriented. Such facets and items broadly suggest high quality offerings and an effective capability to deliver on intentions, reflecting strong ties to the ability-based judgments of the Stereotype Content Model. It can be suggested that a reputation for Competence will moderate the effect of ability related purchasing criteria such as product quality, technical capability and employee capability on the decision to select or terminate suppliers as shown in Figure 4.7.



**Figure 4.7** Competence and Abilities broken down to purchasing criteria and corporate reputation facets

The global evaluation of a supplier's Competence will determine when more specific B2B purchasing criteria will exercise an influence on supplier choice decisions. Therefore it can be predicted:

- H4 (c) The Competence dimension of corporate reputation moderates the influence of ability-based purchasing criteria on supplier selection and termination decisions.

Further, such moderating effects are not uniform and there are differential conditional effects that result under varying degrees of reputation strength. Evaluations of purchasing criteria used in supplier decision making can be conceptualised as formative in that they can contribute to a higher order, holistic reputation for Competence, Agreeableness or Ruthlessness accumulated over time. This is consistent with the theoretical background because measures of reputation have a formative nature (Helm, 2005).

B2B purchasing criteria do not individually constitute a higher order reputation for Agreeableness, Competence or Ruthlessness. For instance, a supplier might be rated favourably on the delivery purchasing criteria, but may not be overly trustworthy or Agreeable in terms of overall reputation. Instead, such purchasing criteria will exert a significant influence only when Agreeableness or Competence reputation is weak, because in the absence of such global reputation perceptions, purchasers must rely upon evaluations of quite specific purchasing criteria. This could occur in the case of new suppliers about whom little is known. In sum, because evaluations of B2B purchasing criteria are subsumed by reputation, in the presence of a strongly Competent or Agreeable reputation, the effects of the more specific abilities and intentions-based purchasing criteria will be overridden and not significantly influence the supplier selection or termination decision. Conversely, in the absence of a strong reputation along these dimensions, purchasing criteria will significantly influence supplier selection and termination. This results in the following hypothesis:

- H5 (a) When Competence and Agreeableness perceptions of corporate reputation are weak (strong), there are significant (non-significant) effects of abilities and warm intentions-based purchasing criteria on supplier selection and termination decisions.

In contrast, Ruthlessness is a negatively valenced dimension of reputation that is therefore predicted to have the opposite effect. Specifically, only in the presence of a strongly Ruthless reputation does a cold criterion such as financial payment terms become highly accessible for buyers' consideration. In the absence of a strongly Ruthless perception of a potential or existing supplier, the effect of financial payment terms on the decision to select or terminate

the supplier will not be as salient, and thus not significantly influence supplier choice as when Ruthlessness perceptions are strong. More formally:

- H5 (b) When Ruthlessness perceptions of corporate reputation are strong (weak), there are significant (non-significant) effects of cold intentions-based purchasing criteria on supplier selection and termination decisions.

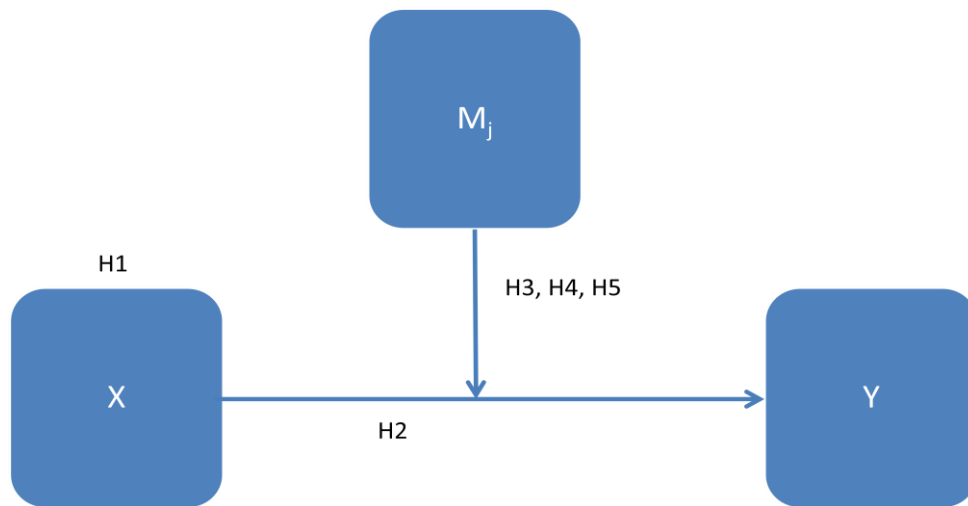
## 4.7 Conclusion

In this chapter, the conceptual model of Figure 4.1 has been derived from theory; its variables defined, and the following five hypotheses proposed to fit the theory.

- H1 Reputation is an important factor in supplier selection and termination decisions, relative to other B2B purchasing criteria.
- H2 The more important intentions-based and ability-based B2B purchasing criteria, the more likely they are to positively influence supplier selection and termination decisions.
- H3 Dimensions of corporate reputation have an impact on supplier selection and termination, specifically that Agreeableness, Enterprise and Competence have a positive (negative) impact on selection (termination) and that Ruthlessness has a negative (positive) impact on selection (termination).

- H4 (a) The Agreeableness dimension of corporate reputation moderates the influence of warm intentions-based purchasing criteria on supplier selection and termination decisions.
- (b) The Ruthlessness dimension of corporate reputation moderates the influence of cold intentions-based purchasing criteria on supplier selection and termination decisions.
- (c) The Competence dimension of corporate reputation moderates the influence of ability-based purchasing criteria on supplier selection and termination decisions.
- H5 (a) When Competence and Agreeableness perceptions of corporate reputation are weak (strong), there are significant (non-significant) effects of abilities and warm intentions-based purchasing criteria on supplier selection and termination decisions.
- (b) When Ruthlessness perceptions of corporate reputation are strong (weak), there are significant (non-significant) effects of cold intentions-based purchasing criteria on supplier selection and termination decisions.

In chapter 5, this conceptual model of Figure 4.8 will be translated into a research instrument which will empirically test the hypotheses.



(X) = B2B Purchasing Criteria

( $M_j$ ) = Corporate Reputation Dimensions

(Y) = Supplier Selection or Termination Decision

**Figure 4.8**

**Conceptual model and Hypotheses for Supplier Selection and Termination**



# **Chapter Five**

## **Research Methodology**

All practical businessmen are scientists.

Elbert Hubbard (1856-1915)

## 5 Research Methodology

### 5.1 Introduction

This chapter sets out the research aims and objectives from which the research design and methodology stem. Translating the overall research aims to specific research objectives gives direction to the research, but must be underpinned by a philosophical approach and a research design that will lead to fully supported results. Several choices are available to the researcher and these are considered under the topics of epistemology, ontology and research paradigms. As the foundations of the research design become clear, a further choice is made between qualitative or quantitative research strategies. With this basis, the research is placed in the context of the IT industry, allowing potential contributions of the research for business practitioners to be predicted along with the proposed theoretical contributions.

Primary data collection is discussed in section 5.6, beginning with a research design which matches the methodological foundations of the research and is operationalised through the chosen research instrument, an online questionnaire. The development of the questionnaire is described from the initial measurement and scaling of the variables, through adjustments suggested by a pilot study and the steps taken to reduce common methods variance, to two final questionnaires (one for supplier selection and another for supplier termination). The research population and sample size is defined, leading to a discussion of the administration of the research instrument and the resultant response rates. Before a full data analysis is carried out in the next chapter, a strategy for that data analysis and its implications for the research design must be considered.

## 5.2 Research Aims and Objectives

The overall objective of the empirical research is to validate the conceptual model which was developed from the marketing and purchasing literature. The empirical validation of the model will provide answers to the central research question

*What are the influences of corporate reputation on B2B supplier selection and termination?*

Splitting this into the constituent parts of the study, the overall empirical aims are

- To provide an understanding of the relative influences of corporate reputation amongst intentions-based and ability-based purchasing criteria (H1).
- To investigate the direct effect of B2B purchasing criteria on supplier selection and termination decisions (H2).
- To investigate the direct effect of dimensions of corporate reputation on supplier selection and termination (H3).
- To determine the moderating model within which dimensions of corporate reputation moderate the relationship between purchasing criteria and B2B supplier selection and termination (H4).
- To determine whether these moderating effects are different with varying degrees of reputation strength (H5).

The specific empirical research objectives, which derive from the overall aims, match the hypotheses H1 to H5 developed in Chapter 4 and represented by the conceptual model of

Figure 4.8. With specific research objectives defined, the researcher must consider the preferred philosophical approach leading to a research strategy which, when implemented, can culminate in a successful research design.

### 5.3 Methodological Foundations of the Research

Combining epistemological and ontological concerns, a suitable research paradigm for this study can be chosen which informs the choice of research strategy. Epistemological concerns are related to what is regarded as acceptable knowledge (Bryman and Bell, 2007) and there are two possible approaches – positivism and phenomenological. The positivist approach assumes an external, objective world where the observer is independent and focuses on facts (the alternative being a phenomenological approach which is concerned with how individuals make sense of the world around them). This would seem to be the most appropriate approach for the business environment and is followed in this research. While the essential assumptions of positivism are the supremacy of human reason and the existence of a single objective truth that can be discovered by science (Shankar and Patterson, 2001), it allows for multiple perspectives (Pachauri, 2002). This study could be modelled as a mixture of four of these five perspectives. B2B buyers are hypothesised to exhibit both rational economic behaviour (Economic Rational perspective and Cognitive perspective) and emotional behaviour (Neo Behavioural perspective). This may be influenced by the effect of their external environment (Behavioural perspective) but is unlikely to be influenced by hedonic and experiential consumption (Situational Influence perspective). As positivism advocates the application of methods from the natural sciences to social research, it tends to lead to quantitative studies where there is a search for causality by formulating hypotheses and testing them. The

positivist paradigm therefore provides for deductive research processes such as the hypothetico-deductive method (Sekaran and Bougie, 2010) which can be described as :

1. Identify a broad problem area (from gaps in the literature and practitioner problems)
2. Determine the problem statement (through literature review and practitioner observation)
3. Develop hypotheses (from a theorised network of associations among the variables)
4. Determine measures (by operationalising the variables to enable measurement)
5. Data collection (via a choice of research instruments)
6. Data analysis (to support the hypothesised relationships)
7. Interpretation of data (to interpret the meaning of the results)

This is the approach taken in this research and is continued in the research design, data analysis and interpretation of data sections to follow.

Ontological considerations are concerned with the nature of social entities (Bryman and Bell, 2007). The major choice is between objectivism (which implies that social phenomena confront people as external facts) and constructionism (which implies that organisation and culture are predetermined). This research follows the objectivist path as the belief, supported by the literature, is that a company's brand, reputation and culture can be externally viewed and are determined by internal company actions. These approaches can be combined in a paradigm, which is "*a set of fundamental beliefs*" (Pachauri, 2002, p.335) or "*a cluster of beliefs and dictates that influence what should be studied, how research should be done, and*

*how results should be interpreted*” (Bryman and Bell, 2007, p.730). Burrell and Morgan (1979) analyse the competing paradigms of research and, in their terminology, the choices made in this research are:

- Objectivist rather than subjectivist i.e. it is possible to view an organisation from an external viewpoint. In this case, an organisation is examined by their customer.
- Regulatory rather than radical i.e. analyse what happens in an organisation and make suggestions for improvement rather than make suggestions about how to achieve ideal behaviours. In this case, the results will be useful to formulate marketing, purchasing and management strategy.

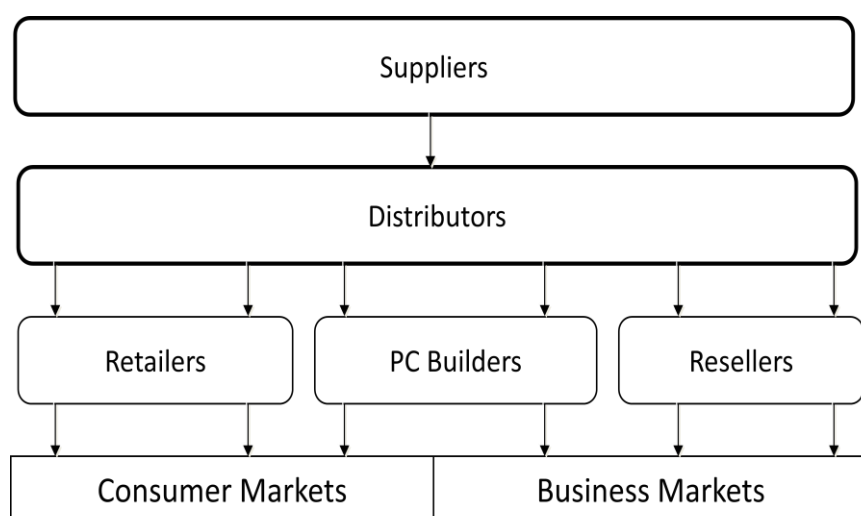
Combining an objectivist and regulatory approach leads to a functionalist paradigm i.e. a problem solving orientation which results in rational explanation. This paradigm is more aligned to a quantitative research strategy than a qualitative one.

Quantitative data are measurements in which numbers are used to represent the characteristics of something (Hair et al., 2007). In this research, the strength of feeling about a company’s character traits is being measured. This information could equally be gathered using a qualitative method but a quantitative method is preferred because the data is easier to collect; the resulting data is easier to analyse statistically; it reduces bias from the researcher being passed to the respondent; and there is no pressure to reveal confidential information beyond the strict confines of the questionnaire. A quantitative approach would be expected in answering a question which includes words like ‘factors which affect’ (Cresswell, 1994). It is the approach which has been utilised by other researchers in the area (Davies et al., 2004; Loo and Davies, 2006; Whelan and Davies, 2007; Da Silva and Alwi, 2008) and should lead

to a ‘tightly structured design’ (Miles and Huberman, 1994) which will yields results which can be compared to previous similar research.

#### 5.4 Research Context

The empirical context selected to investigate these questions is the IT industry and the relevant population to study are B2B buying centre members. Other studies (Cannon and Perreault, 1999; Heide and John, 1990) have flagged the problem of finding respondents, other than purchasing professionals, who are knowledgeable enough to respond to questions about supplier relationships. By expanding the scope of this study to all members of the buying centre, individuals were selected from different departments (representing the roles of users, buyers, influencers and deciders) and different organisational levels (e.g. from buyers to purchasing management to CEOs) to gain a richer perspective on the research question (Bendixen et al., 2004; Wagner et al., 2011). They represent companies which span the entire channel from component and product suppliers through distributors to channel players, as described by research company GFK (2009) in Figure 5.1.



**Figure 5.1**

**IT Channel Structure (based on GFK, 2009)**

The expertise of the channel players can be grouped into three business types: retailers, resellers and personal computer (PC) builders. Retailers place products in store or online for sale to consumers with online retailers, or e-tailers, a growing segment of this group. Resellers resell the products as purchased, or as part of a bigger system, to businesses, and finally, PC builders purchase components to be an integral part of their PC for sale to either consumers or businesses. The IT industry is a suitable empirical setting as IT products and services typically represent a significant purchase, with a sufficiently fast pace of technological change, that buyers need to carefully consider their choice of vendor (Heide and Weiss, 1995; Yoo et al., 2012).

While a longitudinal study may be desirable to examine ongoing trends in buyers' attitudes, a cross-sectional study of the IT industry was necessary for several reasons. B2B buyers are a busy professional group and are unlikely to commit to answering multiple questionnaires over a long period, so a single survey is used. The large sample size would also be difficult to replicate over time as many respondents could change positions or companies. Indeed, many companies have a deliberate policy of rotating buyers between product categories (Gedeon et al., 2009; Davies and Treadgold, 1999). Most significantly though, due to the anonymity and confidentiality built into the survey, it is not known which respondents answered the questionnaire, so it would not be possible to poll exactly the same people again.

## 5.5 Primary Data Collection

This section examines the detailed issues around primary data collection, beginning with a research design which matches the methodological foundations of the research and is operationalised through the chosen research instrument, an online questionnaire. The



development of the questionnaire is described from the initial measurement and scaling of the variables, through adjustments suggested by a pilot study, to a final questionnaire. The research population and sample size is defined, leading to a discussion of the administration of the research instrument and the resultant response rates.

### 5.5.1 Research Design

The research design provides a framework for the research project, outlining the necessary procedures to obtain the required information and to structure the research (Hair, 2007; Baker, 1991). There are many alternative approaches to research design and this section examines the alternatives and indicates why the chosen approach is most relevant to the cases of supplier selection and termination. Three possible types of research design are described by Hair et al. (2007): exploratory, descriptive and causal. In the exploratory case, little is known about the subject area but, in this case, a large body of corporate reputation literature exists so exploratory research is not relevant. Descriptive research design merely sets out to describe a situation and focuses on what is happening rather than why (Punch, 2005). Causal research is the most complex and is designed to test whether one event causes another. The research question suggests a link between corporate reputation and buyer behaviour implying that this research is causal rather than descriptive.

Tests for the four conditions of causality are described in the literature (Punch, 2005; Hair et al., 2007) and are met by this research:

1. Time sequence – the cause must occur before the effect i.e. a reputation must exist for a supplier before a buyer purchases their products. Any supplier that has marketed their products or sold them to even a single customer has generated a reputation.
2. Covariance – the two variables must be related to each other i.e. purchasing criteria including reputation must have some impact on buyer behaviour. This cannot be assumed and must be tested, leading to one of the major questions in the survey which asks about the influence of different purchasing criteria on the purchasing process.
3. Non-spurious association – the relationship is not caused by another factor. Other potential factors need to be controlled or eliminated i.e. each of the possible decision-making criteria need to be controlled to see what impact reputation has on the purchasing decisions. A potential non-spurious association in this research is the case where the buyer makes decisions based purely on price or other economic factors. If so, their assessment of the reputation of the supplier may not be relevant e.g. a supplier scores high on all the dimensions of corporate reputation, but is still terminated because their quality is too low and that is the crucial factor in the decision. This results in the inclusion of the moderating variables in the conceptual model.
4. Theoretical support – a logical explanation exists for why the cause and effect relationship exists. This theory has been discussed in the preceding chapters.

Multiple causation is also possible and would indicate that there is more than one cause for a particular effect. This should be captured by the definition of corporate reputation as a multidimensional concept and the inclusion of multiple purchasing criteria. It is possible that just one dimension or a combination of several dimensions could account for all of the variation in the dependent variable.

### 5.5.2 Research Instrument

The research instrument chosen is a survey method. A survey is a structured questionnaire given to a sample of the population and designed to elicit specific information from respondents (Tull and Hawkins, 1995) or to understand specific aspects of their behaviour (Baker, 2002). The questionnaire design should generate primary data (Hair et al., 2007) which lead to unambiguous answers and clear conclusions (Sekaran et al., 2010). In this study, two independent samples of research subjects were invited to participate and asked to complete one of two online questionnaires. The questionnaires, one on supplier selection and the other on supplier termination, are presented in full in Appendix 1.

### 5.5.3 Measurement and Scaling

The variables described above are operationalised (Hair et al., 2007) here by reducing them from abstract to measurable constructs. Corporate reputation is measured using Davies' et al. Corporate Character Scale, in which the intensity of feelings about a personality trait are measured. To implement the scale, respondents are asked to imagine that company X has come to life as a human being and to rate it on 49 character traits (Davies et al., 2009). The dimensions of Chic and Informality are eliminated from this survey so only 38 character traits will be examined. For comparability with previous studies (Muzellec and Lambkin, 2007; Power et al., 2008; Da Silva and Alwi, 2008) each scale item is measured on a five point Likert scale from 1 = strongly disagree to 5 = strongly agree. The Corporate Character Scale could be described as a formative scale (Fornell, 1985) as it includes character traits which are not necessarily related to each other but which combine to create a result. A change in one of the dimensions has an impact on the dependent variable, regardless of the results for the other dimensions. While these thirty eight traits can be grouped into five dimensions, it may

be advisable to list them in random order. If each of the twelve traits associated with Agreeableness were listed first it could lead to unthinking responses (Bryman and Bell, 2007) and order bias (Dillman et al., 2009). As discussed in chapter 2, impressions of personality change depending on the order in which traits are presented to respondents so it is important to present the personality traits in random order when administering the research instrument. This was achieved using the 'randomise responses' function which can be easily implemented in an online survey (Bendixen and Abratt, 2007).

The other major variable consists of B2B purchasing criteria which influence supplier selection and termination. As the criteria were chosen from multiple sources, a standardised scale does not exist for their measurement. An ordinal scale could be used to rank the criteria in order of influence but this was rejected because it is difficult to accurately rank a list of twenty one factors. Respondents are bound to omit some of the factors, make mistakes, or be confused as to the handling of criteria of equal influence. Instead, a five point Likert scale (anchored by no influence and very strong influence) is used to ask respondents if the factor had an influence on their decision. It is intended that the similarity of the scales will lead to consistent results from the same respondents. Again, the 'randomise responses' function in the online survey is used to vary the order in which purchasing criteria are presented. To aid analysis, any grouping of purchasing criteria into intentions based or ability based groups will be carried out during data analysis rather than in the questionnaire. Respondents should see 38 personality traits and 21 criteria for purchasing decisions, not dimensions of personality or groupings of purchasing criteria.

Other items of information in the questionnaire require different scale types. Nationality and gender require a nominal scale; category scales will be utilised for the role in the buying centre and the company's primary business; and a dichotomous scale will be used to indicate whether a product or service is being discussed.

#### **5.5.4 Limiting Common Methods Variance**

The selected scales for the variables could lead to common method variance (CMV) i.e. the variance that is attributable to the measurement method rather than the constructs the measures represent. This systematic measurement error can provide an alternative explanation for up to one quarter of the observed relationships between measures of different constructs that is independent of the one hypothesised. Depending on the context of the research or the limitations of the research environment, it may not be possible to eliminate common methods variance but every effort should be made to limit its effects. There are numerous potential sources of common method biases. These are grouped into four types - common rater effects, item characteristic effects, item context effects, and measurement context effects (Podsakoff et al., 2003). The steps taken in this research to mitigate each of these effects are described here.

##### ***5.5.4.1 Reducing Common Rater Effects***

Common rater effects result from the same respondent providing the measure of the predictor and criterion variables. There are four effects, notably the consistency motif effect, social desirability, acquiescence bias and the outlook on life of the rater. The consistency motif effect describes respondents' desire to appear consistent and rational. This faked consistency may be possible when using a scale with a small number of items but would be difficult in

this case. Even if the respondent was aware that the results were to be grouped into dimensions of corporate character, it would be difficult to fake consistent results across a list of 38 character traits which are presented in a random order. A check for correlation between the traits in each dimension will indicate that the answers approach normal distribution and are not skewed by respondents trying to second guess the scale. Social desirability refers to the tendency of respondents to present themselves in a favourable light. To avoid this behaviour, the survey is anonymous and neither the buyer's name nor their company name is requested in the questionnaire. Similarly the name of the supplier is not requested which should help alleviate leniency biases where respondents rate those they know well more leniently than those they don't. Acquiescence bias is a tendency to agree with attitude statements regardless of content. The choice of the Corporate Character Scale was partially made due to the inclusion of negatively framed criteria. In describing a recently selected supplier, a buyer is likely to rate them positively for the dimension of Agreeableness and negatively for the dimension of Ruthlessness. The data was checked for ratings which selected the same response for every scale item and these responses were removed from the data. The outlook on life of the rater (positive or negative affectivity) and their mood while responding to the questionnaire (transient mood state) can both effect judgements. In this case, the decision to select or terminate a supplier would have been made as part of a long term process and is not a snap judgement related to mood. It is a decision made in conjunction with other buying centre members which should mitigate the effects of one person's attitude to life.

#### *5.5.4.2 Reducing Item Characteristic Effects*

Item characteristic effects result from the manner in which items are presented to respondents and can include item social desirability; item complexity and/or ambiguity; and scale formats and anchors. The item social desirability is related to the social desirability described above and the confidential and anonymous nature of the survey again mitigates this effect. Item complexity and/or ambiguity can result from the use of words with multiple meanings, jargon, colloquialisms, or infrequently used words. The terms used in the purchasing criteria question are all commonly used terms in B2B purchasing and are sourced from the literature. It is more difficult to describe character traits in language that will be easily understood by an international group of respondents. In developing the Corporate Character Scale, Davies et al. (2003) eliminated some of the original ambiguous items include in the Aaker (1999) scale e.g. small-town, Western and outdoorsy. In the pre-testing of this survey, a further reduction of the scale was made by omitting the reputation dimensions of Chic and Informal which were not fully understood by respondents in a B2B purchasing context. Scale format and scale anchors can also have a negative effect. In the pre-testing of the questionnaire, test respondents expressed a preference for the scale formats of the two major questions to be in the same format i.e. a 5 point Likert scale. The intensity of agreement or disagreement could be increased by increasing the number of points on the scale but Elmore and Beggs (1975) show that an increase from five to seven, or nine, points on a rating scale does not improve the reliability of the ratings. Also, increasing the number of points in the scale adds extra options on the respondent's computer screen which could detract from the ease of use of the research instrument as it would make the questionnaire seem more complicated. The headings on each scale are different but are anchored by extremes of positive and negative with a neutral point in the middle. The logic of the questions would have been unnecessarily complex if reversed for the sake of the scaling.

### *5.5.4.3 Reducing Item Context Effects*

Item context effects result from the context in which the items on a questionnaire are placed and include item priming, item embeddedness, context induced mood, scale length and intermixing items of different constructs. Item priming effects are caused by setting up the respondent to answer in a particular way. Although corporate reputation is the central focus of this research, reputation is not mentioned in the description of the survey. When the question is asked about the importance of purchasing criteria, there is no indication from the questions or instructions that reputation is of central concern. That may be guessed afterwards from the following question on supplier personality, but even that is a metaphor for corporate reputation and not a direct description of reputation. Mudambi (2002) used a similar approach by avoiding the word ‘branding’ in interviews to elicit information on branding in B2B markets. Item embeddedness is when carryover occurs and the response to a previous question provides an easily accessible answer to a later question. Including purchasing criteria of brand, reputation and image allows respondents to think about their importance in purchase decision making. If these criteria are rated strongly, then it may inform later reputation criteria questions. The same also applies for those who view reputation negatively. Context induced mood is the effect whereby the wording of an earlier question alters the respondent’s mood and, as a result, the way in which they answer subsequent questions. The instructions to the questionnaire emphasise the anonymous and confidential nature of the survey (Keh and Xie, 2010; Wagner et al., 2011). This should ease any concerns that respondents have about revealing sensitive or confidential business information. Also, the academic nature of the research is emphasised to reassure respondents that no commercial gain is sought from the information. At the end of the survey, the offer is made to share the aggregated results with all parties. The scale length for the Corporate Character Scale was reduced by eleven items to help reduce bias produced by respondent fatigue and carelessness.



It is still long enough that responses to previous items should not influence the current item being rated. Podsakoff et al. (2003) note that inter-mixing items of different constructs on a questionnaire produces artificial covariation among the constructs. This was avoided by separating the purchasing criteria and corporate reputation questions.

#### ***5.5.4.4 Reducing Measurement Context Effects***

Measurement context effects result from the contextual issues of time, location, and media used to measure the constructs. In the interest of gaining full responses, all questions were asked at the same time. The use of an internet survey fixed the location to the respondent's workplace. The lack of face to face interviews made the questions more impersonal and should reduce the incidence of socially desirable responses and preserve openness and honesty by maintaining anonymity and confidentiality.

While every effort was made to limit the effects of common methods bias in the design of the survey, it is not always possible. Attempts can be made to obtain measures of different variables from different sources, or to separate responses over time. Podsakoff et al. (2003) admit however that a requirement for anonymity renders these remedies difficult. Instead some statistical remedies can be utilised.

#### ***5.5.4.5 Statistical Remedy for Common Methods Variance***

As a statistical remedy for the potential of common methods bias, the Harman one-factor post-hoc test was employed and it suggests that no same-source factor exists (Podsakoff and Organ, 1986; Wagner et al., 2011) for common method bias. Using the unrotated factor

solution including all of the items together yielded ten factors with eigen values greater than 1.0, with a total explained variance of 67%. No one factor dominated with the strongest factor accounting for 24% (Podsakoff and Organ, 1986). In addition, several interaction terms were included in the modelling which *“is likely to reduce CMV because such a complex relationship is, in all likelihood, not part of the respondents’ theory in use”* (Chang et al., 2010, p. 180). Collectively, both the procedural remedies and statistical outcomes suggest that common method bias is not a serious problem.

### 5.5.5 Questionnaire Layout

The instructions introducing the questionnaire can help direct respondents through the survey and reinforce the efforts to limit common methods bias. This starts with the email invitation to potential respondents to complete the questionnaire (Wagner et al., 2011), which was either sent directly to a group of personal contacts or colleagues’ mutual contacts, as follows:

Hello,

My name is Brian Kelly and I am a colleague of X in Logitech. He(/she) passed on your email address and suggested that you would be generous enough to take a few minutes to help me.

I am a part time research student at Waterford Institute of Technology in Ireland where I am studying supplier selection(/termination) in the IT industry. I hope you can use your expertise to complete this short questionnaire

<http://www.surveymonkey.com/s/NH5BN58>

I must emphasise some points

1. The survey is anonymous and confidential. The name of your supplier, your own name or your company's name, are NOT required.
2. The survey has 8 questions and will take less than 10 minutes to answer.

3. This is not a Logitech project. This is independent academic research which I am undertaking at Waterford Institute of Technology in Waterford, Ireland.

4. The aggregated results of the research project will be freely available to everyone. I hope to complete my studies in June 2013.

Any help that you can provide would be much appreciated.

Best Regards,

Brian

+353 87 6811441

[briankellyresearch@gmail.com](mailto:briankellyresearch@gmail.com)

The questionnaire begins with an introduction to the research, why it is being undertaken, and how the respondent has been chosen. This includes an assurance that it won't take much of their time by giving an estimated time for completion. Much of this information was covered in the accompanying email but is reiterated in the introduction to the questionnaire.

Introduction :

Thank you for agreeing to take part in this survey of supplier selection in the IT industry. You have been selected for your expertise in this area. The survey has only 8 questions and will take less than 10 minutes to complete. Your contribution is highly appreciated.

This is an academic study which is being carried out by Brian Kelly, a business manager at computer peripherals company, Logitech. The study is not a Logitech project but is being undertaken as part of a

personal study programme. The survey is completely anonymous and confidential so your name, your company's name or your supplier's name is not required at any time.

When completed, the results will be freely available to you, your colleagues or anyone who is interested. Should you have any questions or comments, I would be delighted to hear from you on +353 87 6811441 or at [briankellyresearch@gmail.com](mailto:briankellyresearch@gmail.com).

Let's start with some short questions about you and your job.

Instructions for answering each individual question should be clear and unambiguous (Bryman and Bell, 2007) and the sequence of questions should lead the respondents from general to specific topics. This is known as the funnel approach (Festinger and Katz, 1966). A questionnaire should be organised like a conversation, which typically evolves in accordance with societal norms (Schwartz, 1996) so a series of simple classification questions will be asked to gradually introduce the respondent into the questionnaire. Most of the questions asked are closed rather than open. These closed questions have several advantages (Hair et al., 2007; Bryman and Bell, 2007). For the respondent, they are easy to answer (which helps busy professionals), apply no pressure to reveal confidential information, and may clarify the meaning of the question for non-native English speakers. For the researcher, closed questions reduce the variability of recording answers, make data analysis easier, and allow for easier comparison to other studies.

The initial classification questions in section one request straightforward factual information on gender (Q1), nationality (Q2), and job title (Q3). This demographic data may not be required to support the variables in the conceptual model, but could be useful when commenting on the final results. The choice of internet survey method leads respondents to provide better open-ended responses than in traditional pen and paper surveys (Dillman et al., 2009). A simple example of an open question is the addition of an 'other' option to job responsibilities (Q3) and the company's primary business (Q4). This allows the respondent to be very specific about something that could be quite sensitive for them. Job titles vary between companies and hold different levels of significance for different people. It is useful to allow respondents to define themselves rather than feel they are being forced into a specific category. For the purposes of statistical analysis, the responses may need to be reclassified later (e.g. a PR manager can be considered a type of Marketing manager, even if they see those distinctions as being extremely important). The respondent's role in the buying process (Q5) requests a type of demographic data. The definitions of each term (user, influencer, decider and buyer) as originally defined by Webster and Wind (1972) are included in the question.

After a straightforward introduction, the second section introduces a more difficult question about the factors influencing the B2B purchasing decision. This more complex question (Q6) requires additional instructions added to the question stem to ensure that respondents fully understand the question's logic and that the choice of responses makes sense. For easy understanding and internal consistency amongst the two long questions in this research, the Likert scale and the range and direction of answers should be the same (Dillman et al., 2009) and this is supported by feedback from pre-testing. De Jong (2006) shows that respondents

from different countries differ in their tendency to use the extremes of the rating scale. This can be checked at the analysis stage by cross referencing country of origin to the range of responses provided.

The third section asks questions about the corporate reputation of the suppliers (Q7). The name of the supplier will not be asked. This is to maintain confidentiality and allow more truthful answers. Respondents will be asked to “think of the last supplier that you purchased from for the first time” or “think of the last supplier that you stopped doing business with”. The researcher works for a company in this industry and the intention is not for the respondent to consider the researcher’s company. One way to avoid this is to ask the respondent to consider the last company they selected or terminated rather than pick one of their choice (Doney and Canon, 1997; Davies and Treadgold, 1999; Losch and Lambert, 2007). The questions about selection and termination will need to be asked of different sets of respondents to avoid any bias. This appears to be a very long question, but there should be as many items for each dimension as respondents can respond to validly (Punch, 2005). There are 38 relevant character traits in the Corporate Character Scale, so each must be asked individually. While keeping their name confidential, the final question (Q10) asks whether the supplier considered is a supplier of products or services. The answer may aid understanding of whether the construct of reputation differs in influence on the purchase of goods or services.

Even an extensive work on the subject of surveys, such as Dillman et al. (2009), makes little reference to B2B surveys. They discuss financial incentives for completing surveys but that can lead to an ethical problem for business people in accepting payments, no matter how

small. A more important incentive is the belief that the benefits of receiving a copy of the final data will outweigh the cost of the time spent completing the questionnaire. The final section concludes the survey as follows:

Conclusion :

Thank you very much for sparing your time and sharing your expertise.

If you are interested in more details of this research, or if you wish to receive a copy of the aggregated results, please contact me at :

[briankellyresearch@gmail.com](mailto:briankellyresearch@gmail.com)

+353 87 6811441

By contacting me separately, your contact details will be separated from your answers and the confidentiality of your response will be maintained.

Best regards,

Brian Kelly

It offers the respondent a chance to receive a summary of the results, now that they have a better idea of the subject matter of the research (Wagner et al., 2011). An email address is provided for separate contact. By separating contact details from survey answers, the confidentiality of the response is maintained.

### 5.5.6 Pilot Study

Two phases of pre-testing of the questionnaire were conducted prior to the actual survey. A pilot study with 10 buying centre members of 6 different nationalities and from 6 different companies was conducted to check the face validity of measures in the research setting (Appendix 3). All respondents had responsibilities in supplier selection and termination. The objectives were to examine the validity of the study, to determine the clarity of the questions, and to refine the procedures for the survey. The first pre-test examined the influence of dimensions of corporate reputation on supplier selection and termination. While the limited data indicated a link between corporate reputation and buyer behaviour, a situation was encountered where reputation was overridden by other concerns. In that case, a supplier scored high on all the dimensions of corporate reputation, but was still terminated because their price was too high and, due to budget constraints, that was the dominating factor in the decision. This understanding led to the inclusion of the moderating variables in the conceptual model. The feedback from testers was to keep the purchasing criteria scale similar in format to the reputation scale.

Supervised filling of the questionnaire and follow up questions with respondents indicated that the reputation dimensions of Chic and Informal were difficult to integrate within the study. Interviews with initial testers found the terminology was at odds with language used in a B2B environment and the traits were considered to be irrelevant. As a result, testers often skipped the Chic or Informal traits or answered 'neither agree nor disagree'. When questioned, they expressed confusion with the meaning of the traits or had no opinion of a supplier viewed in this way. The lack of relevance of these character traits added to the response time for the survey and caused more testers to abandon the survey. This response



could have been somewhat predicted by the literature. Some of the traits of the Chic dimension were mentioned earlier in the Apple (Reppel et al., 2006) and Mini (Simms and Trott, 2006) studies, but they had a weaker effect than other dimensions. In the work of Davies et al. (2003) the authors acknowledge the importance of chic in the textile retailing sector but there is no evidence of its wider applicability to B2B studies.

A second round of pre-testing including the purchasing criteria and omitting the reputation dimensions of Chic and Informal examined the final questionnaires to determine the clarity of the questions and refine the procedures for the survey. This led to several minor changes in the questionnaire including the addition of information to the questions for clarification; moving from a paper-based to internet-based survey for ease of use and administration; and to provide a time guideline which was calculated from the actual times of these initial test respondents. As part of this final pretesting of the questionnaire, checks were made for position bias (introduces a concept which presupposes an answer to a question), order bias (answers to earlier questions may bias the answers to later questions) and context effect (where the position of a question relative to other questions influences the responses). No negative effects were found.

### **5.5.7 Research Population and Sample Size**

The population of interest for this survey are buying team members in the IT industry. It is a very large industry so a census (polling of all members of the population) is impossible and a method of sampling must be chosen. The choices of sampling procedure (Bryman and Bell, 2007; Hair et al., 2007; Punch, 2005) are probability sampling (which uses a representative sample from the population using a random procedure to ensure objectivity, assuming that

every member of the population is accessible and is chosen or excluded on a random basis) and non-probability sampling which uses a non-random sample. The research population in this case was obtained through judgement sampling (Hair et al., 2007), a form of non-probability sampling where expert opinion is sought. Respondents were chosen based on relevance (currently employed in the IT industry), experience (minimum five years of experience in the IT industry), knowledge (involvement in B2B supplier decision making) and capability (English language fluency). Dillman et al. (2009) acknowledge that taking a survey which gives all members of a population an equal (or known, nonzero) chance of being selected is increasingly difficult and Anderson et al. (1987) suggests that it can be particularly difficult to obtain data from industrial buyers. The consequent error is known as coverage error and cannot be avoided as, if expert opinion is sought, it can only be obtained in a way that produces a non-random sample.

To ensure the results are representative of the industry, the survey was administered across multiple countries to minimise cultural or national bias; across multiple companies to minimise the bias of a single corporate culture; and across functional levels and disciplines to minimise the biases of a particular job function. The effects of the industry are minimised by targeting multiple channels (i.e. distributors, resellers, retailers and PC builders) and multiple supplier types to include all potential products or services. 251 surveys were returned from a total of 642 distributed (39%) to buying centre members. 48 cases were deleted due to missing values, leaving a total of 203 cases for final analyses (Male 66%,  $N_{\text{selection}} = 118$  and  $N_{\text{termination}} = 85$ ). The sample contained both manufacturing (45%) and service (55%) firms. All respondents had responsibilities for supplier selection and termination decisions.

### 5.5.8 Administration of the Survey Instrument

An appropriately business-like tone is required in the administration of the questionnaire. Reputation can be an emotionally charged issue (especially if it has led to the dissolution of a long term business relationship) so loaded questions which are phrased in an emotionally charged manner (Sekaran and Bougie, 2010) were avoided. Leading questions, especially those which focus on corporate reputation were also avoided. It was considered prudent to completely omit the word reputation in the questionnaire titles as it could influence the respondents to add more weight to the topic than they would otherwise allow. The surveys were described as being about supplier selection or supplier termination, both of which are applicable terminology for the audience. This might reveal more realistic attitudes than if corporate reputation is headlined. A similar approach was used by McDowell-Mudambi et al. (1997), Mudambi (2002) and Blomack (2005) in their approach to corporate branding.

Some choices are required around the administration of the survey. A self-completion survey was chosen over an interview completed survey. Due to the researcher's practitioner status, personal interaction and the resultant potential bias needs to be removed when asking emotive questions. As the respondents are all relevant, expert, experienced and capable, an online survey was possible (Bendixen and Abratt, 2007). This format is well understood by the respondents, fits into their daily usage of email and the internet, and allows respondents to complete the survey in their own time (and time zone) while making administration simpler and more accurate. The survey is sent from a known source which should lead to fast responses and high response rates. A choice is also required in internet questionnaire design as to whether the questions should be compulsory. Dillman et al. (2009) suggests that when respondents do not have an answer to a question but are required to provide one anyway, they

have two options: get frustrated and terminate the survey, or lie and provide an answer that is not true for them. The first option will increase the likelihood of non response error in the data, and the second will introduce measurement error. In this case, the questions are not compulsory. The two principal questions relating to character traits and purchasing criteria are long and are in multiple choice formats. It is deemed preferable to allow a respondent to move quickly through the survey than to stop every time a single item is overlooked. The frustration involved may lead to respondents terminating the survey early.

Non-native English speakers may not understand the subtle differences between every character trait in the corporate character scale so translation of the survey was considered. As Dillman et al. (2009) point out; the focus should not be on the direct translation of words but on accurately translating concepts across different languages. In the testing stage of the survey development, a qualifying question asked whether the traits would be generally understood in the respondents' country. As there was no negative feedback from the test group (who, it is acknowledged, had more involvement in the process and may not be entirely indicative of the full population) and in the interests of consistency and comparability with other studies, it was decided to present the questionnaire only in English.

Professional buyers are unlikely to be willing to share sensitive information about their work with other companies. If the respondents were to feel that private information was being made available or that specific competitive advantage was to accrue from the information, they may not be willing to participate. The first email from the researcher (referencing their mutual contact in their country) incorporates a link to the internet survey (Appendix 4). To adhere to the principles of informed consent (Bryman and Bell, 2007), the respondents are

made aware of the academic nature of the research, and that the results are confidential, anonymous, and independent of any company. The data is stored electronically in multiple secure locations, is only presented in aggregate form, and is freely available to all participants. In some cases the email invitation was sent by the researcher's colleague in their local language as, while it was acceptable for the survey to be in English, it may be helpful to have the introduction and explanation in the respondent's local language. Follow up emails were also be sent in an attempt to increase the response rate.

### 5.5.9 Response Rates

The response rate of the survey is calculated using Bryman and Bell's (2007) definition :

$$\text{Response rate} = \frac{\text{number of useable questionnaires}}{\text{Total sample} - \text{unsuitable or uncontactable members of the sample}} \times 100$$

The sample sizes and response rates are shown in Table 5.1 and Appendix 3 shows the response rate by country.

**Table 5.1**                      **Sample size and response rates**

	Total sample	Returned questionnaires	Unit response rate	100% completed questionnaires	Item response rate
Selection	316	143	45.30%	118	82.50%
Termination	326	108	33.10%	85	78.70%

The unit response rates of 45.3% and 33.1% are reasonable but vary for several reasons:

1. Language effects – Despite their fluency in spoken English, some potential respondents did not feel comfortable with answering a full survey in English, especially one which requires an understanding of the subtleties of character trait descriptions.
2. Timing and channel effects – The timing of the survey, sent during the month of December, may have limited the response rates from retailers, during their peak selling season. For some companies, December 31<sup>st</sup> is also financial year end. This impacts some functions more than others (e.g. finance and logistics) and takes time from extra activities like survey completion.
3. Sensitivity - The response rates were lower for the termination survey than the selection survey as respondents consider this information more sensitive. Despite assurances of anonymity and confidentiality, respondents were slower to discuss termination than selection. One potential respondent felt that identifying herself as a female purchasing manager at a PC manufacturer in Italy was enough to identify her and declined to complete the survey.
4. Country/cultural effects – Respondents in some countries (e.g, Romania and Ireland) were more amenable to completing the survey. There was a very poor response in Italy and Spain with a comment made by email that ‘Italians don’t do surveys’. While this is an international survey and country/cultural effects should be balanced, it would have been preferable to include some Latin countries.

With a sufficient number of responses obtained, a data analysis strategy can be described.

## 5.6 Data Analyses Approach

Data analyses were conducted using the PROCESS macro developed for SPSS (Hayes, 2012 and 2013). The macro uses a regression-based path analytical framework for estimating direct, interactive and conditional effects in moderation models. Maximum likelihood binary logistic regression is used in the modelling because the selection versus termination dependent variable is dichotomous while the control, moderating and independent variables are both categorical and continuous (Hair et al., 1995). Logistic regression coefficients are estimated using a Netwon-Raphson iteration algorithm (Hayes, 2012). Figure 5.2 presents the statistical model for analyses where

X = independent variable

M = moderating variable

Y = dependent variable

b = regression coefficient

e = residual.

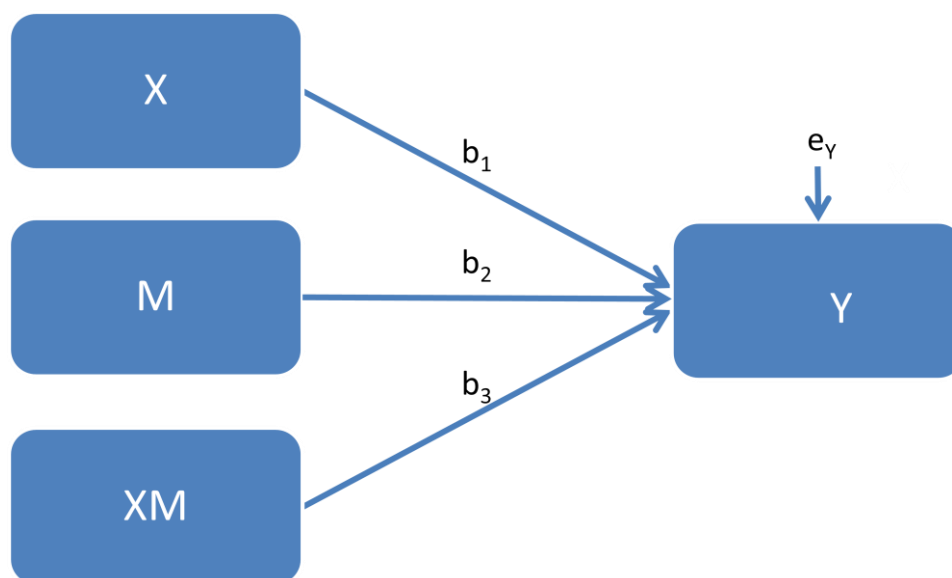


Figure 5.2

Statistical model (Hayes, 2012)

This model is defined by the simple linear moderation equation

$$\hat{Y} = i_1 + b_1X + b_2M + b_3XM + e_Y$$

where the regression coefficients represent

$b_1$  – the association between  $X$  and  $Y$  when  $M=0$

$b_2$  – the conditional effect of  $M$  on  $Y$  when  $X=0$

$b_3$  – an estimation of how much the difference in  $Y$  between two cases that differ by a unit on  $X$  changes as  $M$  changes by one unit.

which can be represented visually by the example in Figure 5.3.

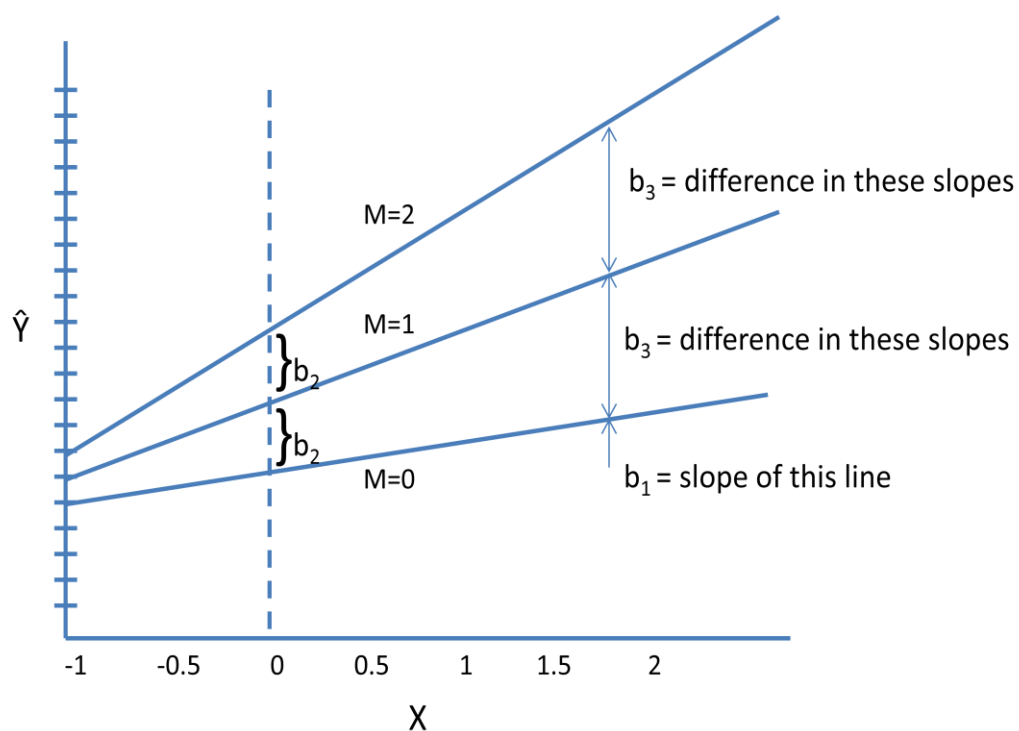


Figure 5.3

Visual Representation of the Regression Coefficients (Hayes, 2013)



In addition to estimating the coefficients of a model, PROCESS generates direct and conditional effects in moderation models. The continuous variables used as components of an interaction term are mean centred prior to analyses to reduce multi-collinearity (Cohen et al., 2003) and to guarantee that the coefficients for the variables that define the product will be interpretable within the range of the data (Hayes, 2012). Following the moderation analyses of section 6.9, the results of this research will be depicted in a similar graphic format but, as Y is a dummy dichotomous variable rather than a continuous variable, the pattern will vary accordingly.

Hayes (2013) acknowledges the assumptions implicit in linear models, such as the multiple regression approach taken here, that the antecedent variables (in this case B2B purchasing criteria and dimensions of corporate reputation) of a common dependent variable (in this case supplier selection or termination) either are or might be correlated with each other. In that case, direct effects of each antecedent variable and an interaction between those variables should emerge from the literature. These effects are demonstrated for corporate reputation in Chapter 2, B2B purchasing criteria in Chapter 3, and the interaction between the variables is considered in Chapter 4. Starting with reputation as one of the criteria used in B2B decision making, the importance of reputation in relation to the other criteria is tested. As a single item measure of reputation is found to be an important influence on supplier selection and termination, it indicates that when corporate reputation is removed and tested as a moderating variable there is inevitably some interaction between the X and M variables. These findings from the literature support the assumption that the moderation model from the PROCESS macro for SPSS (Hayes, 2013) is suitable in this case. These direct effects will be proven within the analysis of Chapter 6 and will add a new understanding to when the dimensions of

corporate reputation influence the relationship between B2B purchasing criteria and the decisions to select and terminate suppliers.

Once the assumptions underpinning multiple regression (Allen and Bennett, 2010) are adhered to, any multiple regression analysis method could be used. For example, an alternative approach could entail the use of Structural Equation Modelling (SEM). SEM is a statistical methodology that takes a confirmatory (i.e. hypothesis testing) approach to the analysis of causal processes that generate observations on multiple variables (Byrne, 2010).

The term structural equation modelling conveys two important aspects of the procedure

- (a) that the causal processes under study are represented by a series of structural (i.e. regression) equations.
- (b) that these structural relations can be modelled pictorially in path diagrams to enable a clearer conceptualisation of the theory under study.

The model is tested statistically in a simultaneous analysis of the entire system of variables to determine the extent to which it is consistent with the data. If goodness-of-fit is adequate, the model argues for the plausibility of postulated relations among variables.

PROCESS equally allows a pictorial view of the model under analysis and Hayes (2013) defines 74 models which are pre-defined in the macro. Model no. 1 matches the theoretical model for this research and defines the moderation model in the form of a regression equation:

$$\hat{Y} = i_1 + b_1X + b_2M + b_3XM + e_Y.$$

The advantages of using PROCESS are that

- a complete model such as a simple moderation, simple mediation, or any complex conditional process model can be analysed using a single command
- the commands run by PROCESS are already part of the SPSS software suite.
- the macro is convenient and is less prone to user error than use of separate command lines for each element of the analysis.
- all outputs from the model are produced together allowing all of the interactions to be probed and control variables to be partialled out.

While the package is new, it has already been validated in theory in peer-reviewed journal articles and by successful use in research practice (Dumas et al., 2013; Spiller et al., 2013).

## 5.7 Methodology Discussion

Before the evaluation of results and findings, a brief discussion of the methodology is undertaken here. Concerns about culture, language, company size and common methods variance which were raised in Chapter 1 and dealt with earlier in this chapter are re-examined here. A large corporate entity develops its own culture and language over time, but by using a standardised scale, such as the Corporate Character Scale in this research, the dominance of a particular company is avoided. For example, a ruthless corporate culture may influence the way items from the Ruthlessness dimension of corporate reputation are understood or expressed, but by including responses from multiple companies in the data, the effect of that specific corporate culture is mitigated. Similarly, for national business culture and language effects, the influence of a single country's culture is avoided by implementing the

questionnaire across thirty six countries and by making English language fluency a requirement for respondents. However, as seen in the development of these scales, there is a cultural background inherent in many potential character scale items e.g. the word Western was employed by Aaker (1999) to represent a tough, outdoors, rugged environment associated with the Levis brand. This was ruled out of the Corporate Character Scale by Davies et al. (2003) as culturally biased and irrelevant to an international study. In turn, this research takes that viewpoint a step further by reducing the corporate character scale to items which would be generally understood and be found relevant in the description of companies by practitioners from multiple countries. This led to the elimination of the facets of the Chic dimension (Elegance, Prestige and Snobbery) from the research instrument. While these terms have a precise meaning to the postgraduate level researchers who developed the scale in the UK, the meaning is less distinct for non-native English speakers and has no relevance in their daily descriptions of companies in the IT industry.

The particular companies chosen for the research are also worthy of discussion. Where possible, a wide range of companies was chosen from across the IT channel map of Figure 5.1. The aim was to obtain the viewpoints of a variety of company types to avoid bias from a particular channel viewpoint. The results show the success of this approach as company type had no statistically significant effect on the results to be presented in Chapter 6. One element of the channel relationships that could not be effectively tackled within the methodology was the issue of company size and corresponding relationship power. By asking the respondents to detail the last case of supplier selection or termination they encountered, a necessary element of randomness was introduced to their choice for analysis. However, it is unlikely that the largest companies in the industry were considered, as a retailer is unlikely to

terminate the supply of HP printers to their stores and a PC manufacturer is unlikely to cancel their contract with Intel or Microsoft. Similarly, in the case of supplier selection, these market leaders are so embedded in the industry that it is unlikely that they were selected as suppliers for the first time, unless the purchasing company was newly formed or new to a particular segment of the industry. The impact of this omission is to ignore company size, relationship power and potential coercive force in the analysis. It is not considered to be a significant problem, as the selection or termination of these major brands is not a daily concern of the IT buying centres. If it was a regular occurrence it would naturally appear in the data. However, this will be suggested in the next chapter as a subset of the selection and termination decision-making process which may benefit from further research.

Concerns about common methods variance and the steps taken to counteract CMV were detailed earlier in this chapter. To counteract the four major effects (common rater effects, item characteristic effects, item context effects, and measurement context effects), decisions were made about the nature of the research instrument at the questionnaire design stage. The most effective counter to these effects was the introduction of anonymity and confidentiality. The respondent, their own company and their supplier's company name were not required in the completion of the survey. This anonymity, and the subsequent assurances about the academic nature of the study and the confidentiality of the raw data, reassured the purchasing professionals that the danger of sensitive business information being published was eliminated. This was particularly important as the data was being requested by a practitioner in their industry who, potentially, could gain commercially should these controls not be in place. Elements of each CMV effect were minimised using this procedure. Social desirability effects at both rater and item level were eliminated as there was no advantage to a respondent

in portraying their answers in the best positive light if this data could not be connected to their personal details. Context-induced mood effects should be eased by the multiple reassurances of anonymity and confidentiality and the impersonal methodology which, in turn, reduced measurement context effects. The response rates give an indication that the assurances were accepted by a high percentage of the sample. A unit response rate of 45.3% for the supplier selection questionnaire and a 33.1% response rate for the more sensitive supplier termination questionnaire are acceptably high considering the busy schedule of the participants.

## 5.8 Conclusion

The methodology chapter has provided an overview of the key stages involved in the research process for this study. The research approach was justified, based on the research objectives and the methodological foundation of the research. The primary data collection was described, justifications of methodological choices were detailed, and the limitations and concerns relating to these choices were addressed. Finally, the data analysis approach to be used in Chapter 6 was described.

# **Chapter Six**

## **Research Findings**

To have worked is to have succeeded – we leave the results to time

Elbert Hubbard (1856-1915)

## 6 Research Findings

### 6.1 Introduction

The research instrument described in chapter 5 generated quantitative data which can be used to test the hypotheses formulated within the conceptual model described in chapter 4. In order to increase accuracy and consistency, prior to the analysis, the raw data is prepared by accounting for unthinking answers and the treatment of missing values. Once the data set is defined, and its composition described, the variables can be coded for analysis in SPSS. The results of the descriptive and multivariate statistical analyses which test the five hypotheses are then presented.

In section 6.6, the direct effects of B2B purchasing criteria on supplier selection and termination are examined. H1 is proven but as H2 is inconclusive the groupings of warm intentions, cold intentions and ability-based B2B purchasing criteria are utilised for the detailed moderation analyses. In section 6.7, the direct effects of corporate reputation on supplier selection and termination are studied. H3 is strongly supported but detailed statistical analysis indicates that stronger results would be obtained by eliminating the Enterprise dimension and the Technocracy facet during the moderation analyses. With variables now reduced to six (Agreeableness, Competence and Ruthlessness from Corporate Reputation, and concise groupings of warm intentions, cold intentions and ability-based B2B purchasing criteria) analysis of construct validity statistics in section 6.8 shows these variables to be suitable for the moderation analyses in section 6.9. These analyses shed more light on H2 and strongly support H4 and H5 across the theoretical models defined in chapter 4. These results



are depicted graphically and broken down into more detail by corporate reputation facet and item, allowing for a more detailed discussion in chapter 7.

## 6.2 Data Cleaning and Treatment of Missing Values

It is an accepted part of the research design that not every question will be completed by every respondent, as discussed in chapter 5. There were three issues of data cleaning raised by the questionnaires which need to be managed; the first being unthinking answers. Two respondents to the surveys gave the same answer to every multiple choice question. Such unthinking responses were removed from the data set. The second issue was the potential for respondents to terminate the survey before completion. This was anticipated during the research design as the two main questions are quite lengthy and could be off-putting. However, the decision was made to include line items for all 37 corporate character traits and all 21 purchasing criteria to provide the most complete picture possible. Several respondents completed the questionnaire fully to the end of the purchasing criteria question (Q6) but, when faced with the length and complexity of the corporate reputation question (Q7), they aborted the questionnaire. A statistical analysis showed that the responses to Q6 did not vary significantly between those who answered Q7 and those who skipped Q7 so the responses are valid and are included in the data. The third issue also stems from a decision taken in the survey design i.e. to allow individual items to be skipped. The purpose was to prevent respondents from becoming frustrated when forced to return to an item they had inadvertently skipped. It also allows non-native English speakers to answer as much of the question as they understand without having to introduce a sixth possible response of 'not understood'. In their corporate reputation research, Muzellec and Lambkin (2007) created a rule to delete a case if five or more of the character traits are not responded to. This rule was implemented here for

respondents who skipped multiple items. The statistics package SPSS handles blank data automatically so each of these cases can be managed effectively in the software.

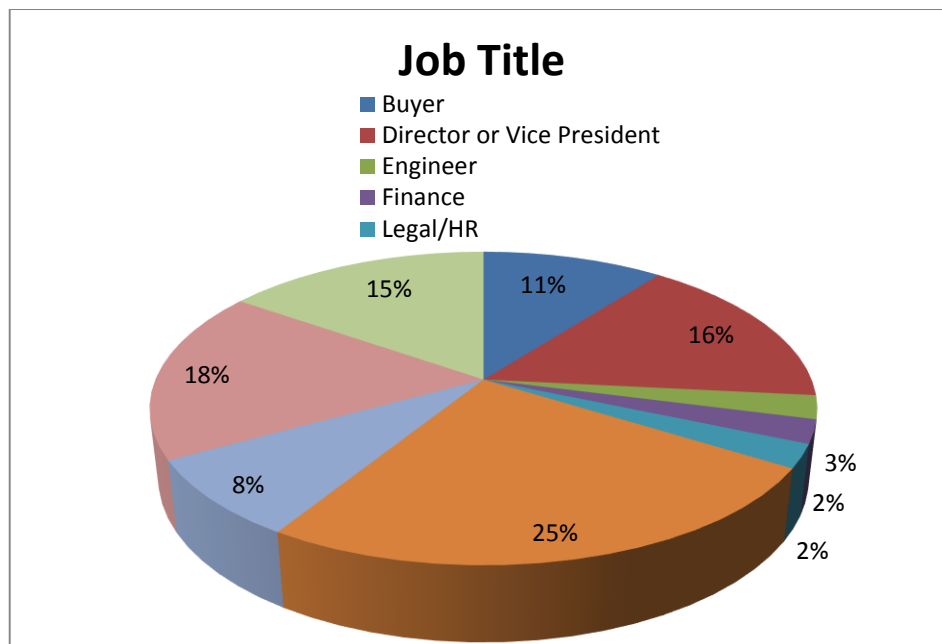
### **6.3 Data Transformation of the Measurement Scales**

Davies et al.' (2003) Corporate Character Scale is a reliable, generalisable scale validated in multiple studies across several contexts (Whelan and Davies, 2007; Roper and Davies, 2007; Muzellec and Lambkin, 2007; Power et al., 2008). It allows for detailed data analyses when the character traits are combined into facets, which in turn are combined into the dimensions of corporate reputation. Variables were created for the dimensions (and facets) of Agreeableness (Warmth, Empathy and Integrity), Competence (Conscientiousness, Drive and Technocracy), Enterprise (Modernity, Adventure and Boldness) and Ruthlessness (Egotism and Dominance). In order to compare the effects of corporate reputation and other purchasing criteria on supplier selection and termination, a dummy dichotomous variable of supplier selection or termination (Select/Terminate) was created. Before combining the results for supplier selection and termination in one analysis, the results of corporate reputation and its dimensions are examined separately. Preliminary analyses on the B2B Purchasing Criteria were conducted so as to check internal consistency, reliability and stability (Punch, 2005; Bryman and Bell, 2007; Sekaran and Bougie, 2010).

### **6.4 Data Composition by Other Variables**

Data from the surveys provides information on gender, nationality, job title, purchasing role, customer's primary business and whether a product or service was supplied. The split of the data by each of these variables is examined in this section.

- Gender: 65% of the respondents were male and 35% female. This reflects the acknowledged gender bias in the IT industry (Crump et al., 2007).
- Nationality: Twenty seven countries from Europe, Middle East, Africa, Asia and America were represented in the responses to the survey. This should have the effect of balancing any cultural or national differences in purchasing practices. The result should be more an industry view than a collection of country views.
- Job Title: Job descriptions are a sensitive area and have different meaning and interpretations in every company. The principal functions encountered by a salesperson are purchasing and marketing so the data for these departments was split into the most commonly used job titles. In the purchasing department, the buyer usually reports to a purchasing manager, who in turn reports to a director or VP. Similar relationships exist in the marketing department but a wide variety of job titles may be used. The results are summarised in Figure 6.1 which shows the percentage split of responses by job title.

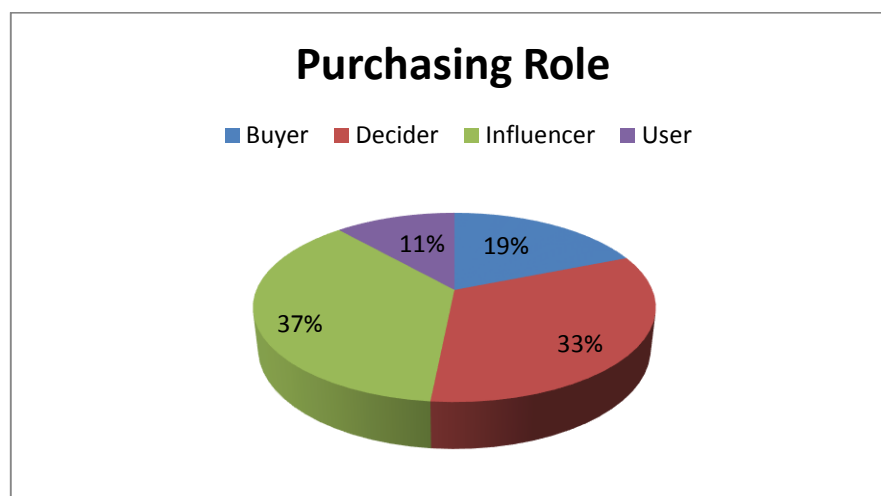


**Figure 6.1** Percentage split by job title

Analysing these by category shows:

- Buyer (11%) and Purchasing Manager (15%) represent the purchasing function directly.
- Product Manager (18%) is a title that varies in responsibility. Some companies invest direct purchasing responsibility in their product managers whereas others play an advisory role to the purchasing department.
- Marketing Manager (25%) represents the many different functions of the marketing organisation. As described earlier, several different roles were included under marketing manager when the data was being cleaned.
- Engineering (3%), finance (2%) and legal/HR (2%) departments were not listed as options in the questionnaire but appeared often enough under the 'other' option to be listed separately here.

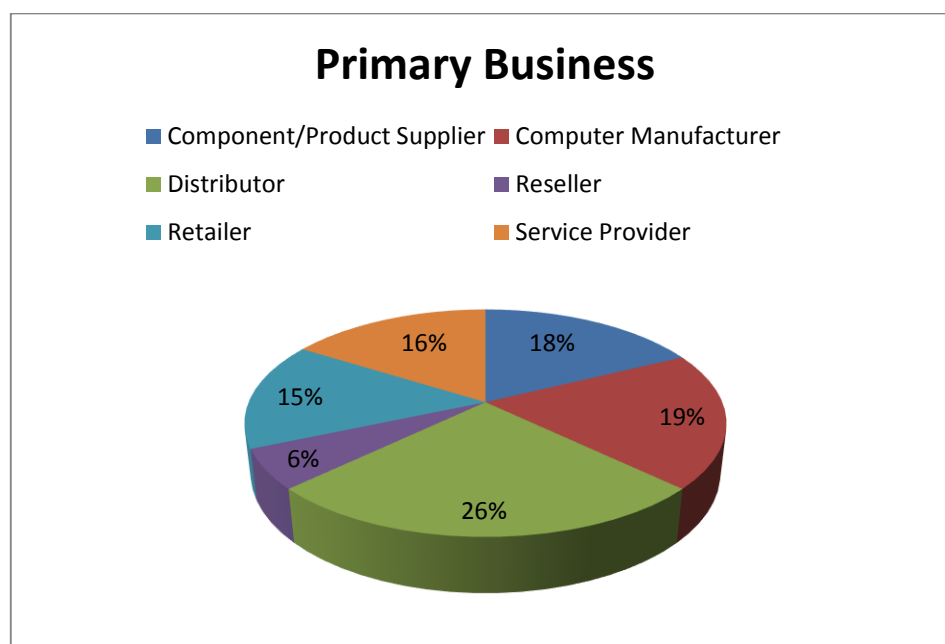
- Director or VP (16%) and Owner/Managing Director/CEO (18%) show that 34% of the surveys were completed by senior management in the companies surveyed. This should lead to a strong response for the corporate view, rather than the more functional responses of front line employees.
- Purchasing role: The split of respondents by their purchasing role is shown in Figure 6.2.



**Figure 6.2** Percentage split by purchasing role

It can be seen that 19% act in the buyer role and place orders, which are more than the 11% of respondents who have a 'buyer' title, reinforcing the earlier point that product managers and others can have direct purchasing responsibilities. The large percentage (33%) who selected 'decider' shows the strength of buying teams in the IT industry. Very few make decisions alone. It is either a group decision or there are recommendations made for layers of more senior management. Only 11% of respondents describe themselves as users. These are mostly in peripheral functions that have an influence on the decision making. Some modesty is probably at play here with functional experts not claiming to be direct influencers.

- **Company Business:** The categorisations of the company's primary business come directly from the channel model described earlier. Starting from component or product manufacturers, products are sold via distributors to resellers, PC manufacturers and retailers. The survey results are spread across the channel as shown in Figure 6.3.



**Figure 6.3** Percentage split by company's primary business

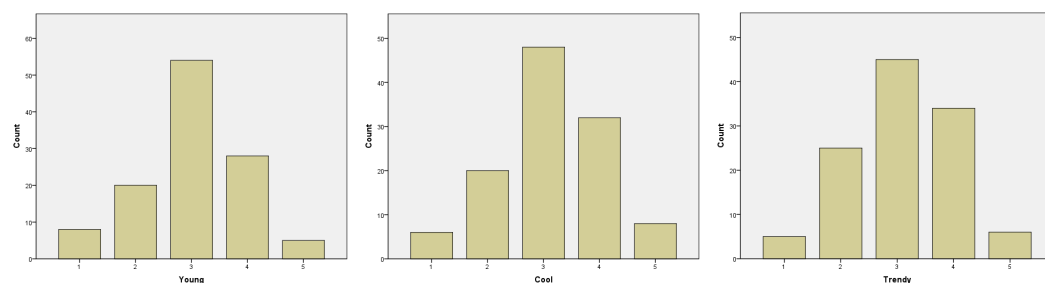
The first layer of the channel model is represented by the 18% of component/product suppliers. The next layer is strongly represented by 26% of responses from distributors. The third and final layer is represented by resellers (6%), retailers (15%), computer manufacturers (19%) and service providers (16%). These results show that each group is fairly represented in the survey responses.

- **Product or Service:** The results provided by respondents to the supplier selection survey relate to product suppliers in 68% of cases and services suppliers in 32% of cases.

## 6.5 Data Analysis Strategy

Both descriptive and multivariate statistical analyses were performed on the quantitative data generated by the research questionnaires. The descriptive statistics include analysis of means, standard deviations, skewness and kurtosis measures. Multivariate statistics include independent sample T-tests, correlations, reliability analysis and binary logistic regressions. The purpose of each of these tests is described here.

Descriptive statistics include the analysis of mean values for each variable and associated standard deviation. They are useful for ranking the importance of B2B purchasing criteria and for comparing means scores for importance of corporate reputation dimensions and facets. It was noted in Chapter 5 that the data is obtained from a non random sample. For each B2B purchasing criterion and trait of reputation, a histogram was used to analyse the shape of the data to ensure that the means were not bimodal. Histograms for all of the purchasing criteria are shown in Appendix 5 and the spread of data was approximately normal. Reputation traits with similar means (e.g. Young, Cool and Trendy) also had similar response profiles as shown in Figure 6.4.



**Figure 6.4** Shape of data for character traits Young, Cool and Trendy

The skewness and kurtosis data was analysed and the results were found to be approximately normally distributed thus allowing for more sophisticated data analysis which assumes the normal distribution that would be expected of a purely random sample. Test-retest reliability (Punch, 2005), to test the stability of the data by repeating the same questions, with the same respondents, under the same circumstances, but at a different time, was considered in the pre-testing stage, with no difficulties found.

Among the multivariate analyses, the independent sample T-test is used to test for a statistically significant difference between two independent sample means. In this case, it is used to show the differing impact reputation has on the cases of supplier selection and termination. Once the samples are combined, binary logistic regression is the preferred analyses approach because the dependent variable becomes a dichotomous dummy variable Select/Terminate (coded 0=selected, 1=terminated), as opposed to a continuous variable where ordinary least squares regression would be used. In this case, the relative importance of reputation can be considered by determining how much of the variance in the regression equation it accounts for.

To test for internal consistency the Cronbach alpha test (Cronbach, 1990), which is used for multipoint-scales items, was performed. A computed alpha coefficient varies between one (perfect internal consistency) and zero (no internal consistency). A coefficient of 0.7 (Allen and Bennett, 2010) or greater usually implies an acceptable level of internal consistency (Bryman and Bell, 2007; Nunnally and Bernstein, 1994) although 0.8 would be preferred (Sekaran and Bougie, 2010). This method can be used to confirm the consistency between traits, factors and dimensions of corporate reputation and between groups of B2B purchasing



criteria. Internal consistency is the extent to which the items in these scales are working in the same direction. The items should ‘hang together as a set’ (Sekaran and Bougie, 2010) and be capable of independently measuring the same concept so that the respondents attach the same overall meaning to each of the items. This is tested by checking the inter-correlations between members of a group.

As described in section 5.6, the principal analysis tool is moderation analysis using multiple regression. The assumptions underlying the analysis (Allen and Bennett, 2010) have been examined and discussed throughout this text as follows

- Sample size - a reasonable number of cases to predictors is required. This is discussed in section 5.5.9.
- Outliers – multiple regression is sensitive to outliers and other influential cases, which should be removed. This is discussed in section 6.2.
- Normality – each variable should be normally distributed. This is discussed in section 6.5.
- Multi-collinearity – high correlations between independent variables render a multiple regression model unstable and very difficult to interpret. This is tested by checks of validity in section 6.8.

## 6.6 Effects of B2B Purchasing Criteria on Supplier Selection/Termination

The purchasing criteria were chosen from the literature, based on the seminal work of Dickson (1966) and augmented by more recent studies (Ting and Cho, 2008; Ellegaard, 2009; Gedeon et al., 2009; Hansen, 2009; Sonmez and Moorhouse, 2010). A simple analysis of means shows approximately half of all factors had a mean score of 3.5 or above (Table 6.1) indicating that they are important to B2B buyers in the supplier selection or termination process. To check that reputation is important to B2B buyers when selecting or terminating suppliers, the three factors of reputation, brand and image were included as B2B purchasing criteria. It is important for the internal consistency of this research that the results show reputation ranking highly in both supplier selection and supplier termination (see Table 6.1). It is ranked fifth of 21 criteria for selection (mean = 3.85) and eighth of 21 criteria for termination (mean = 3.75). Brand is seen to be of varying importance (ranked sixth for selection and seventeenth for termination) but image is not as strong a concept for business buyers and is ranked lowly (sixteenth for selection and eighteenth for termination).

**Table 6.1** Ranking of purchasing criteria influence on supplier selection and termination

Supplier Selection				Supplier Termination			
B2B Purchasing Criteria	N	Mean	Std. Deviation	B2B Purchasing Criteria	N	Mean	Std. Deviation
Quality	123	4.42	0.789	Quality	95	4.56	0.648
Cost	123	4.09	0.887	Delivery	95	4.09	0.701
Warranty and Service	124	4.07	0.894	Cost	95	4.07	0.878
Responsiveness	123	3.99	0.773	Responsiveness	94	4.04	0.828
Reputation	124	3.85	0.817	Warranty and Service	94	4.04	0.903
Brand	123	3.76	0.986	Employee Quality/Capability	91	3.87	0.885
Payment Terms	123	3.69	1.080	Range of Products/Services	95	3.83	0.919
Delivery	124	3.68	0.924	Reputation	95	3.75	0.934
Desire for Business	121	3.65	0.919	Technical Capability	94	3.61	0.779
Range of Products/Services	122	3.63	0.955	Desire for Business	93	3.58	0.970
Employee Quality/Capability	123	3.6	0.930	Payment Terms	92	3.57	1.142
Technical Capability	123	3.56	0.968	Innovativeness	95	3.49	1.009
Innovativeness	124	3.48	0.967	Financial Position	94	3.32	1.090
Financial Position	124	3.46	0.905	Personal Relationship	95	3.32	1.055
Management and Organisation	124	3.33	1.034	Management and Organisation	94	3.29	0.969
Image	123	3.27	1.072	Ease of Ordering	95	3.25	1.062
Ease of Ordering	123	3.26	1.015	Brand	94	3.17	1.179
Personal Relationships	124	3.2	1.059	Image	95	3.05	1.004
Production Facilities	124	3.01	1.071	Production Facilities	95	2.80	1.078
Social Responsibility	123	2.85	1.153	Social responsibility	94	2.76	1.094
Geographic Location	123	2.59	1.193	Geographic Location	95	2.73	0.972

This helps to validate the results in the following sections which depend on reputation having an influence on supplier selection and termination. Independent sample T-Test using the Select/Terminate dummy variable (0=selected, 1=terminated) as the grouping variable demonstrates that the influence of Reputation ( $SE=0.057$ ,  $p < 0.001$ ) results in significant differences between the selection and termination samples. A follow up analyses, using binary logistic regression, demonstrates that the relative importance of reputation in the select versus terminate decisions accounts for almost 66% of the variance in the regression equation with all factors included ( $B=-3.130$ ,  $SE=0.665$ ,  $p < 0.001$ ). Based on these results, there is strong support for hypothesis H1 that reputation is an important factor in supplier selection and termination decisions, relative to other B2B purchasing criterion.

For the analyses in section 6.8, the single item measure of reputation will be replaced with the more sophisticated measure of corporate reputation as described by the Corporate Character Scale (Davies et al., 2003) and its dimensions, facets and items. When the other placeholder factors of Brand and Image are removed, running a reliability analysis on the remaining eighteen B2B purchasing criteria (listed in Table 6.2) achieves a Cronbach alpha coefficient of greater than the preferred level of 0.8 (0.824 in this case).

**Table 6.2**                      **B2B Purchasing Criteria for Data Analysis**

<b>B2B Purchasing Criteria</b>			
1	Cost	10	Payment Terms
2	Delivery	11	Personal Relationship
3	Desire for Business	12	Production Facilities
4	Ease of Ordering	13	Quality
5	Employee Quality/Capability	14	Range of Products/Services
6	Financial Position	15	Responsiveness
7	Geographic Location	16	Social Responsibility
8	Innovativeness	17	Technical Capability
9	Management and Organisation	18	Warranty and Service

However, binary logistic regression results show that the combination of all purchasing criteria as a measure does not significantly predict ( $\text{sig} = 0.632$ ) selection or termination decisions. This analysis leads only partial support for the influence of B2B purchasing criteria on supplier selection and termination decisions as per hypothesis H2. As part of the later moderation analysis, H2 will be revisited with further analysis utilising the reduced lists of abilities-based and intentions-based B2B purchasing criteria which fit the more detailed moderation models.

### 6.7 Effects of Corporate Reputation on Supplier Selection/Termination

Descriptive statistics illustrate that the mean scores for the dimensions of Corporate Reputation (Table 6.3) are as expected from previous studies, with Agreeableness scoring highest for supplier selection and lowest for termination. As expected, the opposite pattern occurs for Ruthlessness.

**Table 6.3** Descriptive Statistics for Supplier Selection and Termination (Dimensions)

	Supplier Selection		Supplier Termination	
Variable	M	SD	M	SD
Agreeableness	3.7598	0.47016	2.7941	0.66962
Competence	3.7280	0.45819	2.987	0.56033
Enterprise	3.3004	0.52342	2.8459	0.45589
Ruthlessness	2.5546	0.62458	3.2009	0.64206

These statistics are broken down into dimensions and facets of corporate reputation in Appendix 6. The means show the particular importance of being Supportive (mean = 4.03, SD = 0.671), Trustworthy (mean = 4.00, SD = 0.753), and Reliable (mean = 4.03, SD = 0.725), in being selected as a supplier and the increased likelihood of termination if Arrogant (mean = 1.95, SD = 1.012), Selfish (mean = 2.18, SD = 1.014) and Authoritarian (mean = 2.54, SD = 1.015) traits are displayed. Combining the samples for supplier selection and supplier termination into a dichotomous measure gives greater power for logistic regression than separate sample treatment. For the remaining analysis a dummy dichotomous variable of Select/Terminate is used in the reliability, correlation and regression analyses. Reliability analysis shows that the scales used for each variable were reliable ( $\alpha > 0.7$  in every case) as shown on the diagonal of Table 6.4. The same table shows correlations which are significant at .05 level where indicated with by \* and at the .01 level where indicated with by \*\*.

**Table 6.4 Means, Standard Deviations, Intercorrelations and Reliabilities for Dimensions of Corporate Reputation**

No.	Variable	M	SD	1	2	3	4	5	6	7
1	Purchasing Criteria	3.8042	0.50472	<b>0.811</b>						
2	Corporate Reputation	3.1740	0.41177	0.245**	<b>0.886</b>					
3	Agreeableness	3.3673	0.73329	0.100	0.762**	<b>0.916</b>				
4	Competence	3.4196	0.62122	0.191*	0.861**	0.836**	<b>0.777</b>			
5	Enterprise	3.1141	0.54389	0.205**	0.858**	0.631**	0.700**	<b>0.776</b>		
6	Ruthlessness	2.8185	0.70602	0.155*	0.127	-0.436**	-0.254**	-0.031	<b>0.731</b>	
7	Select/Terminate	1.4138	0.49393	0.057	-0.441**	-0.649**	-0.590**	-0.412**	0.451**	-

Notes: Coefficient alpha included on diagonal

Supplier selection/termination coded as 0 for selection and 1 for termination

\*p<0.05, \*\*p<0.01

There are significant correlations between many of the variables, but a deeper level of analysis is required to show the interactions at facet level, as shown in Appendix 6. Each of the facets in the corporate reputation dimensions shows significant correlation. This demonstrates how well the facets hang together as groups and how reliable they are as variables (Cronbach alpha > 0.7 in each case). Most of the facets are correlated with the decision to either select or terminate a supplier, although Modernity, Boldness and Dominance show no significant correlation with the selection and termination decisions, leading to the elimination of the Enterprise dimension from the more detailed moderation analyses to come.

An analysis of the correlations between the individual items and the decisions to select or terminate a supplier are also shown in Appendix 6. These correlations show the traits of corporate reputation which have the most impact on the decisions to select or terminate suppliers. Most of the correlations are significant at the 0.01 level. However some traits show no significant correlation with the independent variable. Not surprisingly, traits such as Trendy or Daring have no influence on the decisions to select or terminate suppliers. However, the lack of significance of Technical, Corporate and Controlling is unexpected for

a B2B study. In the moderation analyses of section 6.9, it will be necessary to omit the facet of Technocracy to fit within the bounds of the conceptual model as the Cronbach Alpha score of only 0.2 indicates no significant correlation to the decision to the select and terminate decisions for either Technical or Corporate.

Logistic regression analyses on the decision to select or terminate a supplier were run with Corporate Reputation and its dimensions and B2B Purchasing Criteria (18 criteria grouped together) as variables and the results are shown in Table 6.5. As supplier selection is coded to a lower value than supplier termination, the beta values for variables which have a positive effect on Select/Terminate should be negative and positive for those with a negative effect.

**Table 6.5** Logistic Regression Summary Results with the Decision to Select or Terminate a supplier as the Dependent Variable

Variable	B	S.E.	-2LL	CoxSnell	Nagelkrk	Sig	n
B2B Purchasing Criteria	0.233	0.311	232.282	0.003	0.004	0.453	174
Corporate Reputation	-2.755	0.516	187.915	0.197	0.265	0.000	174
Agreeableness	-2.721	0.378	158.633	0.395	0.533	0.000	187
Competence	-2.730	0.401	175.839	0.335	0.451	0.000	185
Enterprising	-1.856	0.361	213.687	0.170	0.229	0.000	183
Ruthlessness	1.593	0.281	215.629	0.200	0.270	0.000	191

The results are significant for Corporate Reputation and its dimensions Agreeableness, Competence, Enterprising and Ruthlessness (sig = 0.000) but B2B Purchasing Criteria as a group do not significantly predict selection or termination decisions (sig =0.453), reinforcing the findings related to the earlier hypothesis H2. This is also consistent with a moderation explanation that impression of corporate character underlies the influence of purchasing criteria on the supplier selection and termination decisions and will be tested in the next

section. The Nagelkerke R square values in Table 6.5 also show that 26.5% of the variation in the decision to select or terminate is caused by Corporate Reputation. Agreeableness is the most significant dimension, accounting for 53.3% of the variation. Taking this down to the level of corporate reputation facets gives the results in Table 6.6.

**Table 6.6** Binary logistic regression summary results for Corporate Reputation

Dimension	Facet	B	S.E.	-2LL	CoxSnell	Nagelkrk	Sig	n
Agreeableness	Warmth	-2.225	0.336	183.502	0.317	0.427	0.000	189
	Empathy	-1.528	0.307	229.965	0.153	0.207	0.000	194
	Integrity	-1.499	0.244	210.049	0.236	0.318	0.000	194
Competence	Conscientiousness	-2.191	0.303	175.869	0.359	0.485	0.000	194
	Drive	-3.152	0.44	156.913	0.419	0.565	0.000	194
	Technocracy	-1.192	0.233	229.072	0.157	0.212	0.000	194
Enterprise	Modernity	0.309	0.194	259.629	0.013	0.018	0.111	194
	Adventure	-1.168	0.267	239.376	0.111	0.150	0.000	194
	Boldness	-0.323	0.214	258.859	0.012	0.016	0.132	193
Ruthlessness	Egotism	1.206	0.236	229.745	0.154	0.208	0.000	194
	Dominance	0.428	0.253	258.243	0.015	0.020	0.090	193

This reinforces earlier results and shows that Modernity, Boldness and Dominance do not significantly predict the selection or termination decisions. Rather, Warmth, Empathy, Integrity, Conscientiousness, Drive, Technocracy, Adventure and Egotism all significantly influence such decisions. The positive beta value for Egotism ( $B=1.206$ ) shows that this acts in the opposite direction to the other significant facets, as expected. Running the identical analyses at the facet and item level produces the results in Appendix 6 which add granularity e.g. Technocracy predicts selection/termination at dimension level but neither Technical nor Corporate do so at trait level; Boldness does not predict selection/termination as confirmed by the lack of significance of Extrovert or Daring; Dominance does not predict selection/termination but one of its traits, Authoritarian, does.



Overall, the highly consistent results of this section leads to strong support for Hypothesis H3 that dimensions of corporate reputation have an impact on supplier selection and termination, specifically that Agreeableness, Enterprise and Competence have a positive (negative) impact on selection (termination) and that Ruthlessness has negative (positive) impact on selection (termination). It has also justified the reduction of the Corporate Character Scale to the dimensions of Agreeableness, Competence and Ruthlessness that are most relevant to this research. It also indicates that the theoretical reduction of the list of B2B purchasing criteria to warm and cold intentions and abilities is supported by the initial statistical analysis. These six variables will be tested for construct validity in section 6.8 and then utilised in section 6.9 to provide the principal contribution of the research..

## 6.8 Construct Validity

In order to validate the measurement scales for the constructs of interest factor analyses were performed. Principal component analyses were initially undertaken to test convergent and discriminant validity with all results shown in Table 6.7.

**Table 6.7** Validity test results for multi-item measures

Validity Tests	Agreeableness	Competence	Ruthlessness	Warm Intentions	Abilities
<b>Convergent Validity</b>					
Kaiser Meyer Olkin (> 0.5)	0.769	0.794	0.717	0.547	0.585
Bartlett's Test of Sphericity ( $p < 0.001$ )	0.000	0.000	0.000	0.000	0.000
Average Variance Extracted (AVE > 0.5)	0.508	0.300	0.295	0.526	0.526
<b>Discriminant Validity</b>					
Farnell & Larcher Test (Square root of AVE)	0.55	0.73	0.61	0.24	0.24
<b>Multi-Collinearity</b>					
Tolerance Values (> 0.1)	0.254	0.292	0.739	0.745	0.756
Variable Inflation Factors (VIF < 10)	3.942	3.424	1.353	1.341	1.322

Inspection of the correlation matrices revealed the presence of all coefficients greater than 0.3 and above for each of the five multi-item constructs (Agreeableness, Ruthlessness, Competence, Warm Intentions-based Purchasing Criteria and Abilities-based Purchasing Criteria). The Kaiser-Meyer-Olkin value exceeded the recommended threshold of 0.5 (Kaiser, 1970; 1974) thus suggesting the sample was adequate and Bartlett's Test of Sphericity reached significance for each of our multi-item constructs ( $p < 0.001$ ) in support of the correlation matrix (Pallant, 2005). Further, each multi-item measure with eigen values greater than 1 had an average variance extracted (AVE) of 0.50 or greater, which is indicative of convergent validity (Smith and Barclay, 1997; Miremadi et al., 2011). The unrotated component matrices revealed that the predominant factor loadings for each item on the relevant component all exceeded 0.60. Discriminant validity of the constructs was tested using the Fornell and Larcker (1981) test. The results (in Table 6.8) show that the square root of the average variance extracted, highlighted in bold, for a given construct is greater than the standardized correlation of that given construct with each of the other constructs. In all cases, the condition of the test is met for all pairs of constructs. Thus, there is discriminant validity in that the constructs are distinctly different from one another.

Given that there were strong correlations between some of the variables, an assessment of multi-collinearity was carried out through the computation of tolerance values and variable inflation factors (VIF). The tolerance values were well above the 0.10 cut-off and the VIFs for the relevant variables were well below the 10 cut-off thus suggesting collinearity was not a problem for these analyses (Allison, 1999).

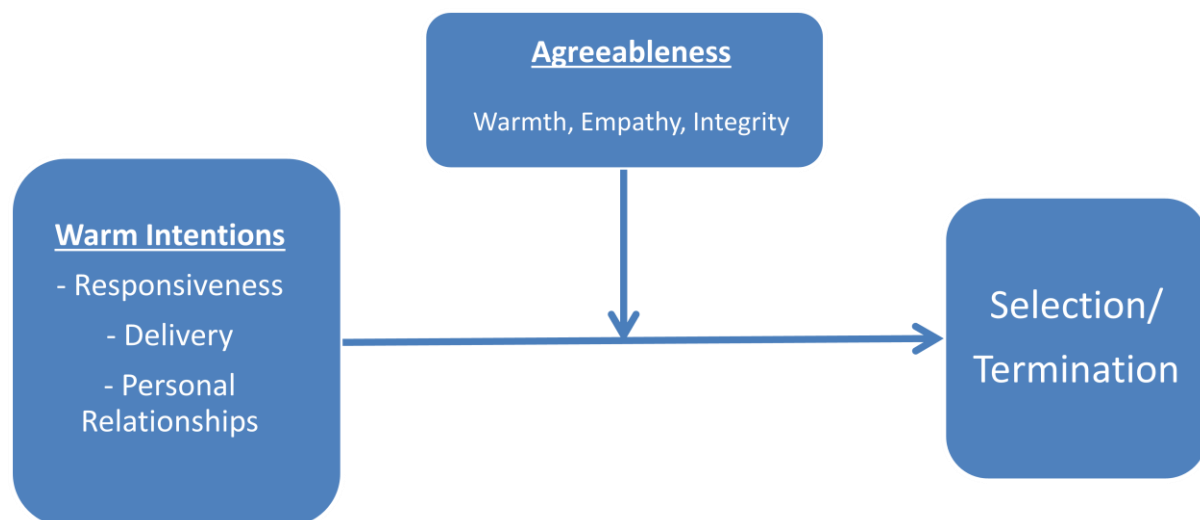
## 6.9 Moderation Analyses

Moderation analysis was carried out using PROCESS (Hayes, 2012 and 2013), a customised macro for SPSS which provides path analysis-based moderation and mediation analysis. As already seen in chapter 4, conceptual model 1 in the PROCESS macro matches the conceptual model for this research. For the purposes of statistical analysis, this translates to the statistical model shown earlier in chapter 5. As the analysis in the previous section demonstrated, not all of the individual B2B purchasing criteria have a significant effect on the decision to select or terminate a supplier. To align with the proposed hypotheses it was found that groupings of abilities-based purchasing criteria (employee capability, quality, and technical capability) and intentions-based purchasing criteria (payment terms, personal relationships, responsiveness, and delivery) fit best within the conceptual model. The intentions-based criteria were further split into warm intentions-based criteria (responsiveness, personal relationships and delivery) and the cold intentions-based criterion of payment terms. The Competence dimension of the Corporate Character Scale was modified to fit the conceptual model by omitting the facet of Technocracy, as previously suggested in Section 6.7. Descriptive statistics, inter-correlations and validity statistics are shown in Table 6.8. All of the remaining analyses use this reduced set of variables.

**Table 6.8 Means, Standard Deviations, Intercorrelations, and Discriminant Validity**

	Variables	M	SD	1	2	3	4	5	6	7
1	Cold B2B Intentions-based Criteria	3.64	1.10	—						
2	Warm B2B Intentions-based Criteria	3.71	0.63	0.10	<b>1.24</b>	.49**	-0.05	-0.01	0.18*	0.14*
3	B2B Ability-based Criteria	3.92	0.60	0.07	.49**	<b>1.24</b>	0.01	0.06	0.10	0.10
4	Agreeableness	3.35	0.69	0.02	-0.05	0.01	<b>2.55</b>	0.84**	-0.42**	-0.63**
5	Competence	3.45	0.71	0.10	-0.01	0.06	.84**	<b>1.73</b>	-0.32**	-0.62**
6	Ruthlessness	2.81	0.70	-0.02	0.18	0.10	-.42**	-0.32**	<b>1.61</b>	0.45**
7	Select/Terminate Behavior <sup>2</sup>	1.43	0.49	-0.05	0.14	0.10	-.63**	-0.62**	0.45**	—
<b>Notes:</b>										
Famell & Larcker square root of AVE included on diagonal.										
<sup>2</sup> Behavioral response coded as 0 for supplier selection and 1 for supplier termination decisions										
* $p < .05$ , ** $p < .01$										

Returning to H2, which predicts a significant relationship between warm/cold intentions-based and ability-based purchasing criteria and the decision to select or terminate a supplier, further analysis is conducted here. Included in each of the binary logistic regression models (Table 6.9) were the hypothesised intentions or ability-based purchasing criteria as the independent variable; Agreeableness, Competence and Ruthlessness as the hypothesised moderating variables; and select/terminate decision as the dependent variable as shown in Figure 6.5, Figure 6.6, and Figure 6.7 below.

**Figure 6.5 Model 1 - Detail of Agreeableness moderating the effect of Warm Intentions**

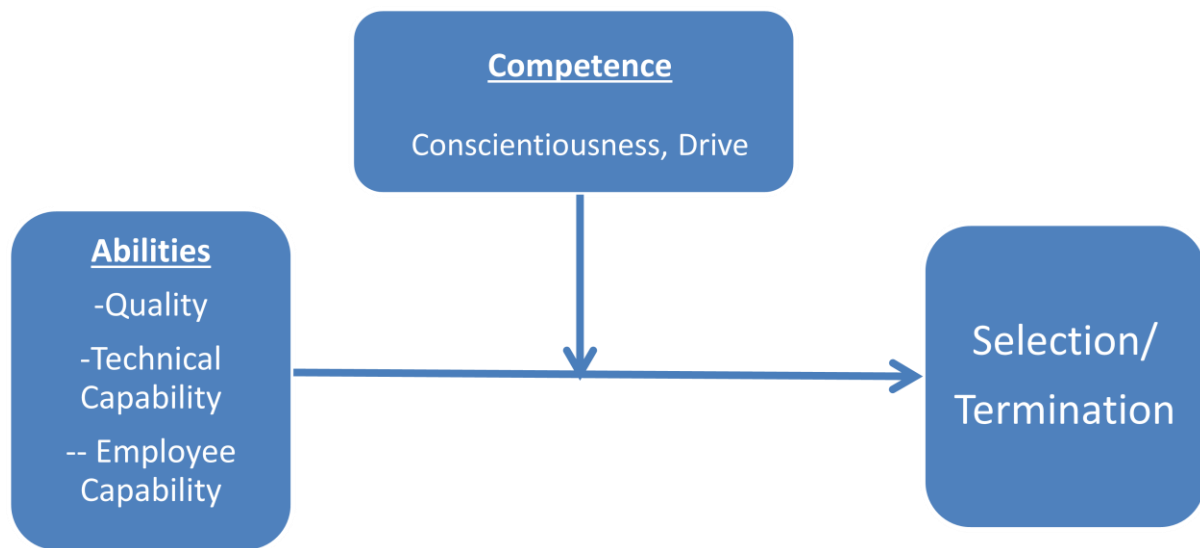


Figure 6.6

Model 2 - Detail of Competence moderating the effect of Abilities

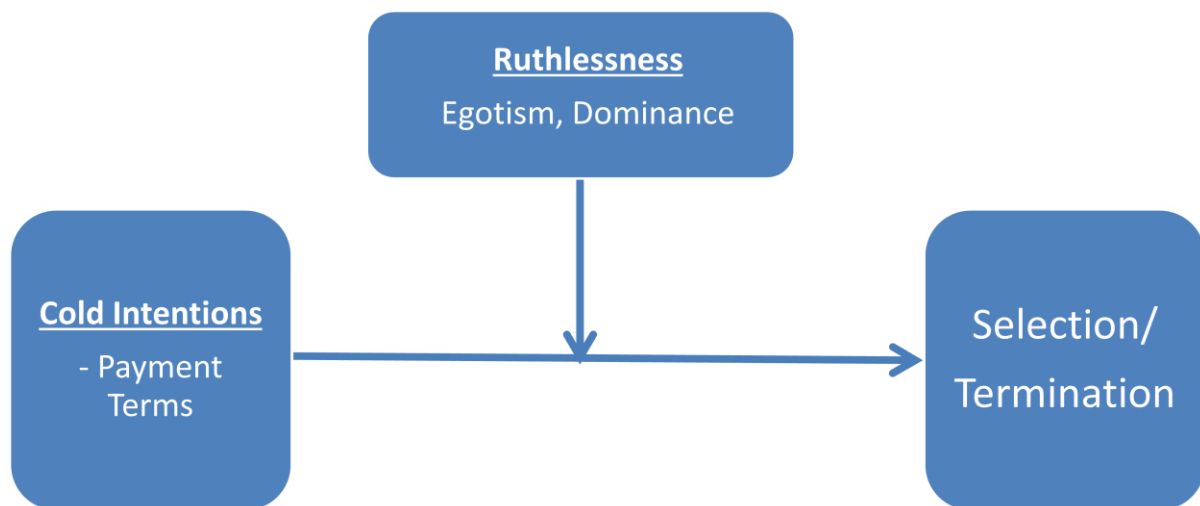


Figure 6.7

Model 3 - Detail of Ruthlessness moderating the effect of Cold Intentions

The results demonstrate that the direct paths in each of the models between the B2B intentions-based purchasing criteria and the ability-based purchasing criteria variables on the selection/termination decision is significant (Warm B2B Intentions:  $\beta = 1.46$ ,  $SE = 0.47$ ,  $p < 0.01$ ,  $M_{intentions} = 3.71$ ; B2B Ability:  $\beta = 5.17$ ,  $SE = 2.35$ ,  $p < .05$ ,  $M_{ability} = 3.93$ ). The direct path in the model of B2B Payment Terms intention and the select/terminate decision was borderline significant ( $\beta = 1.55$ ,  $SE = 0.90$ ,  $p < 0.08$ ,  $M_{payment} = 3.64$ ), (Table 6.9). The results thereby demonstrate main effects of B2B purchasing criteria on the decision to select or terminate a supplier. Thus, H2 is supported for three ability-based B2B purchasing criteria and four intentions-based B2B purchasing criteria.

H4 predicted that corporate reputation dimensions would moderate the effects of hypothesised intentions-based and ability-based purchasing criteria on supplier selection and termination decisions. To test for moderation, the PROCESS macro for SPSS developed by Hayes (2012) was used to estimate the interactive and conditional effects via binary logistic regression. The two-way interactive effects (Table 6.9) of the hypothesised purchasing criteria with the relevant hypothesised dimensions of corporate character were statistically significant across the Agreeableness and Competence models and borderline significant in the Ruthlessness model ( $\beta = -0.59$ ,  $SE = 0.31$ ,  $p = 0.06$ ). Further, the Nagelkrk logistic model fit values suggest that the variables in the model account for considerable variation in the decision to select or terminate suppliers; ranging from 55% in the case of Competence perceptions moderating abilities-based purchasing criteria to 63% in the model of Agreeableness moderating warm intentions-based purchasing criteria. The pattern of means is as expected. Agreeableness and Competence are stronger in the supplier selection sample ( $M_{agreeableness} = 3.73$ ,  $M_{competence} = 3.75$ ) than in the supplier termination sample ( $M_{agreeableness} =$

2.85,  $M_{\text{competence}} = 2.99$ ), while the negatively valenced Ruthlessness dimension is as expected weaker in the supplier selection sample ( $M_{\text{ruthlessness}} = 2.56$ ) than the termination sample ( $M_{\text{ruthlessness}} = 3.20$ ). Thus, H4 is supported.

**Table 6.9** Logistic Regression Results for the Main and Interactive Effects of Purchasing Criteria and Corporate Character Dimensions on Supplier Selection/Termination Decisions

Model Predictors	Coefficient	Standard Error (SE)	Z Value
<b>Model 1</b>			
Constant	0.64	1.60	0.40
Agreeableness (A)	-3.25	0.50	6.43**
Warm Intentions-based Criteria (I)	1.46	0.47	3.10**
I X A	-1.27	0.64	-1.97*
Nagelkrk R <sup>2</sup>	0.63		
<b>Model 2</b>			
Constant	-11.55	9.10	-1.26
Competence (C)	2.17	2.57	0.84
Ability-based Criteria (Ab)	5.17	2.35	2.2*
Ab X C	-1.27	0.67	-1.88*
Nagelkrk R <sup>2</sup>	0.55		
<b>Model 3</b>			
Constant	-10.77	3.85	2.79**
Ruthlessness (R)	3.92	1.25	3.11**
Payment Terms (PT)	1.55	0.90	1.71
PT X R	-0.59	0.31	-1.87*
Nagelkrk R <sup>2</sup>	0.36		

Selection decisions coded 0 and termination decisions coded as 1; binary logistic regression.

\*p < .05, \*\*p < .01

Controlling for gender, country, buying function, cost or primary business did not significantly affect the results of the regression models. The respondents' role within the buying centre had a significant main effect in two of the three models (Agreeableness and Competence) when included as a covariate, but did not alter the predicted pattern of main or interactive effects across any of the three models. An example of results from Model 3 is shown below in Table 6.10.

**Table 6.10** Potential moderating variables partialled out in the regression equation

<b>Model 3</b>	<b>Coefficient</b>	<b>SE</b>	<b>Z</b>	<b>p</b>
Job Title	-0.0104	0.0691	-0.1510	0.8799
Primary Business	-0.0754	0.0877	-0.8597	0.3900
Gender	0.2133	0.3828	0.5571	0.5775
Country	-0.2355	0.1422	-1.6565	0.0976
Buying Role	-0.2135	0.1413	-1.5109	0.1308

Separate moderation analyses were run for the 8 facets and the 26 items of Agreeableness, Competence and Ruthlessness to understand which demonstrated the closest fit to the moderation model. A strongly significant interactive effect indicates which factors had the greatest impact in moderating the effect of the independent variables on the decisions to select or terminate suppliers. Table 6.11 shows that the facets of Warmth and Empathy fit best within the model, but while Integrity is not as strong a fit, both Sincere and Socially Responsible are, along with the items of Supportive and Reassuring from Empathy.



**Table 6.11 Detailed moderation analysis for facets and items of Agreeableness**

Model 1 - Warm Intentions v Agreeableness		Interactive Effect				
Model No.	Facet/Item	Coeff	SE	Z	p	Nagelkrk R <sup>2</sup>
1.1	Warmth *	-1.0354	0.5005	-2.0686	0.0386	0.5478
1.1.1	Open	-0.3794	0.2880	-1.2172	0.1878	0.4227
1.1.2	Straightforward	-0.5376	0.2842	-1.8919	0.0585	0.3164
1.1.3	Pleasant	-0.7243	0.4202	-1.7238	0.0847	0.4200
1.1.4	Friendly	-0.6295	0.3665	-1.7177	0.0858	0.4068
1.2	Empathy *	-1.5189	0.7288	-2.0842	0.0371	0.6304
1.2.1	Supportive **	-1.0592	0.3712	-2.8537	0.0043	0.5373
1.2.2	Reassuring *	-0.7087	0.3209	-2.2083	0.0272	0.3485
1.2.3	Concerned	-0.5799	0.4126	-1.4054	0.1599	0.3234
1.2.4	Agreeable	-0.9277	0.6479	-1.4319	0.1522	0.6424
1.3	Integrity	-0.9110	0.4973	-1.8317	0.0670	0.5417
1.3.1	Honest	-0.5121	0.3096	-1.6538	0.0982	0.4457
1.3.2	Trustworthy	-0.2061	0.3387	-0.6086	0.5428	0.4459
1.3.3	Sincere **	-0.7580	0.2803	-2.7041	0.0068	0.4246
1.3.4	Socially Responsible *	-0.8121	0.3759	-2.1606	0.0307	0.2074

In Table 6.12, Drive is found to have the strongest moderating effect of the Competence facets, based on the strength of the Achievement Oriented item. Hardworking from the Conscientiousness facet also demonstrates a strong effect.

**Table 6.12 Detailed moderation analysis for facets and items of Competence**

Model 2 - Ability v Competence		Interactive Effect				
Model No.	Facet/Item	Coeff	SE	Z	p	Nagelkrk R <sup>2</sup>
2.1	Conscientiousness	-0.6958	0.5445	-1.2778	0.2013	0.4757
2.1.1	Reliable	-0.2833	0.3853	-0.7354	0.4621	0.4530
2.1.2	Secure	-0.3216	0.3786	-0.8495	0.3956	0.3245
2.1.3	Hardworking *	-0.7370	0.3538	-2.0830	0.0373	0.3214
2.2	Drive *	-1.1147	0.5467	-2.0390	0.0414	0.4621
2.2.1	Ambitious	-0.4759	0.3143	-1.5143	0.1299	0.2915
2.2.2	Achievement Oriented **	-0.9960	0.3818	-2.6090	0.0091	0.3450
2.2.3	Leading	0.1153	0.3615	0.3190	0.7498	0.2997
2.3	Technocracy	-0.1877	0.4108	-0.4569	0.6478	0.2041
2.3.1	Technical	-0.1994	0.3090	-0.6455	0.5186	0.1903
2.3.2	Corporate	-0.0137	0.3282	-0.0417	0.9667	0.1583

The breakdown of Model 3 in Table 6.13 does not indicate any strong moderating effects, although Controlling, Authoritarian and Aggressive are all border line.

**Table 6.13 Detailed moderation analysis for facets and items of Ruthlessness**

Model 3 - Cold Intentions v Ruthlessness		Interactive Effect				Nagelkrk R <sup>2</sup>
Model No.	Facet/Item	Coeff	SE	Z	p	
3.1	Dominance	-0.4702	0.2682	-1.7529	0.0796	0.1580
3.1.1	Controlling	-0.2770	0.1624	-1.7052	0.0882	0.1022
3.1.2	Authoritarian	-0.3565	0.1944	-1.8341	0.0666	0.2847
3.1.3	Inward Looking	-0.1198	0.1668	-0.7182	0.4726	0.0861
3.2	Egotism	-0.2897	0.2071	-1.3988	0.1619	0.3991
3.2.1	Arrogant	-0.2611	0.1737	-1.5030	0.1328	0.4356
3.2.2	Aggressive	-0.2452	0.1423	-1.7233	0.0848	0.1845
3.2.3	Selfish	-0.1529	0.1705	-0.8969	0.3698	0.3499

This moderation analysis by facet and item will allow for further discussion in Chapter 7 and the full statistical output from the PROCESS models, including direct effects, are listed in Appendix 6.

Finally, the conditional effects to ascertain more precisely when corporate character dimensions differentially moderate the hypothesised purchasing criteria were examined. The conditional effects at the mean values of the corporate character dimensions and at +1/-1 standard deviation above/below the mean were tested. The results are consistent across all regression models. When Agreeableness and Competence reputation dimensions are respectively below the mean value, the effect of the hypothesised intentions and ability-based purchasing criteria are strongly significant (Intentions-based Criteria:  $\beta = 2.35$ ,  $SE = 0.59$ ,  $p < 0.0001$ ; Ability-based Criteria:  $\beta = 1.63$ ,  $SE = 0.58$ ,  $p < 0.01$ ). When perceptions of such corporate character dimensions are strong however, there are no significant effects of these

criteria on selection and termination decisions (Intentions-based Criteria:  $\beta = 0.57$ ,  $SE = 0.70$ ,  $p > 0.10$ ); Ability-based Criteria:  $\beta = -0.13$ ,  $SE = 0.64$ ,  $p > 0.50$ ). As expected, an opposite pattern is shown for the conditional effect of the payment terms purchasing criteria and the negatively valenced Ruthlessness dimension of reputation. When Ruthlessness is strong, there is a significant effect of payment terms on the select/terminate decision (Payment Terms:  $\beta = -0.54$ ,  $SE = 0.29$ ,  $p < 0.06$ ) but when Ruthlessness is considered weak, there is no such significant effect of payment terms on the supplier decision (Payment Terms:  $\beta = 0.29$ ,  $SE = 0.28$ ,  $p > 0.10$ ). Corporate reputation perceptions therefore differentially moderate the effects of intentions-based and ability-based purchasing criteria on supplier selection and termination decisions. Thus, H5 is supported.

To facilitate interpretation of the moderating effects, the procedures recommended by Aiken and West (1991) were followed and the interactions were depicted graphically. Figure 6.8, Figure 6.9, and Figure 6.10 plot the simple slopes to show moderating patterns for Agreeableness, Competence and Ruthlessness on the influence of respective organisational purchasing criteria on supplier selection versus termination using Excel templates defined by Dawson (2014). Unsurprisingly, when suppliers are perceived to be Agreeable (Disagreeable) or Competent, they are more likely to be selected (terminated). On the other hand, when suppliers are perceived as strongly ruthless, they are more likely to be terminated. This interpretation further supports the differential conditional effects hypothesised and demonstrated previously.

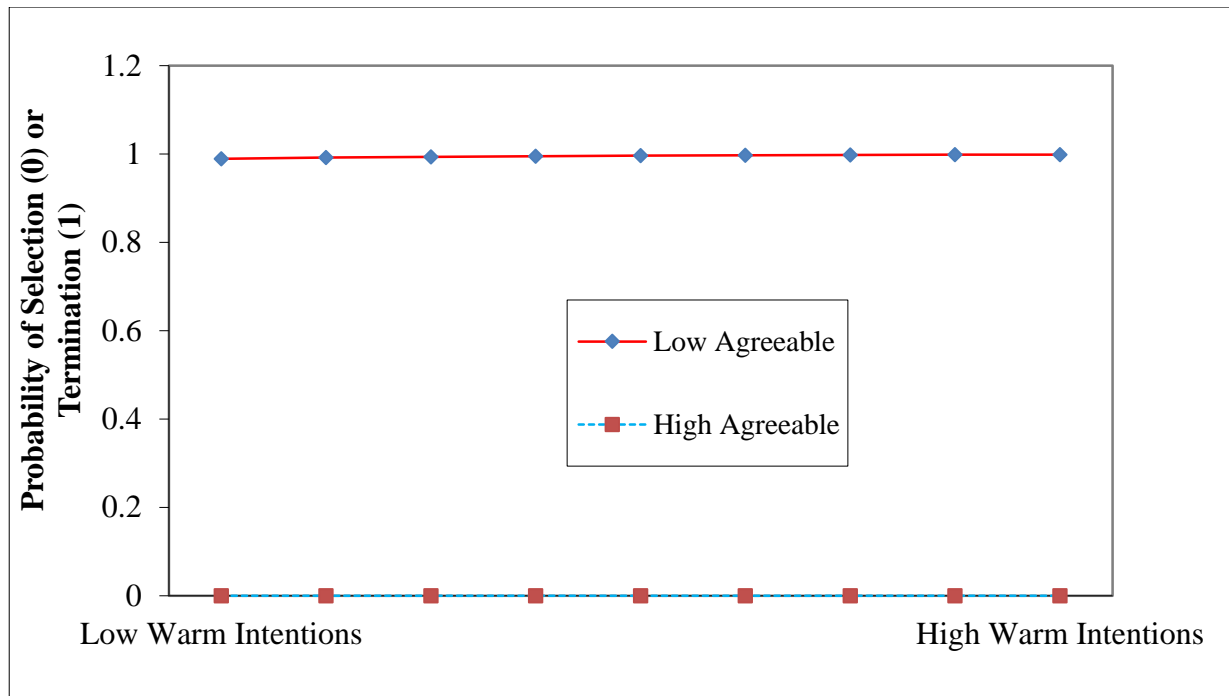


Figure 6.8 Interaction between Warm Intentions-Based Purchasing Criteria and Agreeableness in Prediction of Supplier Selection and Termination

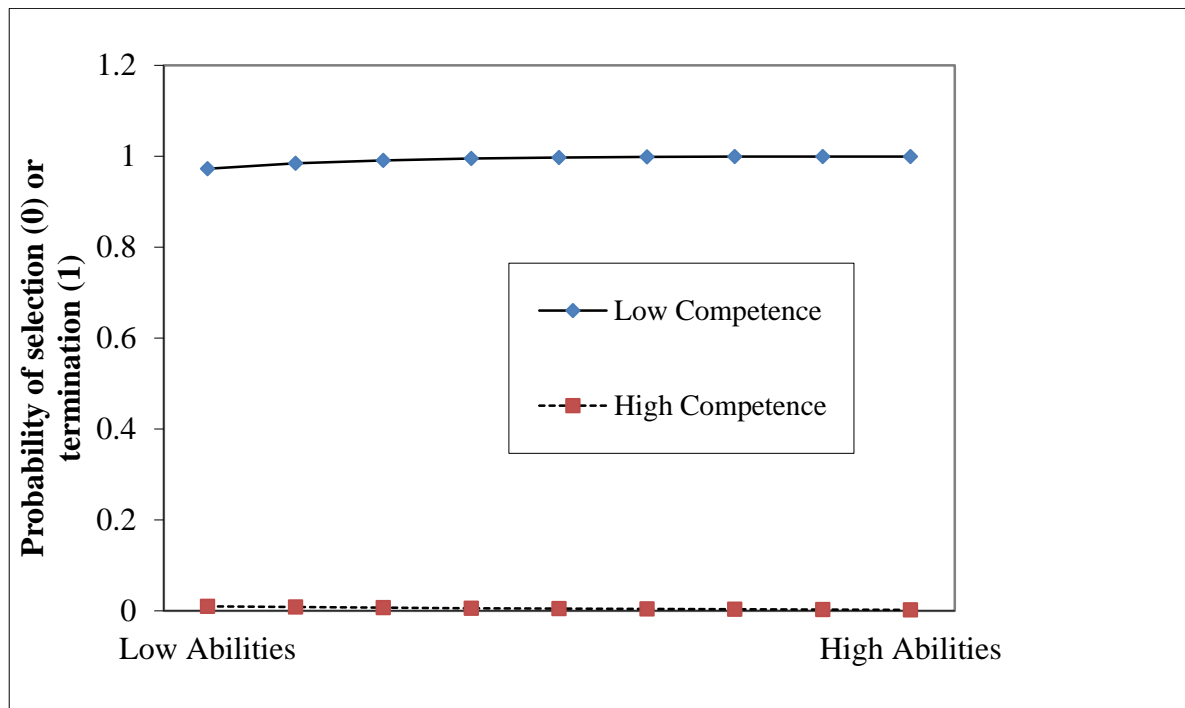
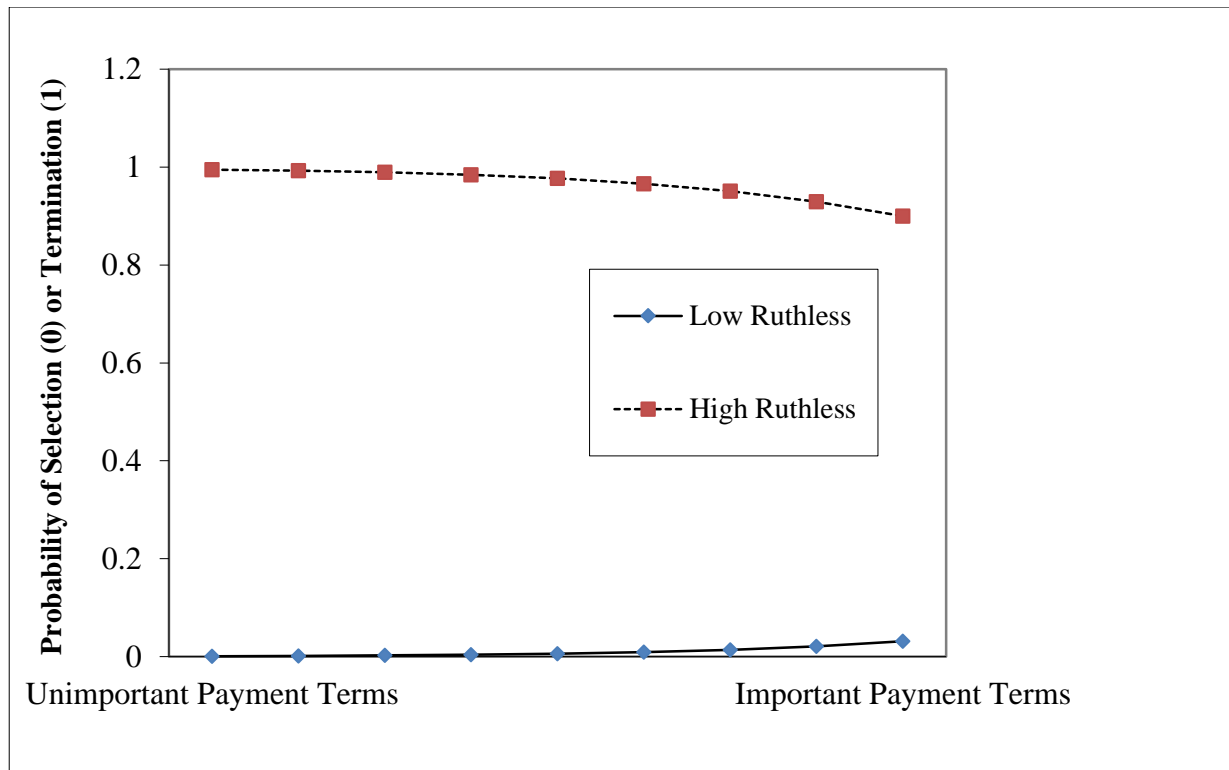


Figure 6.9 Interaction between Abilities-Based Purchasing Criteria and Competence in Prediction of Supplier Selection and Termination



**Figure 6.10** Interaction between Payment Terms Purchasing Criterion and Ruthlessness in Prediction of Supplier Selection and Termination

## 6.10 Conclusion

In this chapter, statistical analysis was carried out to test the five hypotheses. The results supported H1, partially supported H2, strongly supported H3 and, for several of the B2B purchasing criteria and corporate reputation dimensions, strongly supported the principal contribution of the research in H4 and H5. The implications of these results for corporate reputation theory and practice will be discussed in chapter 7.

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# **Chapter Seven**

## **Discussion**

Buying is a matter of mood – money follows the mood.

Elbert Hubbard (1856-1915)

## **7 Discussion**

### **7.1 Introduction**

In this chapter, the strongest contribution to the literature which stem from the moderation analysis and the corresponding implications for marketing practice are discussed. The relevant literature and theoretical elements of the research are reintroduced and discussed in the context of the research findings. Following the structure of the previous chapters, the order of the hypotheses informs the flow of this discussion. The findings from each of the first three hypotheses lead to discussions of the importance of reputation as a purchasing criterion; purchasing criteria effects; and corporate reputation effects. Within each discussion, the contribution to research will be defined and the implications for management and practice will be outlined. Hypotheses H4 and H5 lead to a discussion of moderation effects built on the foundations of the previous hypotheses.

### **7.2 Importance of Reputation as a Purchasing Criterion**

In moving towards the discussion of contribution, it is important for this research that Reputation is seen as an influential purchasing criterion. Were it to be less influential than Brand or Image, or rated as being of no influence in the purchasing decision-making process, the more detailed analysis of Corporate Reputation via the Corporate Character Scale would have little validity. Where Reputation has been included in previous studies the results have been varied (Kotler and Pfoertsch, 2006). In the older studies reviewed in Chapter 3 it was ranked near the bottom of the scales (Nydick and Hill, 1992), but recently Reputation has been growing in importance (Roberts and Merrilees, 2007). In this supplier selection study, Reputation is ranked fifth of twenty one criteria, demonstrating a strong influence. In the



supplier termination case, Reputation dropped three places in relative importance but the mean score is almost as strong as in the supplier selection case (3.75 versus 3.85). It also accounted for 26.5% of the variation in the decision to select or terminate suppliers.

There are several possible explanations for the increasing importance of reputation. The increasingly competitive IT industry allows few chances when reputation issues threaten a company. For example, there is little tolerance of violations of human rights or environmental damage and little acceptance is shown to an existing supplier by companies with strict codes of conduct, such as Apple (Frost and Burnett, 2007; Apple, 2013). A more widespread awareness of reputation exists due to the twenty four hour news cycle perpetuated by TV business news, the internet and social media. Consequently, a problem with reputation can now put a company out of business e.g. Arthur Anderson (Gordon, 2002), whereas in past it would have been a less than fatal blow e.g. Union carbide (Zyglidopoulos and Phillips, 1999). A corresponding awareness of branding from a consumer viewpoint which filters through to the professional lives of the buying centre members is a secondary influence, but is undoubtedly a factor. These buyers are increasingly exposed to claims concentrating on reputation in the sales cycle and, in turn, are more likely to start including it in their supplier analysis. With some companies even having a Chief Reputation Officer, as suggested by Fombrun and Van Riel (2004) and Van Der Jagt (2005), the role of reputation in the corporate environment is growing and will have an increasing impact on supplier selection and termination.

### 7.2.1 Implications for Management and Practice

The implication for the IT industry is that a supplier is unlikely to gain business without a positive reputation (Aspara and Tikkanen, 2008). Those new companies entering the market who have yet to build a reputation will be at a disadvantage compared to incumbent suppliers. This allows some breathing space for existing in-suppliers (Brown, 1995) to combat the competition from new entrants. A large IT company is likely to have a process in place for supplier selection, monitoring and termination (Ho et al., 2010). If these systems allow appropriate weight to the factor of reputation, the company is unlikely to jump to new untried suppliers as soon as they enter the market, allowing time for existing suppliers to adapt their business to compete against new technologies, innovation, cost reductions or supply chain improvements. In this way, reputation becomes a safety net against supplier termination and this is one of the first studies to show this effect with empirical data. The long-term consequences of this situation were mentioned in chapter 3. Strategic sourcing implies fewer, longer term, more trusting supplier relationships resulting in a reduced supplier base and even exclusive contracts to single suppliers (Talluri et al., 2013). It is possible for a supplier to lose business for several years and, given the speed of change in the IT industry, this could be long enough to damage the company, should a sufficiently high percentage of customers be lost in this way.

### 7.2.2 Contribution and Implications for Research

Brand and Image were included in the survey as related concepts to Reputation. While there is a correlation between the three, Image is the least influential (ranking sixteenth in the supplier selection data and eighteenth in the supplier termination data) and while Brand is influential in supplier selection (sixth place of twenty one), it is only ranked seventeenth in

the supplier termination data. It appears that amongst B2B buyers, Reputation is a stronger concept than Brand and both are more influential than Image. Returning to the IT industry channel model of Figure 5.1, it is probable that Brand would be a stronger factor than Reputation in the purchase decision-making of the final consumer i.e. the business to consumer (B2C) relationships from retailer to consumer, or from reseller to business user (Raizada, 2011). However, each of the relationships between channel players e.g. supplier to distributor, or distributor to retailer, is a B2B relationship and the empirical data from this research shows Reputation to be more important in those cases. In these different relationships, there may be a modifying influence of brand on the relationship between a purchasing criterion and the selection or termination decision, which in a B2C scenario would be renamed purchase intent (Dwyer et al., 1987). However, this consumer purchase intent, based on a company's consumer brand, should be separated from supplier-decision making and corporate reputation in a B2B environment (Roper and Davies, 2010) and with appropriate steps taken in the research methodology, these secondary influences can be reduced. In summary, as a highly ranked purchasing criterion, Reputation is relatively influential, thus supporting hypothesis H1 and allowing for more detailed discussion of a range of purchasing criteria and of the various dimensions of corporate reputation in the next two sections.

### 7.3 Purchasing Criteria Effects

Of the twenty one purchasing criteria used in the survey, the results for individual factors are interesting when compared to the prevailing view from the literature, or to the results predicted by theory. Brand, Image and Reputation were discussed in the previous section and the remaining eighteen are discussed here. While Reputation is a strong influence, there is

still support for the traditional view, discussed in chapter 3, of the strength of economic criteria (Talluri et al., 2013). Quality, Cost and Delivery are consistently seen as important purchasing criteria in both selection and termination data sets. The case of Delivery particularly illustrates the difference between selection and termination cases, ranked eighth place for supplier selection but placed second in the supplier termination data. This can be explained by the difference in available data in the pre- and post-selection phases. During the selection process, costs of goods can be agreed and quality can be evaluated using product samples but, while Delivery terms may be agreed, delivery performance remains unknown until business starts. When termination is being considered, delivery performance is easily measurable and becomes one of the most important criteria.

As in the earlier discussion, Cost in B2B purchasing is equivalent to the factor of price in a consumer purchase (Brennan et al., 2010). Just as pricing can vary significantly by channel, by retailer, or due to promotional activity, cost may vary enough for a significant discount to override considerations of brand or reputation, allowing the supplier to win an order or become listed as a regular supplier. This variation is less pronounced in the B2B environment as professional buyers and intense competition drive standardisation of costs. Should a supplier be found to charge excessively for a product or service in a particular market or at a particular customer, the fact is likely to be uncovered and will damage its reputation (Ingirige et al., 2009). The other side of this issue is whether a strong reputation can allow a company to charge more for its product or service? As the purchasing criterion of cost does not fit perfectly within the conceptual model of this research, it can only be speculated that cost is an order qualifier and once cost remains within a realistic range versus competing suppliers, it is enough to keep the supplier in the competition for business, with the deciding factors (the

order winners) lying elsewhere. It would be useful to consider this hypothesis in a further study to test the elasticity of the cost price while still remaining a viable competitor (Brennan et al., 2010). Returning to the literature around reverse e-auctions (Wright, 2004; Tassabehji et al., 2006; Losch and Lambert, 2007), the analyses would suggest that these competitions drive costs to a lower level for all suppliers but the lowest cost supplier will not always be the chosen supplier. This was already proven in one study of supplier termination (Ellegaard, 2009) in which cost was not found to be one of the many criteria that caused termination.

The lowest scoring criteria in both the supplier selection and supplier termination data, Social Responsibility and Geographic Location, are worthy of discussion. Corporate Social Responsibility (CSR) is one of the most discussed subjects in the recent literature (De Wolf et al., 2012; Gatti et al., 2012) but the mean scores of 2.85 in the selection survey and 2.75 in the termination survey imply that it is only a slight to moderate influence on supplier selection and termination. Perhaps lip service is being paid to the need to be socially responsible and pragmatic buyers or marketing managers do not rate it as important in their daily business. It may also be seen as a corporate issue with separate teams and budgets allocated to CSR, thus taking it out of the realm of operational purchasing. Socially Responsible is also a trait in the Corporate Character Scale and the generally neutral results to that question further indicate that CSR does not appear to interest B2B buyers, until something goes wrong. However, when included in the moderation model as an individual item, Social Responsibility is a strong moderator of the effect of warm intentions on the decisions to select or terminate suppliers. A strong narrative within the corporate reputation literature (Dowling, 2001; Doorley and Garcia, 2007; Henderson et al., 2008) refers to the recovery from reputation damage and the ability of a strongly positive corporate reputation to

insulate a company from the worst effects of negative incidents. While CSR may be a tick-box exercise in most supplier analyses, it is important that it remains in the thinking of the customer. Under steady-state operating conditions, it has no real impact on the decisions to select or terminate suppliers, but it can become an influential factor should a CSR-related incident cause reputation damage to the company (Eisengerich and Bhardawaj, 2011). Examples populate the literature, from Exxon's Valdez oil spill (McLane et al., 1999) and Union Carbide's Bhopal poisonings (Zyglidopoulos and Phillips, 1999) to labour abuse allegations about Apple's suppliers (Frost and Burnett, 2007; Duhigg and Greenhouse, 2012).

Similarly, there are other factors which don't appear to have strong effects in the current conceptual model that may change suddenly and need to be monitored. Geographic location was included in the scale due to its prevalence in previous studies, many of which were based on the supply of components to manufacturing facilities using just-in-time (JIT) principles (Ansari and Modaress, 1988; Chapman and Carter, 1990). The channel role performed by many of the respondent companies here (e.g. distributors, resellers, retailers) involves the purchase of finished and packaged products. With adequate logistics in place for shipping and storage, the issue of supplier location is less important. In the IT industry, the majority of hardware is manufactured in China (Xing, 2012) so location is generally not a distinguishing feature amongst suppliers. For software and services, increased broadband adoption and speed has led to improved data transfer and allowed easier video communication, thus reducing the necessity for suppliers to be based in a particular location. However, if a company chooses suppliers concentrated in one geographical area, they leave themselves open to supply disruption from a natural disaster e.g. Honda and Nissan following the Japanese tsunami (Canis, 2011), political instability e.g. the Arab Spring movement (Malik

and Awadallah, 2013), or potential changes in political policy e.g. the Chinese government's internet sanctions (Hall, 2012).

Another poorly ranked criterion in the supplier selection data is Personal Relationship. This is not surprising amongst professional buyers. While they may like and respect a particular salesperson, a group decision is made about the entirety of the supplier's offer (Howard and Doyle, 2006). The performance of the boundary-role person is still captured in the Responsiveness criterion (ranked fourth in each survey) but the impact of that performance is often mitigated by purchasing department policies of rotating buyers amongst suppliers (Gedeon et al., 2009). The boundary-role person is more important in termination than selection. This is borne out by increases in rankings for Employee Quality/Capability (eleventh in selection versus sixth in termination) and Personal Relationship (eighteenth in selection versus fourteenth in termination) in the supplier termination data. When selecting a new supplier, the lead salesperson for the supplier is influential but may lack trust. This can be alleviated by experience in previous negotiations, or their work with previous companies, but the salesperson's ongoing performance has much more influence on a supplier being terminated (Ellegaard, 2012). At that stage of the relationship, a detailed assessment of supplier performance can be made and, while the boundary-role person is only one representative of the supplier, the supplier may be terminated on that basis.

While some of the B2B purchasing criteria have limited potential to cause reputation damage based on their low ranking in the survey data (e.g. Desire for Business, Ease of Ordering, Warranty and Service, and Production Facilities) there are several more which may need to be monitored. Range of Products/Services, Technical Capability and Innovation could be

potentially problematic in the ever-changing IT industry. Should a company develop a reputation for having lost its innovative edge and is left with a dated or non-competitive product range, such as Sony (Tabuchi, 2012) or Nokia (Troianovski and Grundberg, 2012), they could suffer in being listed as a new supplier or could lose existing business. As discussed above, a strong corporate reputation should act as a buffer against immediate loss of business to a new market entrant but that effect could be relatively short-lived. Similarly, in early measures of corporate reputation (e.g. Fortune's annual rankings or the Reputation Quotient) Financial Position is over represented but, as the effects of the recent global recession have proven, a strong financial position, equating to strong credit worthiness, (Jorion and Zhang, 2007) is still essential for survival in turbulent times. While Payment Terms are related to corporate finances, they are slightly different and will be discussed separately in the next section.

Not all of the threats to reputation are external and the Management and Organisation criterion can be potentially harmful, particularly through the comments or actions of the CEO. Damaging remarks about their confidence in their own company e.g. Gerald Ratner of British jewellery company Ratners Group (Chun, 2005) or negative publicity through their own activities e.g. prison sentences for both Bernie Ebbers of WorldCom and Dennis Kozlowski of Tyco (Alsop, 2005), can have a profound impact on the corporate reputation. While this qualitative analysis and the corresponding quantitative data analysis lent partial support to the hypothesis H2, there are clearly trends in the data which point to specific influences of B2B purchasing criteria on supplier selection and termination. This influence may vary depending on the business situation and is better explained as part of the moderation analysis which follows later.



### 7.3.1 Contribution and Implications for Research

The preceding discussion has implications for the future development of a B2B purchasing criteria scale. If Brand is overlooked, the eight lowest ranked criteria are the same in both supplier selection and termination surveys (Innovativeness, Financial Position, Management and Organisation, Ease of Ordering, Personal Relationships, Production Facilities, Social Responsibility and Geographic Location). While this is support for the consistency of the scale items in different contexts, it is also potential justification for reducing the number of purchasing criteria to a smaller list. This is also consistent with the list of purchasing criteria which fit into the moderation model which are shown in Table 7.1 along with their rankings (out of twenty one places) in the selection and termination surveys.

**Table 7.1** Intentions and Ability Based B2B Purchasing Criteria

Category	B2B Purchasing Criteria	Ranking in Selection Survey	Ranking in Termination Survey
Warm Intentions	Responsiveness	4	4
	Delivery	8	2
	Personal Relationships	18	14
Cold Intentions	Payment Terms	7	11
Abilities	Quality	1	1
	Employee Capability	11	6
	Technical Capability	12	9

Three criteria are related to the warmth of intentions towards a customer. Personal Relationships and Responsiveness allow the supplier to have a positive influence on the buyer-seller relationship in every daily activity (Marken, 2004). In the Delivery of products and services in a timely fashion, warm intentions can be shown by prioritising the customer and minimising any opportunity for risk to the purchasing company and the inherent risk to

the buyer. A poor delivery performance was found to be particularly influential in the termination of suppliers and was second only to poor quality in that regard. Only one other criterion, Payment Terms, fits the moderation model and is related to intentions. This is a more problematic area which, as a contractual term set at the outset of the business relationship, is often not capable of being swayed by the influence of the boundary role person in their daily interactions. As an often contentious issue, payment terms can be seen as one area in which cold intentions can be made reality in the supplier-customer relationship. The remaining criteria which fit within the moderation model are directly related to supplier abilities. The most obvious is Quality which is ranked as the most important factor in any supplier analysis. It usually relates to product quality and when combined with the criteria of Employee Capability and Technical Ability, should give a good overview of the abilities of the supplier. Combining the rankings of purchasing criteria from the surveys with their fit to the moderation model would indicate that the criteria in Table 7.1 should be included along with corporate reputation in any supplier evaluation methodology and could be the basis for a B2B purchasing measurement scale. The next section considers the implications for management and practice and this allows for a comparison of the suggested scale items with the Hewlett-Packard TQRDCEB scale (Maignan et al., 2002; Varmazis, 2006; Russell and Kropf, 2009), which is currently being utilised in the IT industry.

### **7.3.2 Implications for Management and Practice**

Comparing the B2B purchasing criteria used in this research to HP's TQRDCEB supplier rating system (Table 7.2) is instructive. The criteria of Quality, Responsiveness and Delivery are a direct fit with the intentions and ability-based purchasing criteria of similar names used in this research. These criteria are not only ranked as top ten items in the selection and

termination surveys but also fit within the moderation model, showing a remarkable consistency between the two scales. This accounts for the Q, R and D factors but T(echnology), C(ost), E(nvironment) and B(usiness) require further discussion.

**Table 7.2** B2B Purchasing Criteria compared to HP TQRDCEB

Category	B2B Purchasing Criteria	Ranking in Selection Survey	Ranking in Termination Survey	Mapping to HP's TQRDCE
	Reputation	5	8	B
Warm Intentions	Responsiveness	4	4	R
	Delivery	8	2	D
	Personal Relationships	18	14	
Cold Intentions	Payment Terms	7	11	C
Abilities	Quality	1	1	Q
	Employee Capability	11	6	
	Technical Capability	12	9	T

Technical Capability is the B2B purchasing criterion which most closely approximates the Technology factor in HP's scale. While Technology is not a purchasing criteria used in this research, the technology related factors of Technical Capability, Range of Products and Service, and Innovativeness, can be grouped together as they are highly correlated, as shown in the results of the bivariate, 2-tailed Pearson test below in Figure 7.1.

Correlations				
		Innovativeness	Range of products/services	Technical capability
Innovativeness	Pearson Correlation	1	.286**	.489**
	Sig. (2-tailed)		.000	.000
	N	219	217	217
Range of products/services	Pearson Correlation	.286**	1	.255**
	Sig. (2-tailed)	.000		.000
	N	217	217	215
Technical capability	Pearson Correlation	.489**	.255**	1
	Sig. (2-tailed)	.000	.000	
	N	217	215	217

\*\* . Correlation is significant at the 0.01 level (2-tailed).

**Figure 7.1** Correlations between Technical purchasing criteria

This could potentially allow for a direct comparison to the Technology factor used in HP's TQRDCEB measure but an analysis using the PROCESS macro shows that it does not fit within the moderation model which defines the interactions between variables in this research. However, it seems certain that some measure of technical capabilities is necessary in a purchasing scale.

Reintroducing the theory of order winners and order qualifiers (Hill, 1994) may explain why Cost, although it is ranked second and third in the selection and termination surveys respectively, is the most significant factor which does not fit the moderation analysis. It was explained earlier that IT industry purchasing techniques such as e-reverse auctions have shown that sufficiently low cost will allow a supplier to compete for business but the lowest

cost supplier will not always win (Tassabehji et al., 2006). Cost may be a hurdle which must be overcome to be considered for supplier selection but the real order winners may lie with intentions-based criteria such as payment terms as suggested here. Equally, it may be understood by customers that a reputable company's cost base will only allow them to achieve a reasonable price, but not the lowest price when compared to less reputable companies who may not invest as heavily in innovation, technical capabilities, employee welfare or quality (Losch and Lambert, 2007). Making an effort to influence an intentions-based criterion such as payment terms may be enough to show goodwill in the financial relationship between the firms and could be used as a proxy for cost.

The next element of the HP scale, the Environment factor, equivalent to the Social Responsibility criterion in this research, does not stand out as a strong predictor of supplier selection or termination. It was seen to be a strongly significant moderator when run through Model 1 as a single item, indicating that it strongly modifies the effects of warm intentions-based purchasing criteria. As a modern corporation with an outstanding reputation of its own, it is unsurprising that HP would push the boundaries of corporate social responsibility by including this as a factor in their supplier analysis, in addition to protecting themselves from potential reputation damage. The weightings given to the Environment criteria by HP (Russell and Kropf, 2009) is only 5%, compared to a 25% weighting for Quality, which was ranked most important in both the supplier selection and supplier termination data. As a relatively new element of B2B purchasing, CSR may become more important over time. Currently, it may be merely an order qualifier, as could be the case for all the criteria to differing extents, including Quality (MacMillan et al, 2005) and needs to be investigated properly in the development of any future scale.

In a final comparison to the HP scale, the single item measure of reputation has been included from the list of purchasing criteria. All results in this research indicate that corporate reputation should be included as a factor in every supplier analysis. Perhaps recognising this omission to their scale, HP, who originally started this scale with just the TQRDC factors, later added a general Business criterion to their TQRDCEB scale to capture the compatibility of the supplier and their corporate reputation with HP's corporate expectations. This addition aligns their scale fully to the results of this research and provides an external industry validation for the theories expounded herein.

The broader implications for business practice result from the detailed knowledge of which purchasing criteria have the most impact on the decisions to select and terminate suppliers. From a customer viewpoint, companies should examine their purchasing practices to consider whether they are taking adequate account of suppliers' reputations or their intentions towards their customers. Rather than concentrate on the hard capabilities of a company, they should include more subjective criteria such as responsiveness or personal relationships in their supplier evaluation methods. While technology and quality remain important, the subjective, non-economic, emotional and other soft factors are of importance in the B2B world and reverting to the stereotype of rational economic man defined in Chapter 1 is no longer sufficient in a modern buying centre (Kotler and Pfoertsch, 2006). Equally, the far sighted supplier could capitalise on the direction provided here. Rather than investing heavily in hard economic measures of their performance, efforts to improve the delivery of warm intentions towards customers could pay dividends in gaining new business and maintaining existing accounts. Recruitment of new staff and training of existing employees to demonstrate a warmer approach to customer relationships, making extra efforts in delivering enhanced

customer service, and being more responsive and attentive to customer requests and complaints, could benefit the supplier as much as adding to existing technical capabilities and product quality (Myhr and Spekman, 2005). Carrying out specific research in this area would allow a company to concentrate its improvements in the areas where most benefit could be brought to bear on their supplier status. Turning back to the importance of reputation discussed earlier, guidelines could be created for improvement and the specific marketing activities required could be planned. This will be discussed again in section 7.4.2 once the details of the reputation results are interpreted.

#### **7.4 Corporate Reputation Effects**

The single item measure of reputation used in the preliminary analyses is insufficient as it is unable to provide a detailed analysis and cannot be assessed for reliability, other than in a test-retest (Danaher and Haddrell, 1996; Davies and Chun, 2002). The validity of hypothesis H3 is, therefore, determined by a more detailed analysis of the influence of dimensions, facets and items of the Corporate Character Scale on supplier selection and termination. Most published studies only report results at the dimension level but it is instructive to review the results at an item level in each case (selection and termination) and then aggregate the results for further analysis at the facet and dimension level. This section reviews the results in comparison to other work on the Corporate Character Scale and shows that this research is firmly in the continuum of that literature. Supplier selection data will be discussed first, followed by supplier termination.

Amongst the individual items in the supplier selection data, the highest ranking character traits amongst selected suppliers were Supportive, Reliable and Trustworthy. Supportive would appear to be the best description of any supplier based on their supporting role in the dyadic supplier-customer relationship. It was also found to best explain variance in employee satisfaction by Davies (2008). When run through the moderation model number 1 as an individual item (Table 6.11), Supportive also proved to be strongly significant ( $p=0.0043$ ) as a moderator of the effect of warm intentions on supplier selection and termination. The items of Reassuring and Sincere also proved significant. Socially Responsible (mean=3.1) appears to have surprisingly little impact on supplier selection but when it is included in moderation model 1 it is found to be a significant moderator ( $p=0.0307$  in Table 6.11) of the relationship between warm intentions (of responsiveness, personal relationship and delivery) and supplier selection or termination.

Agreeableness is consistently proven to be the most positive dimension for explaining customer satisfaction (Whelan and Davies, 2007; Roper and Davies, 2010), employee satisfaction (Davies, 2008), and corporate brand image (Roper and Davies, 2007; Da Silva and Alwi, 2008). Similarly, Competence is mostly strongly related to perceived job security (Chun and Davies, 2010), employee and customer perceptions of corporate brand image (Davies and Chun, 2002), and plays a part in stereotypical age effects (Davies and Chun, 2012). As moderators of the relationship between abilities and supplier selection or termination in Model 2, the items of Hardworking ( $p=0.0373$  in Table 6.12) and Achievement Oriented ( $p=0.0091$ ) prove strongly significant. In fact, the overall ranking of the dimensions is close to that predicted by the original Davies et al. (2004) examination of



customer satisfaction with Agreeableness first, followed by Competence, Enterprise, Machismo and Ruthlessness.

Moving to the supplier termination data, it is gratifying to note almost exactly the opposite results as predicted from the literature and theory in hypothesis H3. While this finding would be expected from two opposing outcomes, this is a very important result as it is the first of its type in supplier termination research. Arrogant, Authoritarian and Selfish were found to be the top three traits among terminated suppliers but were the bottom three items amongst selected suppliers. Conversely, Supportive and Reliable moved from top three traits of selected suppliers to bottom four traits amongst terminated suppliers. A final roll up of the data to dimension level shows the expected result that Ruthlessness is the highest ranked dimension of Corporate Reputation ahead of the more positive traits of Competence, Agreeableness and Enterprise. While Ruthlessness fits moderation model 3 at dimension level, none of the individual items significantly moderate the effect of cold intentions. In most studies Ruthlessness is associated with negative business outcomes (e.g. it was most negatively related to brand trust in Power et al., 2008) and once again, as the opposite of the supplier selection case, the results fully support hypothesis H3.

#### **7.4.1 Contribution and Implications for Research**

These results lead to suggested modifications of the Corporate Character Scale for supplier selection and termination in the IT industry. From the analysis above, it appears that the Machismo dimension could be eliminated; the Enterprise dimension could be reduced to just the traits of Up To Date and Innovative; and Technical and Corporate could be omitted from

Competence as it was found in Chapter 6 that they have no influence on the decisions to select or terminate suppliers and do not fit within the moderation model; thus reducing the scale to a more manageable twenty six items shown in Table 7.3.

**Table 7.3**                      **Reduced Corporate Character Scale for Supplier Selection and Termination**

Dimension	Facet	Items
Agreeableness	Warmth	Friendly, Pleasant, Open, Straightforward
	Empathy	Concerned, Reassuring, Supportive, Agreeable
	Integrity	Honest, Sincere, Trustworthy, Socially Responsible
Competence	Conscientiousness	Reliable, Secure, Hardworking
	Drive	Ambitious, Achievement Oriented, Leading
Enterprise	Adventure	Up-to-Date, Innovative
Ruthlessness	Egotism	Arrogant, Aggressive, Selfish
	Dominance	Inward Looking, Authoritarian, Controlling

This approach to the use of the Corporate Character Scale is consistent with the recent work of the original research team (Davies et al., 2003) who acknowledge there is limited literature to guide expectations on which personality items may be most important in any given situation. Instead, they adopt an exploratory approach in their empirical studies (Davies, 2008) which makes no initial assumptions but, through testing and empirical research reduce the number of scale items to suit the particular research question. Examples from various recent studies include Davies (2008) work on employer branding which started with all dimensions of the Corporate Character Scale but only retained the Agreeableness dimension for use in the model predicting employee satisfaction. This approach is in alignment with this thesis which finds Agreeableness to be the strongest predictor of supplier selection. As originally predicted in the development of the scale (Davies et al., 2003, 2004), Machismo and Informality are minor dimensions and in Davies, Chun and Kamins (2009) research on

the performance of service organisations they omit both from their study. Similarly, Roper and Davies (2010) omit the Machismo and Informality dimensions as their reliability is questionable with Cronbach alpha scores less than 0.7. The Ruthlessness dimension also failed to meet their 0.7 cut off point unless the scale item of inward-looking was removed, similar to the omission of individual scale items in this research.

Chun and Davies (2010) study the effect of merger on employee views of corporate reputation. In their measure of corporate reputation they only utilise fourteen individual items from across four facets (Integrity, Empathy, Warmth and Conscientiousness) of the Corporate Character Scale, all from Agreeableness and Competence. Most of the examples above match closely with the reduction of scale items in this research, but there are occasions where the research context favours the use of dimensions other than Agreeableness, Competence and Ruthlessness. One example is from Davies and Chun (2012) in their investigation into stereotypical age effects on corporate brand associations where, although they describe the principal five dimensions of the Corporate Character Scale, only Enterprise and Competence are used as measures in their study. In summary, the reduced Corporate Character Scale of Table 7.3 contributes to the natural progression of the corporate reputation literature by providing a subset of the full scale which is relevant in the particular context of B2B supplier selection and termination and, as such, makes a notable contribution to this stream of the corporate reputation literature.

#### **7.4.2 Implications for Management and Practice**

The Corporate Character Scale has been used to examine the effect of corporate reputation on customer satisfaction and other business outcomes, but has yet to be put into practice in the

selection and termination of B2B suppliers. This study has proven that the scale, with minor adjustments, can be utilised in the selection and evaluation of suppliers. Also, for the first time, this study indicates that the Corporate Character Scale has applications in the analysis of supplier termination.

From the viewpoint of a customer, it is easy to see how Corporate Reputation could be considered as a factor in their standard supplier evaluation methodology. Large multinationals, such as HP, Apple or IBM, invest heavily in vendor management and could incorporate a multidimensional measure of corporate reputation into their supplier analysis, but this might not be manageable for smaller companies. Reintroducing the theory of the Stereotype Content Model leads to the question of whether a simple scale encompassing warmth and competence is sufficient to understand the complex nature of Corporate Reputation.

Considering the results described above for corporate reputation dimensions, facets and traits the most influential dimensions of Corporate Reputation on supplier selection are Competence and Agreeableness (with Warmth as the highest ranked facet within that dimension). This would indicate that while the measure would not be exhaustive, the Stereotype Content Model would give a realistic guide to the reputation of a company. Referring back to the descriptions of warmth and competence in section 2.8 (Cuddy et al., 2004; Fiske et al., 2007), most of the traits which are synonymous with warmth (e.g. supportive and trustworthy) score very highly in the supplier selection data. Equally, suppliers who were terminated failed to demonstrate these traits. The converse is true for the supplier termination case where traits from the Ruthlessness dimension (e.g. arrogant,

aggressive and selfish) which describe the opposite of warmth are to the fore. The implications for business practice could be significant as a simple two factor scale could provide a straightforward method of analysing corporate reputation during the selection and termination phases of B2B relationships.

From the viewpoint of suppliers, working to improve their scores for warmth and competence is equivalent to moving from a troubled brand (one in danger of being terminated) to a popular brand (one that is selected or maintained as a supplier) as shown in the Stereotype Content Model description of Figure 2.3 (Fiske et al., 2002). Every element of the marketing mix could be used to contribute to these positive impressions of the supplier's corporate reputation by enhancing the effect of warmth and competence across every business activity. These can be grouped into four principal areas, as in the discussion below – product and certification; PR, advertising and social media; digital marketing; and sales strategies.

Sixty eight percent of the respondents to the surveys represented product purchases rather than services and it is product and certification which is the first area in which corporate reputation can be enhanced through elements which express warmth or competence. In B2B markets, the customer is often a large multinational corporation who may require tens of thousands of the same product or service for all of their employees. With these large volumes comes the opportunity for customisation of hardware and software (Feitzinger and Lee, 1997) or customised systems for use in their business (Steel et al., 2013). The ability to provide customisation demonstrates competence while the commitment to resource ties as described in section 3.4.2 demonstrates warmth in the business relationship (Halinen and Tahtinen, 2002; Helm et al., 2005). The impact does not end with the product itself as packaging can

provide an opportunity to further emphasise competence messages e.g. best selling product in the USA, 5 year warranty, EU approved etc. while also making a warm appeal to the business user e.g. easy to open packaging, helpful instruction manuals, recyclable materials. Submitting a product for certification testing to industry standards provides external validation of the supplier's competence and this certification reduces risk for the buyer as the supplier's reputation is validated by a government or industry body. In many cases it also provides potential for alliance marketing related to that product certification (Bucklin and Sengupta, 1993), where companies supplying products or services to operate within a particular technology platform (e.g. unified communications products for use with Microsoft Lync or Cisco Jabber) can achieve certification from that larger company (Swaminathan and Moorman, 2009). If they can make sales calls or join alliance marketing campaigns in conjunction with the platform owner, some of the positive corporate reputation from these industry leaders can be passed on and the warmth of risk reduction inherent in purchasing from an industry leader is inherent in the certification.

Reputation is variously described as an estimation (Fombrun, 1996) or judgement (Barnett et al., 2006) of a company by its stakeholders and these views amongst external agents are cultivated by public relations (PR), advertising and social media. The media choice is crucial and IT companies who attempt to impart a message of competence should find this easiest in the technical press, while stories in the lifestyle media would usually require a warmer message (Waters et al., 2010). A third option which is particularly important in the B2B world is the financial press, and this is usually controlled by a corporate function called analyst relations or investor relations. Understanding the character traits that are required by customers in an ideal supplier, and understanding how their own corporate reputation is

viewed, allows a supplier to concentrate their messaging on gaps in their reputation that urgently need to be filled or enhancing messaging about traits which emphasise their competitive advantage. In recent years social media has become an element of the communications mix which, while dominated by consumer brands, is increasingly being utilised in B2B markets (Michaelidou et al, 2011). Warmth can be expressed by presenting engaging content which is easily measured by the numbers of likes, shares, comments or retweets. However, it is difficult to manage the messaging on such a public forum and it is particularly important that it does not become a platform for customer complaints. Responsiveness to customer queries and speed in moving complaints off the social media site and into the customer service organisation helps to maintain the impression of competence (Kaplan and Haenlein, 2010). Social media is not widely used for B2B communication in the IT industry, with the strong exception of media relationship management where PR departments in an IT company will often interact with journalists via Twitter as a preferred medium (Wilson and Supa, 2013). This is considered a core competence for any PR team but is achieved in a warm manner via this platform. While PR and social media can be very useful in building a corporate reputation, for those companies with an already strong reputation, advertising might be a more suitable element of the marketing mix (Ries and Ries, 2002). Many of the current B2B advertising taglines and campaigns combine messages of warmth and competence. For example, IBM currently use a tagline of 'let's build a smarter planet' emphasising competence through their ability to take on such a mammoth task while referencing warmth through their CSR positioning. A similar combination is currently being employed by Cisco who are 'helping stores send everyone home happy' where they emphasise the warmth of customer satisfaction through the competence of their computer systems which support the retail environment. Such messages can also be separated, as in HP's description of their touchpad which competently 'works like nothing else' and is

supported by their warmer generic tagline ‘everybody on’. Making the advertisement more personal to the B2B buyer could even lead to an IBM ad which used the tagline ‘Nobody ever got fired for buying IBM’ which might be effective amongst the IT business community.

The implementation of PR and advertising has moved away from print formats to digital media, resulting in the increased importance of digital marketing. An informative website which is attractive to potential customers is a vitally important tool in crafting a corporate reputation, lead generation and new business development (Bhatt and Grover, 2005), although some debate exists as to whether a B2B website can lead directly to increased sales (Weitz and Rosenthal, 2010). Once a database of customer and industry contacts is built, email newsletters or webinars (to launch new products or introduce a new technology story) can be channelled to a particular audience to demonstrate the competence of the supplier’s offer. This can be customised using Customer Relationship Management (CRM) techniques to target a particular person or group, leading to a more personal and warm interaction (Finnegan and Currie, 2010). Once a CRM database is in place to manage communications to existing customers, it can also be used to reward those customers for exceeding sales targets as part of a partner programme (Ziliani, 2012). This is often used by suppliers with distributors or resellers who sell the product onwards through the channel. For customers, the suppliers’ competence is demonstrated through the information shared, but with the warmth of a tangible reward to them. These are direct methods for influencing customers but via Search Engine Optimisation (SEO), Search Engine Marketing (SEM) and paid display media comes the opportunity to influence B2B buyers through their search engines (Yalcin and Kose, 2010). In seeking a new supplier, the simplest first step is to search Google, the most popular search engine. By managing a positive presence on the site, an immediate feeling of



competence can be displayed by appearing as one of the highest listed responses to a search for a product or service. Similarly, effective seeding of demonstration products with key influencers, akin to the seeding of Amazon Vine trusted reviewers (Ye et al., 2010), can lead to positive reviews and word of mouth which help reassure prospective clients about the positive reputation of the supplier.

The final area where warmth and competence can be utilised to build corporate reputation is via sales strategies. It is important for prospective new customers to understand the capabilities of the supplier based on the reputation they have built with previous clients. Case studies and testimonials are widely used to demonstrate competence, and the use of specific customers as examples makes the experience warmer and more personal (Muylle et al., 2012). These are some of the tools which sales staff training should emphasise to encourage boundary role people to provide the appropriate support to reduce risk for B2B buyers, in accordance with the findings of this study. Competence, shown through quality and technology, can help, but responsiveness, the R in HP's TQRDCEB (Russell and Kropf, 2009) and the basis of Wal-Mart's sundown rule (Hansen, 2009), proves warmth in every daily interaction leading to improved personal relationships. Depending on the channel role of the customer, trade marketing materials can be used to enhance this relationship. In the case of retailers, trade marketing materials (shelf displays, demonstration products, messaging, brochures, flyers etc.) provided by a supplier is a demonstration of warm intentions towards them. For a purely business customer with no end consumer, materials such as datasheets and white papers can serve the same purpose while also demonstrating the competence of the product or service. This will not work in every case as most B2B products are not available for sale in the retail market, therefore another showcase is required. Industry

events, conferences, awards shows and technology fairs all offer a platform for demonstrations of competence and a chance to build warm personal relationships, with current or prospective clients (Geigenmuller and Bettis-Outland, 2012). Even if there is no direct interaction between the supplier and the end user, competence can be demonstrated by appropriate distribution in the market e.g. if the product is for mass consumption it should be stocked at enough distributors and with sufficient quantities whereas warmth could be demonstrated by allowing exclusive distribution for a geographical territory or sales channel.

As already discussed (Tassabehji et al., 2006), the most reputable company is not necessarily the lowest cost supplier and the market leaders rarely sell the cheapest product. More important is price stability (hitting the right price point and achieving it consistently) which drives competence perceptions. Payment terms and other negotiable conditions can be used to emphasise warm intentions as has been found in this research. Some non-price promotions such as bundling of products with those from other suppliers e.g. a mouse with a laptop PC, or a case with a tablet PC, show competence in the ability to work with other partners while demonstrating warmth by supporting a broader range of the customer's business and being a supportive business partner. This is not an exhaustive list but it indicates that a new understanding of the B2B purchasing environment and the importance of particular elements of corporate reputation, especially warmth and competence, could enhance all aspects of the B2B marketing mix, leading to increased likelihood of supplier selection and a reduction in the risk of supplier termination.

## 7.5 Moderation Effects

This section focuses on the moderating effects of corporate reputation and provides the strongest contribution to the literature along with suggestions for applications of the findings in practice. Moderation helps determine when B2B purchasing criteria influence supplier selection and termination decisions. The particular moderating conditions have been defined in the modelling of section 4.6 and the data analysis of section 6.9. It was found that rather than a simple moderation model as in Figure 4.1 which would apply for every variable, the situation was more nuanced. However, by overlaying the theory of the Stereotype Content Model, the conceptual model for this research was split into three sub-models which explained the interaction between the moderating variables of Agreeableness, Competence and Ruthlessness to the independent variables of warm intentions-based B2B purchasing criteria, abilities-based criteria and cold intentions-based criteria respectively, with supplier selection and termination as the dependent variable. While the Corporate Character Scale was reduced to these three dimensions based on theory from chapter 4, pre-testing from chapter 5, and data analysis from chapter 6, there were also reductions in the number of B2B purchasing criteria which fit the theorised model. Intentions-based criteria were reduced to the warm factors of responsiveness, personal relationships and delivery and the cold factor of payment terms, while abilities were reduced to quality, technical capability and employee capability. The two-way interactive effects of the hypothesised purchasing criteria with the relevant dimensions of corporate reputation were statistically significant across the Agreeableness and Competence models and borderline significant in the Ruthlessness model. As the variables in the model account for considerable variation in the decision to select or terminate suppliers and the pattern of means is as expected, H4 is fully supported by the extensive data analysis of section 6.9 proving warm intentions to be moderated by Agreeableness; cold intentions by

Ruthlessness, and abilities by Competence. These results provide a strong new contribution to the literature bases of corporate reputation and purchasing.

Furthermore, the verification of H5 which proved that these moderating effects are not uniform and that differential conditional effects result under varying degrees of reputation strength is an even more powerful statement about the effects of dimensions of corporate reputation. The conditional effects to ascertain more precisely when corporate character dimensions differentially moderate the hypothesised purchasing criteria were found to be consistent across all regression models. When Agreeableness and Competence reputation dimensions are respectively below the mean value, the effect of the hypothesised intentions and ability-based purchasing criteria are strongly significant. When perceptions of such corporate character dimensions are strong however, there are no significant effects of these criteria on selection and termination decisions. The powerful implication is that when Agreeableness or Competence are strong, they will override the effects of the related B2B purchasing criteria. This indicates that if a supplier has a strongly Agreeable reputation, that their delivery performance, the personal relationships that exist between the parties of the responsiveness of the supplier to the customer's needs are overridden when selecting or terminating that supplier. This is extremely strong support for the concept of reputation and is a unique contribution to the reputation literature. It also applies to a reputation for Competence overriding the effects of abilities such as quality, employee capability and technical capability. This is also a significant addition to the purchasing literature where the belief in the theory of rational economic man has led to an almost undisputed belief in the strength of quality as a purchasing criteria. It appears that the most important change a supplier could make to improve its chances of selection (or decrease its chances of

termination) is to make improvements in its Corporate Reputation for Agreeableness and Competence. As the data also defines certain facets and items of the Corporate Character Scale which follow the same model, the detailed planning of the supplier could lead to action plans to improve the corporate personality traits of Supportive, Reassuring, Sincere and Socially Responsible.

As expected, an opposite pattern is shown for the conditional effect of the payment terms purchasing criteria and the negatively valenced Ruthlessness dimension of reputation. When Ruthlessness is strong, there is a significant effect of payment terms on the select/terminate decision but when Ruthlessness is considered weak, there is no such significant effect of payment terms on the supplier decision. Corporate reputation perceptions therefore differentially moderate the effects of intentions-based and ability-based purchasing criteria on supplier selection and termination decisions, supporting H5. Furthermore, these findings are consistent with the theorised effect of the Stereotype Content Model, matching the negative dimension of Ruthlessness to the cold intention of payment terms; the positive dimension of Agreeableness to the warm intentions of Responsiveness, Delivery and Personal Relationships; and the Competence dimension to the abilities of Quality, Employee Capability and Technical Capability. It was further supported graphically by plotting the moderating patterns for Agreeableness, Competence and Ruthlessness on the influence of respective B2B purchasing criteria on supplier selection versus termination. As expected, when suppliers are perceived to be Agreeable (Disagreeable) or Competent, they are more likely to be selected (terminated). On the other hand, when suppliers are perceived as strongly ruthless, they are more likely to be terminated. These findings are the strongest contribution of this research and are discussed in the context of the literature in the next section.

### 7.5.1 Contribution and Implications for Research

Supplier choice decisions are important for the competitive advantage of both purchasing and supplying firms (Dyer, 1996) but surprisingly little research assesses the role of corporate reputation in B2B markets. The studies that exist have examined its role in very different organisational contexts and research settings (e.g., Cretu and Brodie, 2007; Hansen et al., 2008; Helm and Salminen, 2010; Keh and Xie, 2010; Suh and Houston, 2010), but this is the first study to address the moderating role of reputation in supplier selection or termination outcomes.

The results are consistent with the Stereotype Content Model (Fiske et al., 2002, 2007) and with more recent views regarding companies as intentional agents (Kervyn et al., 2012). This research demonstrates how the model applies when organisations make key decisions about suppliers. It appears that this study is the first attempt to understand this research setting using a model of social perception. The results offer support for the emergent literature stream that investigates subjective influences in organisational decision making; a literature which has been largely dominated by an objective focus. Of particular interest is the contribution of reputations' role to the understanding of supplier termination decisions, because there has been a particular lack of research in this fundamental aspect of B2B decision making.

This research also adds to the understanding of the Corporate Character Scale measure of corporate reputation (Davies et al., 2003, 2004) and the relative influence of the dimensions of the scale in a B2B supplier choice setting. The results demonstrate that Agreeableness (and

Ruthlessness) dimensions moderate the relationship between intentions-based B2B purchasing criteria and supplier decisions, while the Competence dimension moderates the effects of ability-based B2B purchasing criteria. As expected, Agreeableness and Competence perceptions are stronger in the selection sample versus the termination sample, and vice versa in the case of the negatively valenced dimension of Ruthlessness. In this way, this research adds both to the generalisability and validity of the scale in a supplier decision context, and demonstrates the conditional moderating role of reputation in the decision to select or terminate a supplier when intentions versus ability-based purchasing criteria are under consideration.

Further, both the theory and results suggest that B2B purchasing criteria can exercise their influence under different reputation conditions. Theoretically derived, differential moderating effects of corporate character on supplier selection and termination are demonstrated. Such differential effects rely on a distinction between intentions-based criteria versus ability-based purchasing criteria (Fiske et al., 2002, 2007; Kervyn et al., 2012). The Agreeableness dimension of corporate character is a global reputational measure of intentionality, because it includes higher order evaluations of facets such as empathy and integrity, and items such as trustworthy, honest and sincere that all contribute to perceptions of intentionality and motivation toward others (Aaker et al., 2010). Unsurprisingly, when Agreeableness perceptions are strong, the influence of intentions criteria are not significantly relied upon in decision making as they are when Agreeableness perceptions are weak. Similarly, a supplier with competitive or exploitative financial intentions seems negative (Kervyn et al., 2012). The Ruthlessness dimension of corporate character includes items such as aggressive and selfish and moderates the influence of criteria such as financial payment terms on selection

and termination decisions. Specifically, when the supplier is perceived as Ruthless, termination is more likely to occur.

Ability-based purchasing criteria (e.g. quality, technical capability and employee capability), on the other hand, are reflections of whether or not a supplier is effective at carrying out its intentions (Fiske et al., 2002, 2007; Kervyn et al., 2012; Aaker et al., 2010). The findings demonstrate a consistent pattern to those intentions-based criteria. When Competence reputation perceptions are weak the influence of ability-based purchasing criteria is significant, while no such significant effects are found when Competence ratings are strong. In doing so, the results demonstrate that not only can a reputation for Agreeableness (Ruthlessness) and Competence co-exist, they are consistent in when they exercise respective influences on the relationship between intentions-based versus ability-based organisational purchasing criteria and supplier selection or termination decisions. The influences of both intentions-based and ability-based criteria are only significant in the absence of a strongly Agreeable, Ruthless or Competent reputation. This is because such criteria contribute to the formation of the more holistic, global reputation evaluations which, when strong, override the influence of specific B2B purchasing criteria to dominate the selection or termination decision. The results suggest implications for management and practice that reputation management can be used selectively to mitigate (or enhance) the effects of specific weaknesses (or strengths) in perceived B2B purchasing criteria.

### **7.5.2 Implications for Management and Practice**

The detailed moderation findings demonstrate that corporate reputation plays a fundamental role in the decision making of B2B purchasing managers. In this regard, organisational



purchasing managers may want to re-examine the criteria they use to manage suppliers e.g. payment terms will influence decision-making to select or terminate a supplier. The strength of this relationship depends upon the buyer's perception of the target company's reputation. However, only certain aspects of that reputation will produce a significant effect. Here, as the criterion is based on financial intentions, the extent of perceived ruthless aspects of reputation will change the importance of the criterion in the buyer's decision-making, whereas how competent the company is seen to be will not. Therefore, if a company knows that it is being selected or terminated because of a weakness in a particular area such as payment terms, it can selectively use reputation to mitigate or even eliminate its effect. Taking the examples of two of the biggest corporations in the IT industry, Microsoft could benefit from emphasising items from the Warmth facet of the Corporate Character Scale such as Open and Straightforward in an attempt to counter their reputation for restrictive practices (Fisher and Rubinfeld, 2001) while Google could emphasise items such as Honest and Sincere from the Integrity facet to respond to allegations of censorship on their Chinese search engine (Hall, 2012). Sincerity in particular is strongly significant moderator ( $p=0.0068$ ) of warm intention-based criteria when analysed individually.

These results have significant implications for marketing managers who spend a lot of time and money on advertising campaigns to boost their image rather than concentrating more holistically on how all of their communication activities, including branding, advertising, public relations, social media activities, product promotions and even their choice of personnel, influence their corporate reputation as already discussed in section 7.4.2. In the context of large marketing budgets which are typically spent with a focus on consumers, these results suggest that it is their corporate reputation that determines if their product makes

it through the channel to those consumers in the first place. Guidance on what influences B2B purchasing managers is therefore just as important as end user consumer insights. A large proportion of marketing budgets can be spent on researching the consumer, but, all too frequently, very little is spent on understanding the B2B buyer.

The fact that corporate reputation can be approached at both the dimensions and facet levels offers the potential for detailed direction on which elements of corporate reputation appear to be important amongst customers. Throughout this thesis IBM has been used as an example of a company whose strength in the B2B environment is supported by their consistent use of advertising copy and imagery which emphasise the supportive, reliable and trustworthy nature of their company, products and employees. There are clear implications for other suppliers. Not only should they promote and implement favourable indicators of their performance, in terms of B2B purchasing criteria; they must also implement alternative means to enhance their perceptions of Agreeableness or Competence. This goes above and beyond traditional criteria and instead involves mechanisms that convey traits such as Supportive, Reassuring, Sincere, Hardworking and Achievement Oriented; all fundamental views of corporate character as determined by the moderation analysis.

The strength of the individual items of Supportive ( $p=0.0043$ ) and Reassuring ( $p=0.0372$ ) in the individual moderation models emphasise that maintaining a positive reputation for these character traits aids risk reduction in the mind of the buyer and enhances opportunities for supplier selection, while mitigating against supplier termination. While elements of Empathy and Integrity are important, there are also traits within the Competence dimension that could work in favour of the supplier. Hardworking ( $p=0.0373$ ) and Achievement Oriented

( $p=0.0091$ ) are two items which fit the individual moderation models. Both potentially refer to the personal attributes of the boundary role person representing the supplier. These attributes could be integrated with the company sales strategy, making the salesperson is the frontline ambassador in the promotion of the desired corporate character. Equally, the result of any advertising or marketing campaign could be measured by a shift in the customer's perception of the supplier on these attributes. While there are no individual items in the Reputation dimension which fit the model as significantly as these, an effort to reduce traits of Dominance and Egotism within that sales and marketing strategy will pay dividends in reducing the negative effects of Ruthlessness on supplier selection and termination.

## 7.6 Conclusion

Building on the empirical results defined in Chapter 6, this chapter has reintroduced the literature and theory to form the basis of discussion of the crucial elements of the research. The results appear to be internally consistent and are validated by comparison to latest academic developments and current marketing practice. These discussions lead directly to the conclusions to the research in the final chapter which add considerably to the existing academic literature while being new and relevant to marketing practitioners.

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# **Chapter Eight**

## **Conclusions**

Be yourself and think for yourself; and while your conclusions may not be infallible, they will be nearer right than the conclusions forced upon you.

Elbert Hubbard (1856-1915)

## 8 Conclusions

### 8.1 Conclusion to the Research

This research has successfully drawn together diverse bodies of literature to develop a theory which explains the detailed moderation effects of corporate reputation on the purchasing criteria which drive supplier selection and termination decisions. A research instrument was developed to produce quantitative data which, to varying extents, supported the five theorised hypotheses. These results were analysed and found to contribute strongly to under-researched areas of reputation management. The discussion of the results led to implications for both research and management practice, and suggestions for future research.

Returning to the research aims and objectives of section 5.2, it can be stated that the objectives of this research have been achieved. The relative influences of intentions-based and abilities-based purchasing criteria on supplier selection and termination were determined via hypotheses H1 and H2. The relative importance of the single item measure of reputation compared to twenty other criteria (including brand and image) was a crucial finding as it provided a platform for more detailed analysis of corporate reputation. The hypothesis H3 was strongly supported, fulfilling the empirical aim of uncovering details of the relationship between dimensions of corporate reputation and B2B supplier selection and termination decisions. For supplier selection, this was further confirmation of the relevance of the Corporate Character Scale in analysing positive business outcomes. More importantly, it provided a unique and valuable insight into the termination of suppliers, an under-researched area of the B2B purchasing literature which can now be compared directly with supplier selection. As the primary contribution of this research, corporate reputation was confirmed to

have a moderating effect on the relationship between purchasing criteria and supplier selection and termination, as hypothesised in H4. This moderation analysis was taken a step further and the overriding influence of corporate reputation dimensions in the moderation model, as hypothesised in H5, was strongly supported for a range of intentions-based and ability-based purchasing criteria.

In the previous chapter, each of the research findings were discussed and set in the context of the literature base, recent developments in the area, and current marketing practice. There are several aspects of this research which add to the existing body of literature including integration of the Stereotype Content Model with Corporate Character Scale research in a novel B2B context; investigation of reputation's role in the little-researched area of supplier termination; and detailed moderation analysis showing the reputational conditions under which purchasing criteria influence supplier selection and termination. Similar to the contribution made to the literature, the implications of this research for management and marketing practice are threefold, including the analysis of reputation in a B2B context and its application to supplier selection and termination decisions; the evaluation of suppliers using methods which incorporate a personification metaphor, such as the Corporate Character Scale and the Stereotype Content Model; and an understanding of when to employ particular marketing strategies and tactics based on the moderating effect of corporate reputation on particular purchasing criteria in the selection and termination of suppliers.

## 8.2 Limitations

This research examined the moderating role of corporate reputation in a single industry with a limited number of intentions-based versus ability-based organisational purchasing criteria. Further studies could test the robustness of the results by both assessing these effects in other industries, and by further testing additional purchasing criteria. The influences of different types of control variables (gender, nationality, functional area and whether the business is product or service oriented) were also examined. All control measures had a non-significant effect in the modelling, with the exception of the respondent's role in the organisation. Although role did not alter the interactive effects or pattern of results, it did exert a significant main effect as a covariate in the Agreeableness and Competence models, but not in the Ruthlessness model. This is an intriguing result and an interesting prospect for future work, which if examined with a sufficient sample of influencers, buyers, deciders and users, could yield important insights for the role of reputation in B2B purchasing decisions.

### 8.2.1 Generalisation

There is no definitive list of employees in the IT industry and even an estimate of the numbers working in that industry is dependent on the rules set for inclusion, making a random sample of a fixed population impossible. Instead, expert practitioners were chosen to provide the most relevant results possible. Care was taken in data-gathering and the analysis of results to account for the lack of randomness, so the results are likely to be generally applicable to the IT industry, but could differ from other industries' B2B relationships.



### 8.2.2 Replication

Due to the strict anonymity required by, and provided to, respondents, it would be difficult to revisit exactly the same sample population. While a record was maintained of all the questionnaires that were issued, the responses are not tied to the invitations. This means that the respondents are only known by the description of themselves provided in the introductory questions (job title, male/female etc.). Should the same questionnaire be sent to the same target audience again, there is no guarantee of the same response rate or that the same respondents would reply. It is envisaged that the selected sample population is sufficiently representative of the industry that the results would hold irrespective of slight variations in the sample. A longitudinal study may be possible to track generic attitudes in IT industry but not the specific attitudes of a specific group of buyers. The procedures followed in this research have been described clearly in the methodology chapter and should be easily replicable by other researchers. Such replication would contribute to the establishment of external validity by enabling the generalisation of findings to other populations (Easley and Madden, 2000) and adding to their practical use (Uncles et al., 1994).

### 8.3 Further Research

This research has brought together several bodies of literature such as corporate reputation (via the Corporate Character Scale), B2B purchasing, customer-supplier relationships, supplier selection and termination, and personal psychology (via the Stereotype Content Model). Each of these topics could be pursued in different directions and each element of this research could lead to the further studies described below.

### 8.3.1 Further Supplier Selection and Termination Research

The results for the impact of corporate reputation on supplier selection and termination are as predicted by the hypotheses. They follow a similar pattern to other studies which have utilised the Corporate Character Scale but further insights could be gained by revisiting this research area in several ways. First, further investigation into the under researched area of B2B supplier termination is required. As Pick (2010) recently acknowledges, this area has attracted little research effort and is still a suitable area for future research. While it is acknowledged that obtaining data on this sensitive subject from industry experts is difficult, this research has been successful in building a dataset which answers many of the initial questions about supplier termination and its relationship to corporate reputation. Clear conclusions have been drawn, in some cases for the first time, and a clear methodology has been described for those researchers who are granted access to this expert group.

A second possibility for future research is to gain more insight into the effects of particular character traits of corporate reputation. The averaging of results generates overall confidence in the findings, but individual outliers or comments on specific results may bring more insight to the relative importance of each character trait. The results for dimensions such as Agreeableness, Competence and Ruthlessness are fully consistent with expectations derived from previous studies. However, the unexpectedly low relevance of the scale items from the Corporate facet, or the expectedly strong results for the Supportive, Trustworthy and Reliable scale items, measured specifically, could generate further depth of knowledge about the Corporate Character Scale. As a result, it may be possible to further refine the Corporate Character Scale for B2B use. Some traits were eliminated before the final survey, based on lack of support in the literature review and from the pre-test group. It may be possible to

reduce the number of character traits to a more manageable number as proposed in Table 7.3, or perhaps right down to only warmth and competence from the Stereotype Content Model, while still gaining the equivalent results.

A third untapped research area would be to suggest further uses for the research in marketing practice. Respondents were presented with the initial questionnaire with no indication that corporate reputation was the principal concern of the research. This was intended to prevent bias in the ranking of purchasing criteria. However, now that the quantitative results can be revealed to respondents, an interview and discussion of these results could lead to the gathering of expert insights into their meaning and applicability to industry. To help educate researchers to the importance of corporate reputation, the quantitative results can be formulated in research papers and presented to the academic community in their current format. By presenting the information in a less formal way, and adding feedback from their peers and case studies, the message could be presented to industry groups and marketing professionals in a format they prefer. This feedback could be used to further validate this research and open up specific avenues of advanced research for future investigation.

### **8.3.2 Further B2B Purchasing Research**

The analysis of purchasing criteria in the supplier selection and supplier termination cases produced consistent results. Some criteria were consistently strong (Quality, Cost, Responsiveness, Reputation) and some consistently weak (Social Responsibility, Geographic Location, Image). Others were dependent on the moderating effects of reputation dimensions. Based on these findings, some further research could be carried out using case studies to analyse some existing proprietary supplier evaluation scales from the IT industry and

compare them to the results of this study, as per the comparison to HP's TQRDCB measure in section 7.3.2. This has obvious practical benefits for industry and could lead to more realistic measurements of supplier performance than are currently in existence based on the outmoded idea of a rational economic buyer. From a theoretical viewpoint, this would further validate the findings of this research and potentially provide direction for the development of a purchasing criteria scale which has general applicability in supplier purchasing decisions.

### 8.3.3 Further Moderation Research

Although the relationships among key constructs were confirmed, they do not further understanding of the process by which moderation occurs. Future research could establish the process by which the moderating role of reputation is likely to be stronger or weaker i.e. mediated moderation analyses using variables such as the effect of the boundary role employees (Davies and Chun, 2012) or trust (Keh and Xie, 2010). Company size is used as a factor in other research (Davies et al., 2010; Wagner et al., 2011) but, as previously discussed, was not deemed particularly relevant in this research. Even so, while evidence of reputational moderation was consistent with the hypothesised Stereotype Content Model framework, it is unlikely that there is only a single moderator. Future research might also consider other possible conditions, under which the effects and pattern of results may be consistent with this theoretical framework.

The conceptual model was developed around the moderating effect of corporate reputation dimensions on the relationship between B2B purchasing criteria and the decisions to select or terminate suppliers. As the measures were found to be complimentary (e.g. Socially Responsible appears in both; Responsiveness is akin to Supportive, the top rated character

trait, etc.) it could be deduced that there would be interaction between the variables. The reputation literature and the purchasing literature also strongly suggest that the key variables (B2B purchasing criteria and dimensions of corporate reputation) have strong direct effects on the decisions to select or terminate suppliers. In this case, either a moderation or mediation model could have been applicable. Mediation analysis would attempt to explain how the variables interact but a moderation model could explain when they interact and seemed more likely from the justification in Chapter 4. While the moderation model was selected for the research, the usability of the PROCESS tool allowed for a quick post-hoc analysis to rule out a simple mediation model as the primary mode of interaction. As expected from the moderation model, there were strong direct effects but the mediation effects through the dimensions of corporate reputation were not statistically valid. By working within the methodological framework outlined by Hayes (2013) future research can further enhance the current model (e.g. to a mediated moderation model by including an extra variable) and use similar statistical tools to generate easily comparable results.

#### **8.3.4 Further Stereotype Content Model Research**

Both designers of the corporate personality scales examined in Chapter 2 are currently active in stereotype research (Davies and Chun, 2012; Aaker et al., 2012), placing this study firmly at the centre of theory development in this area. While Aaker et al. (2012) use the Stereotype Content model directly, Davies and Chun (2012) use the Corporate Character Scale to show that the older the average age of employees, the more competent the corporate brand appears, but the less enterprising. Based on these results, they suggest that further research should be carried out into employee stereotyping. While they do not utilise the Stereotype Content model, they reduce the Corporate Character Scale to only competence and enterprise which

are most relevant in their research context. Similarly, the preceding chapters have shown that the Stereotype Content Model framework integrates well with the structure of the Corporate Character Scale research. Rather than the corporate reputation dimensions of Agreeableness, Competence, Enterprise and Ruthlessness, perhaps future research in supplier-customer interactions could be analysed with only the orthogonal dimensions of Warmth and Competence. In this way, the thirty nine character traits used in this research could be reduced to just two. The research questionnaire could become a simple question of rating new or former suppliers on the basis of their warmth or competence, thus approaching the Ultimate Question (Reichheld, 2006) asked in customer satisfaction research. While the depth of data would not be present, the response trends might be sufficient for B2B buyers to perform a quick analysis of their supplier base amongst their colleagues in the buying centre, leading to a unique new method of analysing corporate reputation.

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# Appendices

## Appendix 1      Questionnaires

### 1. Introduction

Thank you for agreeing to take part in this survey of supplier selection in the IT industry. You have been selected for your expertise in this area. The survey has only 8 questions and will take less than 10 minutes to complete. Your contribution is highly appreciated.

This is an academic study which is being carried out by Brian Kelly, a business manager at computer peripherals company, Logitech. The study is not a Logitech project but is being undertaken as part of a personal study programme. This survey is completely anonymous and confidential so your name, your company's name or your supplier's name is not required at any time.

When completed, the results will be freely available to you, your colleagues or anyone who is interested.

Should you have any questions or comments, I would be delighted to hear from you on +353 87 6811441 or at [briankellyresearch@gmail.com](mailto:briankellyresearch@gmail.com).

Lets start with some short questions about you and your job.

#### 1. Are you male or female ?

☐ Female

☐ Male

#### 2. In which country do you work ?

Country:

#### 3. Which job title is the closest match to your responsibilities :

☐ Buyer

☐ Product Manager

☐ Purchasing Manager

☐ Marketing Manager

☐ Director or Vice President

☐ Owner/Managing Director/CEO

☐ Other (please specify)

#### 4. Which description best matches your company's primary business ?

☐ Component/Product Supplier

☐ Distributor

☐ Reseller

☐ Retailer

☐ Computer Manufacturer

☐ Service Provider

☐ Other (please specify)

**5. Within your company, which of these best describes your role in the purchasing of products or services ?**

- ☐ User (end user of the product or service)
- ☐ Influencer (an expert influence on the decision)
- ☐ Decider (one of the management team which selects suppliers)
- ☐ Buyer (the person who places the order)










































































































## 2. Supplier Selection Criteria

Thanks. You are now 30% through the survey.

The purpose of this page is to understand the importance of the various factors influencing your selection of suppliers.

### 6. Which factors influence your decision to select a new supplier ?

**(Please rate their importance on the 5 point scale from no influence to very strong influence.)**

	No Influence	Slight Influence	Moderate Influence	Strong Influence	Very Strong Influence
Brand					
Cost					
Delivery					
Desire for business					
Ease of ordering (EDI, web etc.)					
Employee quality/capability					
Financial position					
Geographic location					
Image					
Innovativeness					
Management and organisation					
Payment terms					
Personal relationship					
Production facilities					
Quality					
Range of products/services					
Reputation					
Responsiveness					
Social responsibility					
Technical capability					
Warranty and service					









































































































































### 3. Supplier Personality

Thanks. You are now 60% through the survey. This is the last section of questions.

The purpose of this page is to understand the personality of a company which you recently selected as a supplier. Each of the items in the list are personality traits and your assessment of each one will combine to create a personality profile for the supplier you selected.

**7. Think of the last supplier with whom you started working for the first time. If this particular new supplier came to life as a person, would they exhibit these personality traits ?**

**(Please rate that supplier on the 5 point scale from strongly disagree to strongly agree. Strongly agree indicates that the supplier strongly displays this character trait. Strongly disagree indicates that the supplier does not display that character trait.)**

	Strongly Disagree	Disagree	Neither Agree Nor Disagree	Agree	Strongly Agree
Extrovert					
Cool					
Straightforward					
Young					
Daring					
Concerned					
Open					
Controlling					
Arrogant					
Agreeable					
Reassuring					
Socially responsible					
Trustworthy					
Corporate					
Friendly					
Supportive					
Leading					
Masculine					
Ambitious					
Trendy					
Selfish					
Technical					
Authoritarian					
Inward looking					
Up to date					
Rugged					
Exciting					
Tough					

Imaginative					
Honest					
Achievement oriented					
Innovative					
Hardworking					
Secure					
Aggressive					
Sincere					
Pleasant					
Reliable					

**8. Was the supplier you considered a supplier of products or services ?**

Products

Services

## 4. Conclusion

Thank you very much for sparing your time and sharing your expertise.

If you are interested in more details of this research, or if you wish to receive a copy of the aggregated results, please contact me at :

briankellyresearch@gmail.com

+353 87 6811441

By contacting me separately, your contact details will be separated from your answers and the confidentiality of your response will be maintained.

Best regards,  
Brian Kelly

## 1. Introduction

Thank you for agreeing to take part in this survey of supplier termination in the IT industry. You have been selected for your expertise in this area. The survey has only 8 questions and will take less than 10 minutes to complete. Your contribution is highly appreciated.

This is an academic study which is being carried out by Brian Kelly, a business manager at computer peripherals company, Logitech. The study is not a Logitech project but is being undertaken as part of a personal study programme. This survey is completely anonymous and confidential so your name, your company's name or your supplier's name is not required at any time.

When completed, the results will be freely available to you, your colleagues or anyone who is interested.

Should you have any questions or comments, I would be delighted to hear from you on +353 87 6811441 or at brianKellyresearch@gmail.com.

Lets start with some short questions about you and your job.

### 1. Are you male or female ?

☐ Female

☐ Male

### 2. In which country do you work ?

Country:

### 3. Which job title is the closest match to your responsibilities :

☐ Buyer

☐ Product Manager

☐ Purchasing Manager

☐ Marketing Manager

☐ Director or Vice President

☐ Owner/Managing Director/CEO

☐ Other (please specify)

### 4. Which description best matches your company's primary business ?

☐ Component/Product Supplier

☐ Distributor

☐ Reseller

☐ Retailer

☐ PC Manufacturer

☐ Service Provider

☐ Other (please specify)



**5. Within your company, which of these best describes your role in the purchasing of products or services ?**

- ☐ User (end user of the product or service)
- ☐ Influencer (an expert influence on the decision)
- ☐ Decider (one of the management team which selects suppliers)
- ☐ Buyer (the person who places the order)










































































































## 2. Supplier Termination Criteria

Thanks. You are now 30% through the survey.

The purpose of this page is to understand the importance of the various factors influencing your termination of suppliers.

### 6. Which factors influence your decision to stop working with an existing supplier ?

**(Please rate their importance on the 5 point scale from no influence to very strong influence.)**

	No Influence	Slight Influence	Moderate Influence	Strong Influence	Very Strong Influence
Brand					
Cost					
Delivery					
Desire for business					
Ease of ordering (EDI, web etc.)					
Employee quality/capability					
Financial position					
Geographic location					
Image					
Innovativeness					
Management and organisation					
Payment terms					
Personal relationship					
Production facilities					
Quality					
Range of products/services					
Reputation					
Responsiveness					
Social responsibility					
Technical capability					
Warranty and service					











































































































































### 3. Supplier Personality



















































Thanks. You are now 60% through the survey. This is the last section of questions.

The purpose of this page is to understand the personality of a supplier you recently decided to terminate. Each of the items in the list are personality traits and your assessment of each one will combine to create a personality profile for the supplier you terminated.


**7. Think of the last supplier with whom you decided to stop working. If that particular supplier came to life as a person, they would exhibit these personality traits do you agree or disagree ?**


**(Please rate that supplier on the 5 point scale from strongly disagree to strongly agree. Strongly agree indicates that the supplier strongly displayed this character trait. Strongly disagree indicates that the supplier did not display that character trait.)**

	Strongly Disagree	Disagree	Neither Agree Nor Disagree	Agree	Strongly Agree
Corporate					
Socially responsible					
Hardworking					
Technical					
Sincere					
Trustworthy					
Ambitious					
Arrogant					
Masculine					
Reliable					
Open					
Inward looking					
Pleasant					
Innovative					
Concerned					
Tough					
Cool					
Controlling					
Rugged					
Trendy					
Secure					
Imaginative					
Friendly					
Honest					
Extrovert					
Leading					
Reassuring					
Agreeable					

Young					
Aggressive					
Selfish					
Authoritarian					
Supportive					
Up to date					
Achievement oriented					
Exciting					
Straightforward					
Daring					

**8. Was the supplier you considered a supplier of products or services ?**

 Products

 Services

## 4. Conclusion

Thank you very much for sparing your time and sharing your expertise.

If you are interested in more details of this research, or if you wish to receive a copy of the aggregated results, please contact me at :

briankellyresearch@gmail.com

+353 87 6811441

By contacting me separately, your contact details will be separated from your answers and the confidentiality of your response will be maintained.

Best regards,  
Brian Kelly

## Appendix 2      Sample Group for Pilot Tests

Danka Prah	Country Manager, Logitech Adria
Camelia Barbalata	Country Manager, Logitech Romania
Susan O’Sullivan	Logistics Manager, Logitech OEM
Elaine Laird	Customer Service Manager, Logitech OEM
Laura Scorza	PR Manager, Logitech Europe
Declan O’Leary	Manufacturing Engineer, General Electric, Ireland
Eoin Carey	Design Engineering Manager, Tyco Electronics, Ireland
Robert Quigley	Quality Manager, Macom, Ireland
Ben Starkie	PR Director, Yahoo, Europe
Garreth Hayes	Marketing Director, Targus, Europe

## Appendix 3 Response Rates

Survey Response Rates	Supplier selection			Supplier Termination		
Country	Sample	Responses	Response Rate	Sample	Responses	Response Rate
Austria	10	5	50%	3	1	33%
Belgium	4	1	25%	3	0	0%
Bosnia	0	0	0%	3	1	33%
Bulgaria	12	5	42%	0	0	0%
Croatia	10	4	40%	7	2	29%
Czech Republic	0	0	0%	8	2	25%
Denmark	0	0	0%	6	1	17%
Estonia	9	5	56%	4	1	25%
Finland	0	0	0%	13	3	23%
France	10	1	10%	5	0	0%
Germany	10	3	30%	10	2	20%
Hong Kong	4	2	50%	0	0	0%
Hungary	4	1	25%	10	2	20%
Ireland	41	15	37%	43	10	23%
Israel	7	3	43%	4	1	25%
Italy	8	0	0%	5	0	0%
Kuwait	1	1	100%	0	0	0%
Latvia	13	4	31%	11	2	18%
Lithuania	5	1	20%	12	2	17%
Netherlands	8	5	63%	10	2	20%
Norway	0	0	0%	4	1	25%
Poland	13	6	46%	2	1	50%
Qatar	3	2	67%	0	0	0%
Romania	20	16	80%	10	7	70%
Russia	10	5	50%	7	1	14%
Serbia	9	6	67%	0	0	0%
Slovenia	0	0	0%	12	7	58%
South Africa	6	4	67%	21	10	48%
Spain	7	0	0%	4	1	25%
Sweden	5	0	0%	5	1	20%
Switzerland	2	2	100%	47	18	38%
Turkey	7	4	57%	9	4	44%
UAE	10	4	40%	0	0	0%
UK	29	3	10%	38	7	18%
Ukraine	8	5	63%	6	2	33%
USA	31	10	32%	4	0	0%

## **Appendix 4      Email Request to Respondents**

Hi Everyone,

My name is Brian Kelly and I am a colleague of X in Logitech. He passed on your email address and suggested that you would be generous enough to take a few minutes to help me.

I am a part time research student at Waterford Institute of Technology in Ireland where I am studying supplier selection in the IT industry. I hope you can use your expertise to complete this short questionnaire

<http://www.surveymonkey.com/s/NH5BN58>

I must emphasise some points

1. The survey is anonymous and confidential. The name of your supplier, your own name or your company's name, are NOT required.
2. The survey has 8 questions and will take less than 10 minutes to answer.
3. This is not a Logitech project. This is independent academic research which I am undertaking at Waterford Institute of Technology in Waterford, Ireland.
4. The results of the research project will be freely available to everyone. I hope to complete my studies in June 2011.

Any help that you or your colleagues can provide would be much appreciated.

Best Regards,

Brian

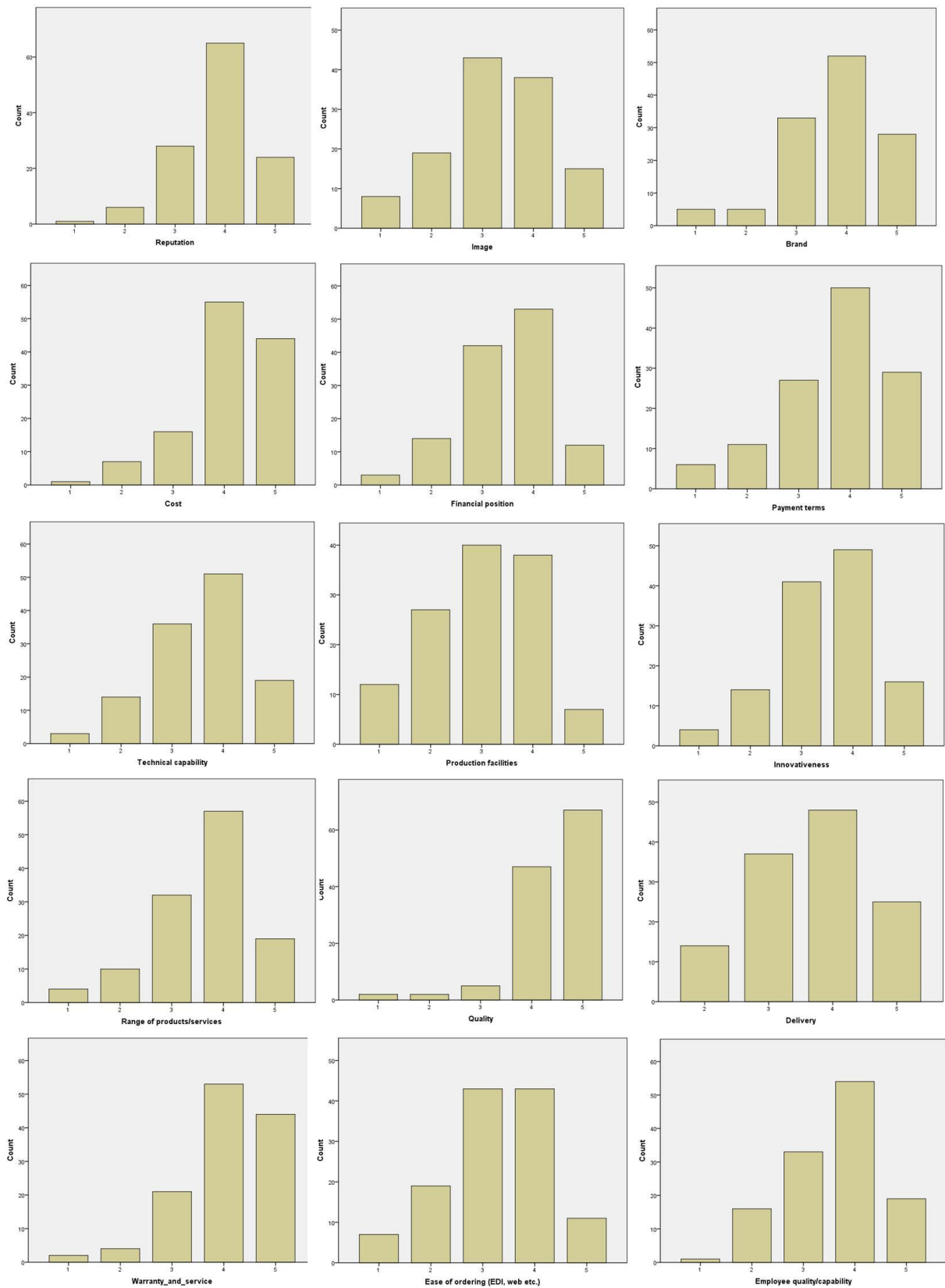
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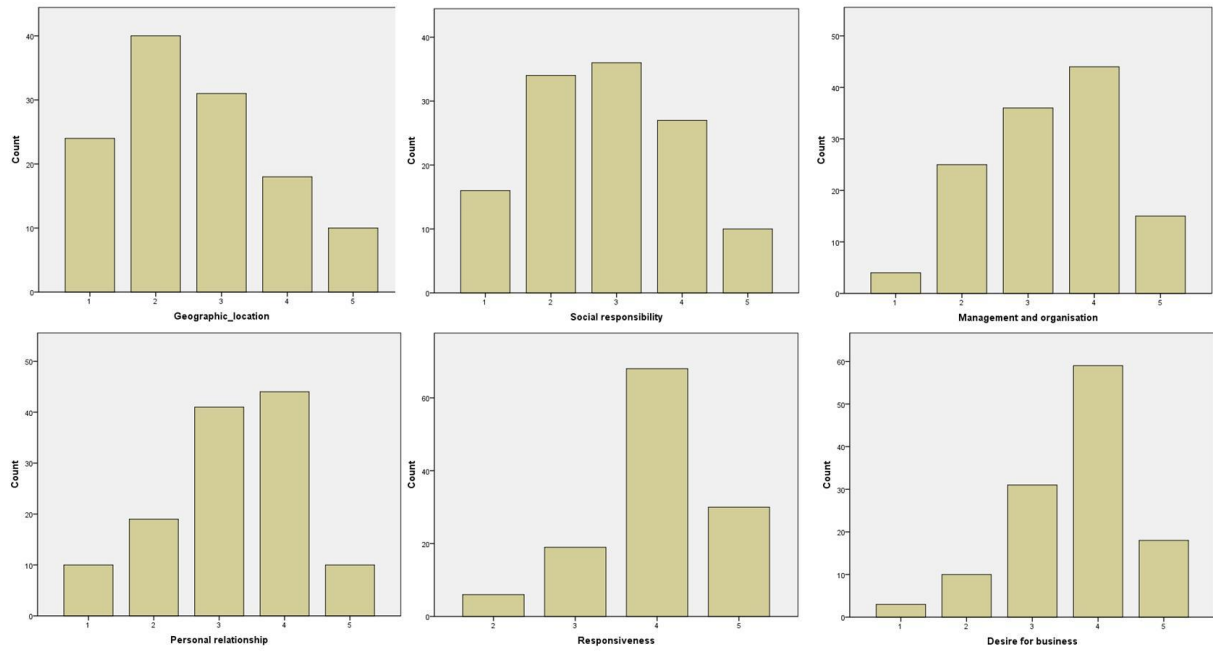
[briankellyresearch@gmail.com](mailto:briankellyresearch@gmail.com)

A similar email was sent with a link to the supplier termination survey.



## Appendix 5      Histograms for B2B Purchasing Criteria





## Appendix 6 Detailed Statistics for Supplier Selection and Termination

Descriptive Statistics for Supplier Selection and Termination (Facets and Items)

Dimension	Facet	Item	Selection			Termination		
			N	Mean	Std Dev	N	Mean	Std Dev
Agreeableness (3.73/2.85)	Warmth (3.82/2.95)	Friendly	113	3.95	0.679	80	3.14	1.016
		Pleasant	116	3.78	0.686	78	2.87	0.903
		Open	115	3.89	0.814	79	2.89	0.987
		Straightforward	114	3.66	0.881	78	2.90	1.039
	Empathy (3.65/2.78)	Concerned	113	3.40	0.726	79	2.80	0.822
		Reassuring	115	3.46	0.776	80	2.78	0.941
		Supportive	114	4.03	0.671	79	2.73	1.106
		Agreeable	116	3.72	0.741	79	2.80	0.939
	Integrity (3.71/2.83)	Honest	116	3.95	0.822	79	2.81	1.210
		Sincere	115	3.77	0.809	78	2.79	1.049
		Trustworthy	114	4.00	0.753	81	2.86	1.191
		Socially Responsible	116	3.10	0.908	80	2.85	0.813
Competence (3.75/2.99)	Conscientiousness (3.91/2.87)	Reliable	115	4.03	0.725	78	2.68	1.253
		Secure	115	3.79	0.811	79	2.94	0.992
		Hardworking	113	3.91	0.830	78	3.00	1.019
	Drive (3.77/2.98)	Ambitious	115	3.82	0.812	78	3.13	1.049
		Achievement Oriented	114	3.86	0.819	78	2.96	1.025
		Leading	115	3.63	0.873	79	2.86	0.888
	Technocracy (3.48/3.16)	Technical	116	3.56	0.868	80	3.13	0.946
		Corporate	114	3.39	1.019	80	3.19	0.873
Enterprise (3.31/2.86)	Modernity (3.09/2.81)	Cool	114	3.14	0.967	80	2.73	0.842
		Trendy	115	3.10	0.946	78	2.94	0.811
		Young	115	3.02	0.936	79	2.75	0.724
	Adventure (3.58/2.84)	Imaginative	113	3.49	0.733	80	2.79	0.882
		Up to date	115	3.93	0.758	77	2.97	1.088
		Exciting	113	3.27	0.876	80	2.63	0.832
	Boldness (3.11/2.98)	Innovative	115	3.64	0.890	80	2.96	1.037
		Extrovert	114	3.09	0.868	80	3.01	0.834
Ruthlessness (2.56/3.20)	Egotism (2.25/3.26)	Daring	112	3.13	0.944	79	2.94	0.852
		Arrogant	116	1.95	1.012	79	3.38	1.158
		Aggressive	115	2.63	1.151	79	3.16	1.103
	Dominance (2.86/3.13)	Selfish	115	2.18	1.014	80	3.24	1.009
		Inward Looking	114	3.04	0.803	78	3.06	0.902
		Authoritarian	114	2.54	1.015	80	3.26	0.868
		Controlling	114	3.00	0.950	80	3.08	1.016

Note: mean scores for dimensions and facets shown in brackets (supplier selection/supplier termination).

**Means, Standard Deviations, Intercorrelations and Reliabilities for Traits of Corporate Reputation and Correlations with Select/Terminate.**

No.	Warmth (0.758)	M	SD	1	2	3	4	Correlation with Select/Terminate
1	Friendly	3.62	0.918	1.000				-0.427**
2	Pleasant	3.40	0.892	0.518**	1.000			-0.495**
3	Open	3.47	1.019	0.474**	0.485**	1.000		-0.486**
4	Straightforward	3.33	1.016	0.330**	0.391**	0.475**	1.000	-0.368**
No.	Empathy (0.817)	M	SD	1	2	3	4	Correlation with Select/Terminate
1	Concerned	3.16	0.831	1.000				-0.361**
2	Reassuring	3.18	0.909	0.389**	1.000			-0.367**
3	Supportive	3.50	1.079	0.452**	0.434**	1.000		-0.589**
4	Agreeable	3.37	0.727	0.600**	0.619**	0.813**	1.000	-0.654**
No.	Integrity (0.784)	M	SD	1	2	3	4	Correlation with Select/Terminate
1	Honest	3.46	1.139	1.000				-0.501**
2	Sincere	3.38	1.015	0.654**	1.000			-0.464**
3	Trustworthy	3.52	1.116	0.700**	0.569**	1.000		-0.518**
4	Socially Responsible	3.01	0.876	0.288**	0.275**	0.235**	1.000	-0.163**
No.	Conscientiousness (0.763)	M	SD	1	2	3		Correlation with Select/Terminate
1	Reliable	3.47	1.176	1.000				-0.566**
2	Secure	3.44	0.962	0.554**	1.000			-0.429**
3	Hardworking	3.55	1.011	0.584**	0.433**	1.000		-0.443**
No.	Drive (0.641)	M	SD	1	2	3		Correlation with Select/Terminate
1	Ambitious	3.53	0.976	1.000				-0.352**
2	Achievement Oriented	3.50	1.014	0.397**	1.000			-0.442**
3	Leading	3.31	0.941	0.319**	0.376**	1.000		-0.391**
No.	Technocracy (0.200)	M	SD	1	2			Correlation with Select/Terminate
1	Technical	3.45	0.675	1.000				0.075
2	Corporate	3.30	0.969	0.119	1.000			-0.104
No.	Modernity (0.524)	M	SD	1	2	3		Correlation with Select/Terminate
1	Cool	2.96	0.931	1.000				-0.220**
2	Trendy	3.04	0.885	0.351**	1.000			-0.088
3	Young	2.92	0.858	0.194**	0.221**	1.000		-0.154*
No.	Adventure (0.760)	M	SD	1	2	3	4	Correlation with Select/Terminate
1	Imaginative	3.22	0.862	1.000				-0.398**
2	Up to date	3.54	1.019	0.495**	1.000			-0.457**
3	Exciting	3.01	0.912	0.367**	0.373**	1.000		-0.363**
4	Innovative	3.36	1.010	0.461**	0.532**	0.410**	1.000	-0.347**
No.	Boldness (0.446)	M	SD	1	2			Correlation with Select/Terminate
1	Extrovert	3.04	0.845	1.000				-0.043
2	Daring	3.05	0.910	0.305**	1.000			-0.107
No.	Egotism (0.770)	M	SD	1	2	3		Correlation with Select/Terminate
1	Arrogant	2.52	1.280	1.000				0.558**
2	Aggressive	2.85	1.159	0.529**	1.000			0.229**
3	Selfish	2.61	1.138	0.690**	0.351**	1.000		0.458**
No.	Dominance (0.470)	M	SD	1	2	3		Correlation with Select/Terminate
1	Inward looking	3.06	0.841	1.000				0.012
2	Authoritarian	2.83	1.022	0.175*	1.000			0.359**
3	Controlling	3.04	0.981	0.227**	0.278**	1.000		0.045

Notes : Cronbach alpha values in brackets after facet name; \*\* Correlation is significant at 0.01 level (2 tailed); \* Correlation is significant at 0.05 level (2 tailed)

**Means, Standard Deviations, Intercorrelations and Reliabilities for Facets of Corporate Reputation.**

Agreeableness	M	SD	Warmth	Empathy	Integrity	Correlation with Select/Terminate
Warmth	3.4577	0.7326	1			-0.575**
Empathy	3.4459	0.6225	0.506**	1		-0.392**
Integrity	3.3668	0.8267	0.741**	0.473**	1	-0.496**
Competence	M	SD	Conscientiousness	Drive	Technocracy	Correlation with Select/Terminate
Conscientiousness	3.5026	0.8127	1			-0.617**
Drive	3.3720	0.7268	0.584**	1		-0.652**
Technocracy	3.2105	0.8023	0.572**	0.489**	1	-0.397**
Enterprise	M	SD	Modernity	Adventure	Boldness	Correlation with Select/Terminate
Modernity	3.1546	0.7716	1			0.115
Adventure	3.4089	0.6557	0.360**	1		-0.334**
Boldness	3.0596	0.6979	0.289**	0.518**	1	-0.109
Ruthlessness	M	SD	Egotism	Dominance		Correlation with Select/Terminate
Egotism	2.4994	0.7760	1			-0.394**
Dominance	2.9185	0.5913	0.483**	1		0.123

Notes: Supplier selection/termination coded as 0 for selection and 1 for termination

\*p<0.05, \*\*p<0.01

**Binary logistic regression summary results for Corporate Reputation traits.**

Dimension	Facet		B	S.E.	-2LL	CoxSnell	Nagelkrk	Sig	n
Agreeableness	Warmth	Friendly	-1.104	0.206	222.750	0.177	0.238	0.000	192
		Pleasant	-1.393	0.227	208.456	0.236	0.319	0.000	193
		Open	-1.188	0.196	212.267	0.227	0.306	0.000	194
		Straightforward	-0.816	0.170	232.140	0.132	0.178	0.000	192
	Empathy	Concerned	-0.993	0.210	233.842	0.128	0.172	0.000	192
		Reassuring	-0.934	0.195	234.527	0.133	0.179	0.000	194
		Supportive	-1.486	0.215	185.216	0.325	0.439	0.000	193
		Agreeable	-2.779	0.386	157.134	0.400	0.540	0.000	187
	Integrity	Honest	-1.080	0.173	207.949	0.238	0.321	0.000	193
		Sincere	-1.105	0.190	215.275	0.208	0.281	0.000	193
		Trustworthy	-1.165	0.183	204.745	0.254	0.342	0.000	193
		Socially Responsible	-0.393	0.176	255.972	0.027	0.036	0.026	193
Competence	Conscientiousness	Reliable	-1.280	0.192	191.323	0.301	0.406	0.000	193
		Secure	-1.046	0.192	223.890	0.179	0.242	0.000	194
		Hardworking	-1.054	0.191	218.015	0.190	0.257	0.000	191
	Drive	Ambitious	-0.811	0.178	234.663	0.121	0.163	0.000	192
		Achievement Oriented	-1.054	0.191	218.264	0.189	0.255	0.000	191
		Leading	-0.977	0.194	229.437	0.152	0.204	0.000	193
	Technocracy	Technical	0.231	0.221	260.066	0.006	0.008	0.296	193
		Corporate	-0.222	0.153	259.061	0.011	0.015	0.149	193
Enterprise	Modernity	Cool	-0.500	0.168	251.037	0.048	0.065	0.003	193
		Trendy	-0.202	0.166	258.926	0.008	0.010	0.224	193
		Young	-0.371	0.175	257.568	0.024	0.032	0.034	194
	Adventure	Imaginative	-1.037	0.213	227.407	0.157	0.211	0.000	192
		Up to date	-1.105	0.195	213.650	0.202	0.273	0.000	191
		Exciting	-0.923	0.196	232.378	0.130	0.176	0.000	191
		Innovative	-0.774	0.169	237.878	0.118	0.159	0.000	194
	Boldness	Extrovert	-0.103	0.172	260.811	0.002	0.003	0.548	193
		Daring	-0.242	0.165	256.853	0.011	0.015	0.142	191
Ruthlessness	Egotism	Arrogant	1.111	0.164	195.738	0.290	0.391	0.000	194
		Aggressive	0.420	0.134	251.851	0.052	0.070	0.002	194
		Selfish	0.975	0.168	218.170	0.203	0.274	0.000	194
	Dominance	Inward Looking	0.029	0.175	259.351	0.000	0.000	0.870	192
		Authoritarian	0.816	0.174	234.675	0.128	0.173	0.000	193
		Controlling	0.093	0.151	259.732	0.002	0.003	0.536	192

## Appendix 7 Detailed Moderation Analysis by Facet and Item of Corporate Reputation

Model 1 - Warm Intentions v Agreeableness		Direct Effect - Warm Intentions				Direct Effect - Agreeableness				Interactive Effect				Nagelkrk R <sup>2</sup>
Model No.	Facet/Item	Coeff	SE	Z	p	Coeff	SE	Z	p	Coeff	SE	Z	p	
1.1	Warmth	4.9054	1.7223	2.8482	0.0044	1.2851	1.7690	0.7265	0.4676	-1.0354	0.5005	-2.0686	0.0386	0.5478
1.1.1	Open	2.3592	1.0093	2.3375	0.0194	0.1478	1.0610	0.1393	0.8892	-0.3794	0.2880	-1.2172	0.1878	0.4227
1.1.2	Straightforward	2.5386	0.9581	2.6497	0.0081	1.1668	1.0542	1.1068	0.2684	-0.5376	0.2842	-1.8919	0.0585	0.3164
1.1.3	Pleasant	3.4450	1.4985	2.2989	0.0215	1.3299	1.5792	0.8421	0.3997	-0.7243	0.4202	-1.7238	0.0847	0.4200
1.1.4	Friendly	3.6325	1.4038	2.5876	0.0097	0.9420	1.3129	0.7175	0.4731	-0.6295	0.3665	-1.7177	0.0858	0.4068
1.2	Empathy	6.2614	2.3508	2.6636	0.0077	2.4084	2.6115	0.9223	0.3564	-1.5189	0.7288	-2.0842	0.0371	0.6304
1.2.1	Supportive	4.4768	1.4089	3.1774	0.0015	2.3292	1.3091	1.7792	0.0752	-1.0592	0.3712	-2.8537	0.0043	0.5373
1.2.2	Reassuring	3.3199	1.1180	2.9695	0.0030	1.5439	1.1856	1.3023	0.1928	-0.7087	0.3209	-2.2083	0.0272	0.3485
1.2.3	Concerned	2.5235	1.2656	1.9938	0.0462	1.0166	1.5539	0.6542	0.5130	-0.5799	0.4126	-1.4054	0.1599	0.3234
1.2.4	Agreeable	4.6209	2.1519	2.1474	0.0318	0.3193	2.3739	0.1345	0.8930	-0.9277	0.6479	-1.4319	0.1522	0.6424
1.3	Integrity	4.4934	1.6943	2.6521	0.0080	1.2976	1.8290	0.7095	0.4780	-0.9110	0.4973	-1.8317	0.0670	0.5417
1.3.1	Honest	2.9336	1.1455	2.5609	0.0104	0.7598	1.1627	0.6535	0.5134	-0.5121	0.3096	-1.6538	0.0982	0.4457
1.3.2	Trustworthy	1.7839	1.2281	1.4526	0.1463	-0.4664	1.2821	-0.3638	0.7160	-0.2061	0.3387	-0.6086	0.5428	0.4459
1.3.3	Sincere	3.5427	1.0603	3.3411	0.0008	1.6034	0.9876	1.6235	0.1045	-0.7580	0.2803	-2.7041	0.0068	0.4246
1.3.4	Socially Responsible	3.3113	1.2025	2.7538	0.0059	2.5801	1.4031	1.8389	0.0659	-0.8121	0.3759	-2.1606	0.0307	0.2074

Model 2 - Ability v Competence		Direct Effect - Abilities				Direct Effect - Competence				Interactive Effect				Nagelkrk R <sup>2</sup>
Model No.	Facet/Item	Coeff	SE	Z	p	Coeff	SE	Z	p	Coeff	SE	Z	p	
2.1	Conscientiousness	3.0483	1.8873	1.6151	0.1063	0.8389	2.1422	0.3916	0.6954	-0.6958	0.5445	-1.2778	0.2013	0.4757
2.1.1	Reliable	1.6513	1.3477	1.2253	0.2205	-0.1763	1.5323	-0.1151	0.9084	-0.2833	0.3853	-0.7354	0.4621	0.4530
2.1.2	Secure	1.5938	1.3318	1.1968	0.2314	0.1747	1.4891	0.1173	0.9066	-0.3216	0.3786	-0.8495	0.3956	0.3245
2.1.3	Hardworking	3.0716	1.2690	2.4206	0.0155	1.9050	1.3807	1.3797	0.1677	-0.7370	0.3538	-2.0830	0.0373	0.3214
2.2	Drive	4.6311	1.9336	2.3950	0.0166	2.0888	2.0381	1.0249	0.3054	-1.1147	0.5467	-2.0390	0.0414	0.4621
2.2.1	Ambitious	2.3774	1.1640	2.0424	0.0411	0.9231	1.2303	0.7503	0.4531	-0.4759	0.3143	-1.5143	0.1299	0.2915
2.2.2	Achievement Oriented	3.8800	1.3777	2.8162	0.0049	2.8509	1.4624	1.9495	0.0512	-0.9960	0.3818	-2.6090	0.0091	0.3450
2.2.3	Leading	0.2476	1.1821	0.2095	0.8341	-1.4874	1.4696	-1.0121	0.3115	0.1153	0.3615	0.3190	0.7498	0.2997
2.3	Technocracy	1.1845	1.3652	0.8677	0.3856	-0.0856	1.6482	-0.0519	0.9586	-0.1877	0.4108	-0.4569	0.6478	0.2041
2.3.1	Technical	1.1320	1.0538	1.0743	0.2827	0.1753	1.2384	0.1416	0.8874	-0.1994	0.3090	-0.6455	0.5186	0.1903
2.3.2	Corporate	0.5678	1.1122	0.5105	0.6097	-0.3725	1.3149	-0.2833	0.7770	-0.0137	0.3282	-0.0417	0.9667	0.1583

Model 3 - Cold Intentions v Ruthlessness		Direct Effect - Cold Intentions				Direct Effect - Ruthlessness				Interactive Effect				Nagelkrk R <sup>2</sup>
Model No.	Facet/Item	Coeff	SE	Z	p	Coeff	SE	Z	p	Coeff	SE	Z	p	
3.1	Dominance	1.2067	0.7860	1.5352	0.1247	2.4765	1.0476	2.3640	0.0181	-0.4702	0.2682	-1.7529	0.0796	0.1580
3.1.1	Controlling	0.7248	0.4962	1.4607	0.1441	1.0449	0.6251	1.6716	0.0946	-0.2770	0.1624	-1.7052	0.0882	0.1022
3.1.2	Authoritarian	0.7463	0.5576	1.3385	0.1807	2.2964	0.7961	2.8845	0.0039	-0.3565	0.1944	-1.8341	0.0666	0.2847
3.1.3	Inward Looking	0.2598	0.5343	0.4862	0.6268	0.4791	0.6318	0.7583	0.4483	-0.1198	0.1668	-0.7182	0.4726	0.0861
3.2	Egotism	0.7007	0.5809	1.2061	0.2278	2.3737	0.8118	2.9239	0.0035	-0.2897	0.2071	-1.3988	0.1619	0.3991
3.2.1	Arrogant	0.6591	0.4961	1.3286	0.1840	2.0849	0.6888	3.0268	0.0025	-0.2611	0.1737	-1.5030	0.1328	0.4356
3.2.2	Aggressive	0.5495	0.4299	1.2782	0.2012	1.4033	0.5650	2.4838	0.0130	-0.2452	0.1423	-1.7233	0.0848	0.1845
3.2.3	Selfish	0.3957	0.5084	0.7784	0.4364	1.5954	0.6793	2.3487	0.0188	-0.1529	0.1705	-0.8969	0.3698	0.3499

## **Appendix 8      Ethical Statement**

I am a part-time research student of Waterford Institute of Technology while working for Logitech EMEA as a Marketing Manager. My research analyses the impact of corporate reputation on the selection and termination of suppliers in the IT industry. My tuition fees to WIT are paid for by Logitech without any requested return. It is purely for my personal development. Logitech had no involvement in choosing the research subject matter and have brought no influence to bear on the methods used. It is emphasised in all communications that the research is independent of Logitech and is academic research for personal development. The views expressed within this document are entirely my own and not representative of Logitech.

I have chosen to use customers of Logitech as a knowledgeable and representative sample of the IT industry for my primary research. The use of their contact information has been sanctioned by Logitech and has been authorised by Charlotte Johs, Vice President for Marketing in Logitech Europe, Middle East and Africa. Privacy and confidentiality is vital. It is emphasised that the respondent will not be required to disclose their own name, their own company's name or their supplier's name at any time. The data gathered will not be made available in raw format to anyone other than my supervision team at WIT. This will be stored electronically online (on the password secured Survey Monkey website), within my email accounts, on my personal computers and backed up on an external hard drive. All these locations are secured and only accessible by me.



The raw data will not be available to Logitech, or any other organisation, for commercial use. The summarised results of the research will be made freely available to all interested parties. Respondents are notified of this in the survey. They are asked to contact me separately by email for this information. This ensures that their survey answers cannot be linked to their email address, thus retaining confidentiality.

Signed,

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Brian Kelly