INTERFIRM RELATIONAL EXCHANGE: THE ROLE OF ANTECEDENTS AND PARADIGMS IN EXAMINING RELATIONSHIP QUALITY

Wesley J. Johnston

R. Edward Sibley

Department of Marketing
Georgia State University
Atlanta, Georgia 30303 USA
Phone: (404) 651-2740
FAX: (404) 651-4198
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Abstract

Relational exchange is exerting a profound influence on business-to-business researchers and practitioners. While a number of paradigms have been proposed to evaluate interfirm relational exchange, little attention has been paid to why relationships are formed and what these antecedents require in terms of evaluative paradigms.

Six antecedents to relationship formation—necessity, asymmetry, reciprocity, efficiency, stability, and legitimacy—are identified and a formal typology is developed that crosses these antecedents with the five leading paradigms for evaluating interfirm relational exchange—transaction cost analysis, agency theory, relational contracting theory, resource-dependence theory, and political economy theory. Conclusions are drawn regarding which paradigms are most appropriate for evaluating relational exchange under each antecedent condition.

The authors argue that, rather than competing views of a single reality, the five paradigms are complementary approaches that should be treated as a toolkit—applying each, in turn, under the appropriate conditions. As an exemplar, an argument for a comprehensive, dyadic firm-level measure of relationship quality is advanced and implications for relationship quality are examined in light of the antecedent/paradigm typology.
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Introduction

Relational exchange is exerting a profound influence on business-to-business researchers and practitioners. While a number of paradigms have been proposed to evaluate interfirm relational exchange, little attention has been paid to why relationships are formed and what these antecedents require in terms of evaluative paradigms. Oliver, in a seminal 1990 work, distills some 30 years of research into six identifiable "contingencies," or antecedents, for the formation of interorganizational relationships: necessity, asymmetry, reciprocity, efficiency, stability, and legitimacy. The purpose of this paper is to develop a formal typology that applies the Oliver (1990) antecedents to illustrate the contributions and limitations of each of the five leading paradigms--transaction cost analysis (TCA), agency theory, relational contracting theory, resource-dependence theory, and political economy theory--when applied to relationship quality, a key concept in interfirm relational exchange.

The next section delineates the concept of relational exchange--and its importance. Following that is a review of each of the six antecedent conditions that drive the formation of interorganizational relationships. Next, the authors provide an overview of each of the five leading paradigms that are used to evaluate aspects of relational exchange. The fourth section reviews the concept of relationship quality--a key concept in relational exchange--which will be used as an exemplar in developing a typology of antecedents and paradigms. Finally, the authors develop a formal typology that crosses the antecedent conditions with the paradigms appropriate to the study of the relationship quality aspect of relational exchange. A cell-by-cell perspective is given in Table 1; the text provides a comparison of the uses, strengths, and limitations of the applicable paradigms under each antecedent condition.
Relational Exchange

Exchange is one of the core concepts of modern marketing theory (Kotler 1972; Bagozzi 1975). Indeed, Hunt (1983), in summarizing years of debate on the conceptual domain of marketing, concluded "... the primary focus of marketing is the exchange relationship" (p.9). Dwyer, Schurr, and Oh (1987) note that one of the key conceptual benefits from the notion of exchange is that: "Finally, and most important, as a critical event in the marketplace (emphasis in the original) it allows the careful study of antecedent conditions and processes for buyer-seller exchange" (p. 11).

Macneil's (1980) groundbreaking work provides a conceptual underpinning for much current thought by introducing a formal conceptualization of exchange as either discrete or relational. Macneil holds that discrete exchange consists of individual, non-recurring transactions between independent parties, enforced, if necessary, through exercising legal and/or economic sanctions. Discrete exchange was pithily exemplified by Dwyer, Schurr, and Oh (1987) as "a one-time purchase of unbranded gasoline out-of-town at an independent station paid for with cash" (p.12).

Macneil (1980) views relational exchange, to the contrary, as explicitly considering the historical and social context surrounding the transactions. Kaufmann and Stern (1988) show that compliance with obligations under relational exchange stems from a mutuality of interests rather than from threats. Dwyer, Schurr, and Oh (1987) and Anderson and Weitz (1992) have adapted Macneil's (1980) work specifically to a marketing context of interfirm exchange, noting that relational exchange takes place: 1) over time; 2) in anticipation of future transactions between the parties; and 3) in a spirit of making (and expecting the exchange partner to make) short-term sacrifices, if necessary, to gain long-term benefits.

This body of thought has led many marketing scholars to the conclusion that most interfirm exchange is relational exchange. Despite a notable dissent by Jackson (1985) as to when relational exchange is appropriate, researchers and practitioners alike are rushing to embrace the relational exchange taxonomy.
Antecedents

Oliver (1990) conducted a sweeping review of the interorganizational relationship (IOR) literature, in part "to integrate the existing IOR literature into a set of critical contingencies of relationship formation" (p. 241). She isolates six contingencies, or antecedents, to relationship formation that appear generalizable across different firms, settings, and types of relationships: necessity, asymmetry, reciprocity, efficiency, stability, and legitimacy.

Necessity

Necessity refers to the establishment of interorganizational linkages to satisfy requirements mandated by higher authorities--generally, legal or regulatory requirements. Warren (1967) distinguished a category of single IOR contexts, and Whetten (1981) explored corporate structures of coordination, where interaction is dictated by a higher authority. Note that necessity is the only non-voluntary antecedent condition to interorganizational relationship formation.

Asymmetry

Oliver (1990) views asymmetry as prompting relationship formation "by the potential to exercise power or control over another organization or its resources" (p.243). Power, in this sense, is conceptualized either as general economic power (e.g., firm size or control over the rules governing exchange, cf. Emerson 1962; Blau 1964) or control over resources (e.g., concentration of inputs, the ability to forego or substitute certain inputs, see Pfeffer and Salancik 1978; also Whetten 1981).

Reciprocity

This contingency is based in the very core of the concept of exchange: that, in noncoercive situations, two parties will engage in exchange only if both benefit. Thus, Levine and White (1961) argue that interfirm relations are established to pursue common or mutually beneficial interests. Oliver (1990, p. 244) summarizes that "motives of reciprocity emphasize cooperation, collaboration, and coordination among organizations, rather than domination, power, and control."
Efficiency

The contingency of efficiency reflects classic microeconomic thought and is internally rooted in the firm's drive to improve its cost structure or profitability (cf. Coase 1937; Williamson 1975). Empirical work on efficiency as an antecedent of relationship formation is sparse. As Oliver (1990) notes, the logical vanguard of this effort, economists, have been more interested in the suboptimal market consequences of interfirrm relationships.

Stability

Establishment of interfirrm relations as an adaptive response to conditions of environmental uncertainty has been noted by many scholars (e.g., Etgar 1977; Pfeffer and Salancik 1978; Williamson 1981; Achrol, Reve, and Stern 1983; Arndt 1983; Anderson and Weitz 1992). Firms seek relationships with other firms, Oliver (1990) notes, "as coping strategies to forestall, forecast, or absorb uncertainty in order to achieve an orderly, reliable pattern of resource flows and exchanges" (p. 246).

Legitimacy

Champions of institutional theory (e.g., Zucker 1977; Tolbert and Zucker 1983) argue that environments put pressure on firms to justify their activities. Thus, organizations might elect to target internal or external stakeholders, or legal or regulatory "higher authorities" (Galaskiewicz 1985) to convince them that the firm is "in agreement with the prevailing norms, rules, beliefs, or expectations" (Oliver 1990, p.246) that these constituencies hold.

Paradigms

Five main paradigms have been proposed to explore interfirrm relational exchange--transaction cost analysis, agency theory, relational contracting theory, resource-dependence theory, and political economy theory.

Transaction Cost Analysis (TCA)

Transaction cost analysis (TCA) stems from work in microeconomics dating from Coase's (1937) examination of "make or buy" decisions, but it was developed principally by Williamson (1975, 1979, 1981), who blends classic "rational actor" microeconomics with organization theory.
and contract law. TCA is primarily an efficiency through structure argument. As Noordewier, John, and Nevin (1990) put it, "a distinctive feature of TCA is that it is based on the assumption that firms are motivated to craft efficient organizational forms or governance structures" (p. 80). Williamson (1979) describes TCA as a system of bounded rationality that also guards the exchange against opportunism, which he previously defined as "self-interest seeking with guile" (Williamson 1975, p. 6).

Williamson (1975) conceptualizes the choice of governance structure as either "market" (essentially governance via price-mediated mechanisms) or "hierarchy" (that is, governance via an unified authority structure). In later formulations, Williamson (1985) introduces an intermediate choice of governance structure--"hybrid"--which combines elements of market governance and hierarchy governance. He contends that "the principal dimensions for describing transactions are asset specificity, uncertainty, and frequency" (p. 72). Williamson (1985) theorizes that, in the presence of significant levels of these dimensions, transaction costs accrue that result in hybrid or hierarchy replacing market as the more efficient choice of governance structure.

Agency Theory

Agency theory may be classified as somewhat of an offshoot of TCA that derives from the economics, finance, and contract law arenas. In law, an agency relationship exists when one party depends on (and provides authorization) to a second party to undertake some action on the first party's behalf (White 1985). Though this relationship traditionally (in law and, to some extent, in economics) has been applied to explicit legal contracts, White (1985) cites a trend away from the necessity of formal, explicit contracts. This allows social scientists to employ the theory to evaluate implicit social contracts such as peer acceptance, peer pressure, and social norms.

Bergen, Dutta, and Walker (1992) in their comprehensive review of agency theory note: "The focus of the theory is on determining the most efficient contract to govern a particular relationship given the characteristics of the parties involved and the fact that environmental uncertainty and the costs of obtaining information make it impossible for the principal to monitor the agent completely" (p. 2). Bergen et al. (1992) point out some differences between TCA and
agency theory: 1) the unit of analysis (the transaction, itself, in TCA versus the individual agent in agency theory); and 2) TCA's emphasis on ex post transaction costs versus agency theory's emphasis on reducing ex post costs through an ex ante alignment of incentives. However, they cogently summarize the foremost drawback to agency theory in an exchange setting:

It is important to note that most agency models define efficiency from the principal's point of view. The assumption is that the principal is the dominant party in the relationship. Thus, an efficient contract is one that brings about the best possible outcome for the principal (italics in the original) given the constraints imposed by the situation, rather than one that maximizes the joint utility of both principal and agent (p. 2).

Relational Contracting Theory

Relational contracting theory was developed (1980), extended (1981, 1983) and summarized (1987) by Macneil. It serves as a fundament in the conceptualization of exchange as occurring between parties in patterns on a continuum from highly discrete to highly relational (or, in later formulations, highly intertwined; Macneil 1987).

Macneil (1987) summarized relational contracting theory as: 1) encompassed by the world of contract, which he defines (p. 274) as relations among parties "who have exchanged, are exchanging, or expect to be exchanging in the future"; 2) several behaviors—notably reciprocity and solidarity—are required for such relations to exist; 3) the behavior patterns lead to the formation of norms; 4) exchange occurs in patterns along a continuum from highly discrete to highly relational; 5) discrete contracts are of short duration with no expectation of future cooperation between the parties, limited interaction, easily measured, without sharing of benefits or burdens; and 6) relational contracts have the opposite characteristics of discrete contracts.

Relational contracting theory has proven to be a difficult paradigm to employ. This could be because evaluation under either the Dubin (1979) or Bachrach (1989) criteria for organizational theories leads to the conclusion that relational contracting theory is not a formal theory, but, rather, is a framework. As such, it is difficult to reduce observations drawn to rigorously formulated, testable hypotheses.
Political Economy Theory

The roots of the political economy paradigm trace from the development of modern economics in the late 17th and early 18th centuries. Arndt (1983), in his seminal theoretical explication, posits an "organizational approach to political economy" (p. 47) which began with the work of Zald (1970). Stern and Reve (1980) conceived of social systems as "comprising interacting sets of major economic and socio-political forces which affect collective behavior and performance" (p. 53) of the focal social unit. Building on Stern and Reve, Arndt (1983) refines this idea: "More specifically, political economy emphasizes the interplay of power, the goals of the power wielders, and the productive economic exchange systems" (p. 47). In Arndt's (1983) development of a taxonomy of political economy analysis, he makes the contribution of moving beyond the traditional continua of external/internal and political/economic components of differentiaden by separating out environmental influences as a fifth factor.

Nevertheless, while political economy theory has enjoyed some popularity, it has not been accepted as widely as some of the other paradigms that are being reviewed. As Arndt (1983), himself, points out: "The most important limitations of the political economy paradigm relate to the methodological problems and the vagueness and incompleteness of the framework" (p. 52). This is not surprising since, as is the case with the relational contracting paradigm, the political economy paradigm is a framework, not a theory, under the Dubin (1979) and Bachrach (1989) criteria.

Resource-Dependence Theory

Resource-dependence theory derives directly from Emerson's (1962) work on the role of power in social exchange. Emerson argues that the relative power between two parties in an exchange relationship is determined by (and correlated inversely to) their relative dependence. Relative dependence was defined as the other party in the relationship having resources the first party needs and controlling the alternative sources of these resources. This is the rationale behind Emerson's (1962) power-dependence model: the structural advantage accruing to one actor in a relationship that can influence the other actor to comply with the former's needs or desires. This model has been more fully conceptualized and developed as the resource-dependence model by
Pfeffer and Salancik (1978), who have applied it in the organizational behavior and organizational design milieus.

Pfeffer and Salancik (1978) hold that, "in general, organizations will tend to be influenced by those who control the resources they require" (p. 44). However, they suggest that three factors determine one organization's dependence on another: 1) the importance of the resource; 2) the extent to which one firm has discretion over the allocation and use of the resource; and 3) the extent to which there are few alternatives, or the extent of control over the resource by the interest group. These three factors enable one to gauge a firm's relative dependence vis-a-vis potential exchange partners. Resource-dependence ties directly to our framework of relational interfirm exchange: "The dependence we are describing results from exchange processes and from the requirements of organizations to acquire resources and engage in exchange with their environments" (Pfeffer and Salancik 1978, p. 52).

**Relationship Quality**

At the heart of the movement toward a relational exchange taxonomy is an assumption often unstated and even more rarely demonstrated: high relationship quality engenders strong relationships which lead to higher long-term sales and profits, with lower variability. What little evidence that exists is anecdotal and contradictory (cf. Jackson 1985).

This state of affairs is understandable, however, since relationship quality must be defined before this postulated chain of events can be empirically tested. Relationship quality is often represented by one or another measure of satisfaction--usually as an outcome (e.g., Crosby, Evans, and Cowles 1990), sometimes, as in attribution theory (Heider 1958), as an antecedent (fairly common in the marriage literature in psychology; see Bradbury and Fincham 1990, for a recent example). Psychologists also have resorted to studies that simply group and list attributes of high- and low-quality relationships without attempting to provide an underlying theory (e.g., Cole 1985).

More usually, marketing scholars have attempted to import individual-level constructs, such as commitment and trust, from psychology and adapt them to firm-level relationships (e.g.,
Swan, Trawick, Rink and Roberts 1988; Crosby, Evans, and Cowles 1990; Anderson and Weitz 1992). This often results in confounding firm- and individual-level constructs, or gleaning only single respondents' perceptions of the firm-level constructs. An additional issue is that many researchers model only one party's perceptions of relationship quality (e.g., Anderson and Narus 1984, 1990). Indeed, two of the paradigms previously discussed--TCA and, particularly, agency theory--assume that a one-sided perspective is all that matters. However, as Rusbult (1980a; 1980b; 1983) and associates (Rusbult and Farrell 1983; Rusbult, Johnson, and Morrow 1986) point out, any party will stay in a relationship only so long as the benefits of staying in outweigh the costs of leaving when compared to the most attractive available alternative.

The authors argue that there exists an objective joint measure of relationship quality, and as both Solomon, Suprenant, Czepiel, and Gutman (1985) and Anderson and Weitz (1992) point out, a dyadic study is crucial to understanding the totality of relationships as opposed to one party's perception of the relationship. The antecedent, or reason for the formation of the relationship, holds different implications for relationship quality. So, too, does the selection of an evaluative paradigm. A formal typology crossing the antecedents of interfirm relationship formation with the paradigms utilized to study these relationships is provided in Table 1; a discussion of the differing implications for relationship quality under each antecedent condition due solely to the evaluative paradigm selected follows.

A Typology of Antecedents and Paradigms

Necessity

Necessity is the only identifiable non-voluntary antecedent to interfirm relationship formation (Oliver 1990), which serves to render relationship quality issues moot; if the relationship is involuntary, it will persist no matter the relationship quality. Note that the definition of this antecedent as occurring to meet the requirements of "higher" authority implicitly assumes
relationship formation outside the focal social unit; that is, with the firm's environment. The political economy paradigm is the only paradigm that explicitly considers the impact of the environment.

**Asymmetry**

Asymmetry most likely would impact relationship quality when the stronger firm is attempting to exercise power or control over the weaker firm. This antecedent may be explored through four paradigms: TCA, agency theory, resource-dependence theory, and political economy theory. Each model suggests that the relationship is not likely to dissolve immediately, but the weaker firm is likely to: 1) search for and evaluate other alternate exchange partners; and 2) engage in such balancing behavior as may be possible. The expected dynamics under each paradigm are different since each is driven by different underlying assumptions.

Though asymmetry is not explicitly addressed in either the TCA or agency prescriptions, the assumption permeates both paradigms. Under TCA, the weaker firm will enure in the relationship under conditions of high transaction costs stemming from asset specificity, uncertainty, and frequency (Williamson 1985). If the weaker firm has made a substantial investment in transaction-specific assets, it may be largely helpless, as the cost of leaving this relationship (even if an otherwise suitable alternate partner could be found) is very high. If relational norms develop (Heide and John 1992), the weaker firm might petition its partners for an increase in transaction frequency. Otherwise, it may act more opportunistically, which would increase secondary uncertainty (Williamson 1985) for the stronger firm and lower its relationship quality, leading both parties to the relationship to search for other possible partners.

In agency theory, as Eisenhardt's (1989) work in agency contracts assumes and Bergen et al. (1992) note specifically, an efficient contract is one that maximizes the principal's utility. The agent is allowed to remain in the relationship on the sufferance of the principal, who clearly has the power within the relationship, resulting in asymmetry. If an agent is suffering from poor relationship quality, then it is likely that the ex ante alignment of incentives has failed (Eisenhardt 1985; Bergen et al. 1992). While the asymmetry antecedent suggests that power and influence are
with the principal, actual control over the agent is not commensurate since "the costs of obtaining information make it impossible for the principal to monitor the agent completely" (Bergen et al. 1992, p.2).

Thus, in a healthy relationship, the agent should be able to request and receive changes that would increase its relationship quality (and, presumably, its performance). If the principal is unwilling or unable to work with the agent, then the agent will likely increase its opportunistic behavior, reducing the principal's relationship quality and sending the relationship toward dissolution as both parties search for suitable alternate exchange partners.

If the asymmetry antecedent is due to one firm's dependence on the other for critical resources, then this antecedent is best addressed by the resource-dependence paradigm. A salient factor defining dependency is discretion over resource allocation and use. Pfeffer and Salancik (1978) delineate four bases of this discretion: 1) possession of a resource; 2) ability to regulate access to a resource; 3) use of a resource; and 4) the ability to make and enforce rules on other firms regarding possession, allocation, and use of a resource. Additionally, the power-dependence roots of the paradigm (Emerson 1962; Blau 1964) deal directly with the attempt of one party to the relationship to influence or control the actions of another party.

As regards relationship quality, under the resource-dependence paradigm, the response by the dependent firm to low relationship quality would be determined by the importance of the resource, access to the resource, and available alternatives (Pfeffer and Salancik 1978). In the short-run, the dependent firm is committed and may even have to expand the relationship to assure a supply of the necessary critical resource. However, this weaker firm likely would place a priority on finding alternate supplies of the resource, an alternative resource, or ways to reduce the importance of the resource. This would reduce the asymmetry in the relationship and allow the firm to press for changes that would improve its relationship quality.

Reciprocity

The reciprocity antecedent suggests that relationships are formed between parties voluntarily on the expectation of mutual benefit. Since, as Oliver (1990) suggests, this condition
prompts "cooperation, collaboration, and coordination among organizations (p. 244)," there should be few relationship quality issues—and those that arise should be quickly resolved. Indeed, relational contracting, the strongest evaluative approach under this antecedent, assumes the development of relational norms of reciprocity and solidarity (Macneil 1987). Given a relationship quality issue between partners, these norms would drive the firm experiencing low quality to make reasonable requests of its partner that would alleviate the issues and increase the first firm's relationship quality. Also, the partner firm would be inclined to work to grant those requests in the interest of preserving a mutually beneficial ongoing relationship.

The reciprocity antecedent might also be addressed, under certain circumstances, through the resource-dependence paradigm. Though this paradigm is more obviously appropriate under the asymmetry or stability antecedents, some studies (Paulson 1976; Molnar 1978; Schermerhorn 1981) suggest that resource scarcity may induce cooperation, not competition—particularly where resources are scarce for all parties (or potential parties) to a relationship. Regarding relationship quality, this paradigm would operate similarly to relational contracting in this instance. Firms would cooperate in addressing relationship quality issues among partners because all partners are necessary to find answers to the resource scarcity issue facing all the members of the partnership (e.g., an entire industry facing scarce raw materials).

Efficiency

In a relationship formed on efficiency considerations, relationship quality issues would be resolved on that same basis. Both TCA and agency theory are well-suited to evaluating relationships established under this antecedent; the choice of paradigm depends primarily on the type of relationship between the firms (again, with the caveat that agency theory, even more than TCA, is a unilateral argument directed to the benefit of the principal, not a joint optimization of the relationship as a whole). Under TCA, a firm experiencing relationship quality issues might simply have to endure if transaction costs are high (particularly if it has made substantial investments in transaction-specific assets). However, if this firm is able and willing to act opportunistically (more likely in an agency relationship where there is a smaller chance of opportunism being detected and
punished; Bergen et al. 1992), it may reduce the efficiency of the current relationship to the point where either: 1) the benefits accruing to the firms decrease and alternate partners become more attractive, or 2) the partner firm will agree to restructure the relationship to increase the first firm's relationship quality.

**Stability**

The antecedent of stability may be captured in the TCA, resource-dependence, and relational contracting models. This contingency offers perhaps the widest divergence in implications for relationship quality issues depending on the evaluative paradigm employed.

Stability is a secondary focus of TCA. Relationship quality issues evaluated under the TCA paradigm would suggest a resolution in favor of continuity. The three dimensions--asset specificity, uncertainty, and frequency--that lead to the choice of a specialized governance structure all imply a search for stability and predictability. However, this continuity may take different forms. If the firm experiencing relationship quality problems values stability, has a large investment in transaction-specific assets, and is unable or unwilling to act opportunistically, the relationship may persist in the problem state until costs outweigh benefits or a prospective alternate partner offers higher benefits (or affords a way to mitigate exit costs). If the partner firm values stability, however, or knows that the other firm can and will engage in opportunistic behavior, it may agree to adjusting the relationship to improve the first firm's relationship quality.

Under the relational contracting paradigm, the firms should move quickly out of any relationship quality issues. Relational contracting requires a norm of solidarity between organizations involved in relational exchange (Macneil 1980, 1987). Consequently, the firm perceiving relationship quality issues would expect to petition its partner for redress of the issues, and the partner firm would expect to find a way to accommodate the first firm to avoid a breakdown in a valued (and valuable) relationship.

Oliver (1990) conceptualizes stability, or predictability, as an adaptive response to uncertainty. Thus, the resource-dependence paradigm is also appropriate under this antecedent. Here, it is implicit that the firm facing the perceived relationship quality issue is the firm that is
dependent on its partner for necessary resources. In evaluating relationship quality issues, resource importance, concentration, and scarcity must be explicitly considered. If these dimensions are high, the relationship is likely to persist in an unbalanced fashion until the resource-dependent firm is able to establish: 1) another source of supply; 2) an alternative critical resource (if such can be found or developed); or 3) ways to reduce the criticality of the resource. Alternatively, to maintain stability in an established relationship, the partner firm may allow the dependent firm greater access to, use of, or control over decisions affecting the critical resource, thereby reducing dependence and, presumably, addressing the dependent firm's relationship quality issues.

**Legitimacy**

Relationships formed for legitimacy reasons are likely to persist long-term despite the presence of relationship quality issues since, under legitimacy, the firm is attempting to build a relationship that seeks to justify its activities or outputs to its institutional environments (Oliver 1990). However, if both parties to the relationship (the firm and the environmental institutional) experience problems with the quality of the relationship, the firm may be inclined to dissolve the relationship (or, if it expects an unproductive, antagonistic relationship, may refuse to form relationships with the institutional environment in the first place).

**Summary of Typology Implications**

Not surprisingly, the paradigms grounded in economic considerations--TCA, agency theory, and resource-dependence theory--deal extremely well with the efficiency and stability antecedents. They also work satisfactorily with asymmetry, in which the key concepts of power and influence are well-conceptualized, defined, and operationalized (cf. El-Ansary and Stern 1972; Hunt and Nevin 1974; Frazier 1983; Gaski and Nevin 1985; Frazier and Rody 1991).

The behaviorally-based paradigms--political economy theory and relational contracting theory--handle these antecedents less well, in part because they are more loosely defined frameworks rather than tightly drawn theories that allow for formulation and empirical testing of hypotheses (Dubin 1979; Bachrach 1989). However, the political economy paradigm is the only one sufficiently broad to encompass the study of interfirm relationships formed via the impetus of
necessity or legitimacy, and relational contracting embodies in its definition the concept of reciprocity, an antecedent dealt with only in one other paradigm (resource-dependence), and obliquely, at that.

It is the authors' contention that the paradigms currently in use to evaluate relational interfirm exchange should not be considered as competing models of a single reality. Rather, they should be viewed as complementary tools: appropriate for different antecedents to relationship formation; evaluating different aspects of relational interfirm exchange; and, perhaps, leading to different conclusions—a point we have illustrated is considering relationship quality under each likely combination of antecedent and paradigm.

Directions for Future Research

The authors have developed a theoretical contingency approach to relationship quality—that is, given a particular antecedent condition driving interorganizational relationship formation, theory suggests that some paradigms are more appropriate than others for use as evaluative tools. The next step is to conduct an empirical examination of this contingency approach to provide researchers and practitioners with a sounder understanding of the appropriateness and effectiveness of these evaluative paradigms.

Researchers could then use these antecedent conditions to improve the effectiveness of the evaluative "toolkit" by: 1) helping to refine the relational contracting and political economy paradigms—the behaviorally-based paradigms—from loose frameworks into tight, workable theories that would allow for the formulation and empirical testing of hypotheses; and 2) broadening the microeconomics-based paradigms—TCA, agency theory, and resource-dependence theory—to allow for the inclusion of the necessity, reciprocity, and legitimacy antecedent conditions. Longer-term, an interweaving of individual-level variables such as commitment, investment, and trust—as well as the entire area of role theory—into the proposed firm-level typology might produce a general model of relationship quality.
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