



Absence of personal relationship in a buyer-supplier relationship: case of buyers and suppliers of logistics services provider in Australia



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ABSTRACT

While the importance of personal relationships (e.g. friendship) within supply chain relationships is well established, a gap remains on negative aspects associated with an absence of a personal relationship in the buyer-supplier relationship in the supply chain context. Because there is very limited research in this area, a case study method is employed via semi-structured interviews with 24 senior managers from 10 different companies based in Australia engaged in the process of buying and selling logistics services. Results reveal that an absence of a personal relationship between managers of buying and supplying firms in the supply chain leads to reduced trust, non-sharing of important business ideas and sensitive business information, no peer mentoring, delay in resolving conflicts and low employee engagement. The paper concludes by discussing the contribution to practice, research limitations, and future research directions.

1. Introduction

Personal Relationships (friendships etc.) have been the subject of much research in the business discipline. For instance, studies in the supply chain management literature have shown that personal relationships which are themselves embedded within buyer-supplier relationships generate positive firm-level outcomes such as reduced monitoring costs, superior business performance and increased business volume (Gligor and Holcomb, 2013; Gligor and Autry, 2012; Autry and Golicic, 2010; Gligor and Esmark, 2015). Authors from other disciplines such as marketing literature also suggested the importance of personal relationships within the buyer-supplier relationship. For example, Golicic and Mentzer (2006) argued that personal relationships help buying firms to gain access to potential suppliers in the market and access to external resources. Other authors stated that supplying firms can reach higher profits and retain the customer for the long run when a personal relationship is present in the buyer-supplier relationship (Kalwani and Narayandas, 1995). Managers across firms also enjoyed the benefits of developing personal relationships such as higher trust, reciprocity and mutual loyalty (Gligor and Holcomb, 2013). Contrary to this, personal relationships have been the subject of criticism as well. For instance, Adobor (2006) debated that personal relationship can become dangerous for the firms as managers may begin to use such relationships to address their personal interest, instead of using them for the interest of the firm.

Other authors found that personal relationships in the buyer-supplier relationship result in personal loyalty, resulting in higher opportunity costs for buying firms (Bove and Johnson, 2006, 2009).

While there are plenty of studies focusing on either the merits or demerits of personal relationships within buyer-supplier relationship literature, it is important to stress that an absence of personal relationship can actually have a negative business impact. For instance, Haytko (2004) from the Marketing discipline indicated that a strict business-to-business relationship may negatively impact the business relationship between relational members. This author further argued that the absence of a personal relationship between business partners across firms can lead to negative outcomes. Gligor and Holcomb (2013) argued that managers may not feel comfortable sharing new business ideas if they do not have a personal relationship. In addition, a sales manager not having personal relationships with procurement managers from the partnering firm may find it challenging to retain those clients for a longer period of time. Butt (2018, 2019) also found that an absence of a personal relationship between managers of buying and supplying firms can send a business relationship between firms to eventual demise.

Unfortunately, supply chain literature on the buyer-supplier relationship is still mute on furthering our understanding of this phenomenon. While previous research in the supply chain has addressed how such relationships generate either positive or negative outcomes (Gligor and Holcomb, 2013; Gligor and Autry, 2012), it does not yet tell us negative

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consequences which develop when a personal relationship is absent in the buyer-supplier relationship. Gligor and Holcomb (2013) have made repeated calls for such research to unveil “negative aspects associated with the lack of personal relationships in the buyer-supplier relationship” (p.348–349). Therefore, the main purpose of this study is to unveil the negative outcomes associated with the absence of a personal relationship in the buyer-supplier relationship. Consequently, this research put forwards the following research question: What are the negative outcomes associated with the absence of a personal relationship in the buyer-supplier relationship in the supply chain context? The research contributes to the literature in the following ways:

1. By unveiling negative outcomes when a personal relationship is in the buyer-supplier relationship in the supply chain context;
2. By developing propositions based on the research findings;
3. By discussing the practical implications of the results.

This paper is organized as follows: First, an overview of previous research on the role of personal relationships within the buyer-supplier relationship is presented. A comprehensive review of the literature on the role of personal relationships facilitates the development of findings that contribute to the evolution and design of this qualitative study. An explanation of the case study method that is used to collect primary data collection and analysis is also provided. Moving on, the steps taken to recruit key respondents, collect data and validate the findings are presented. Finally, the results of the content analysis are presented, and the conclusion and implications of the study are drawn alongside research limitations and suggestions for future research.

2. Background

2.1. Defining personal relationships in business relationships

In order to execute the research, it is first necessary to operationalize the notion of a personal relationship. Following the prior literature, we distinguish between the notions of business relationships between persons and personal relationships that develop between business partner employees, with our focus being on the latter. That is, when referring to personal relationships, we are referring to the individual-level friendships that develop between persons who do business. Following Grayson (2007), the formation of such relationships are considered different from social connections that exist at the individual-level but are constrained to business-specific content. In addition, extant literature informed us that characteristics of good personal relationships include loyalty and reciprocity (Gligor and Holcomb, 2013), sharing of vital business information (Gligor and Autry, 2012) and higher level of partner's trust and commitment (Heide and Wathne, 2006). Prior research also contended that personal relationships are integral to an organization's success. For instance (Gligor and Holcomb, 2013), stated that managers having personal relationships within inter-firm relationships are more productive, engaging and creative, which result in reduced turnover for their respective organizations.

2.2. Positive impact of personal relationships on inter-organizational relationships

A number of studies in the marketing literature have examined the results of combining personal and business relationships with many of them suggesting that normally positive outcomes occur. For instance, Johnson and Selnes (2004) conducted a study in Norway and found that the creation of value through closer relationships lies in bringing weaker relationships into a portfolio in the first place. Haytko (2004) showed a study in the USA and found that interpersonal relationships across groups from both sides define firm-to-firm relationships. This author found that Interpersonal relationship exists across categories including strictly business, business friends, and highly personal.

Mavondo and Rodrigo (2001) noted that personal relationships are critical to building and enhancing inter-organizational relationships. These authors further noted that some relationship dimensions may not have significant direct relationships with commitment, but their indirect and total effects may be significant in various industries. Another research study conducted in the USA on the importance of personal relationships within inter-firm relationships found that that personal relationship between managers provides the impetus for firms entering into a long-term relationship (Xin and Pearce, 1996). Another study by Tangpong et al. (2015) developed four new BSR and argued that firms collaborating enjoy long-term relational benefits. Dekker et al. (2019) found that collaboration scope, as well as boundary spanner relational behaviour and inter-organizational controls, are positively associated with performance. Butt et al. (2018) revealed that personal relationships, which are themselves emedded within inter-firm relationships results in personal loyalty, which increases supplier's business volume.

Volkoff et al. (1999) reported that personal ties between individuals are helpful when it came to initiating a discussion between the partnering firms. Albin Shaikh et al., 2019 argued that three attributes developing three relationship characteristics *wasta*, *ehsan* and *et-moone* are most likely results in developing social capital. Uzzi (1996) also found that the initiation of the business relationship in the garments industry benefited substantially from existing personal ties between individuals. Additionally, Inter-personal relationships between managers provided the basis for the strong initial trust for a firm to determine whether prospective partners are trustworthy (Zaheer et al., 1998). Carey et al. (2011) found that relational dimension of social capital fully or partially mediates the effect of the cognitive dimension on performance, and partially mediates the link between the structural dimension, operationalized as social interaction ties, and innovation performance. A recent study by Jajja et al. (2019) argued that the transactional approach has a positive association with public standards and relational approach has a positive association with privacy standards. In addition, Caniëls et al. (2010) indicated that the level of trust, commitment and relational ties between buyer-supplier relationship changes as the relationship develops over time. Zhang et al. (2019) offered practical guidance for western suppliers on how to handle social and workplace interactions, avoid conflict, and enhance the likelihood of success with their Chinese business partners. Another study by Shipley and Cao (2019) refined the sentiment analysis to include the strength of fit of attributes of personal relationships are dependent on trust and loyalty.

Kanter (1994) noted that personal relationships provide an important infrastructure for collaboration, observing that personal relationships help resolve small conflicts before they escalate and concluded that there is no better way out of working out problems except through personal relationships. Furthermore, Polyviou et al. (2019) contended that internal social capital emerged as a resilience-enhancing resource, comprising: structural capital grounded in small network size, geographical proximity among decision makers and low hierarchy; relational capital grounded in close relationships, commitment and respect; and cognitive capital grounded in long employee tenure. Other authors found that leaders having personal relationships were deemed to be more successful in championing roles. For instance, Kumar and Van Dissel (1996) revealed that leaders relying on personal relationships within inter-firm relationships were able to provide new ideas and went beyond their normal responsibilities and contributed effectively to the project's success. Haytko (2004) debated that it is difficult for personal relationship participants to think about their inter-firm affiliations without first understanding the nature and quality of the associated personal relationship. This is because individuals who adopt the role of linking the organization's internal networks with external sources of information day-to-day experience involve working closely with other individuals. Shujaat et al. (2019) found that there is a strong and significant positive relationship between supplier relationship performance and supply chain performance.

In addition, [Doney and Cannon \(1997\)](#) stated that personal relationships between partners across firms result in benevolent intentions to each other. [Anderson and Weitz \(1989\)](#) claimed that personal relationships are important in ensuring the continuity of dyadic relationships. [Hutt et al. \(2000\)](#) contended that failure to nurture personal relationships generates negative consequences in inter-firm relationships. These authors found that the absence of direct interpersonal contacts between the senior managers across firms results in a lack of cooperation between them. While personal relationships have sometimes been shown to have a positive effect on business outcomes, the conflict between some individual-level friendship role expectations and business role expectations has a potential to diminish the benefits of firms' working together ([Grayson, 2007](#)). Furthermore, [Birasnav et al. \(2019\)](#) debated that the transformational buyers support creating cognitive capital with suppliers and social capital influences the structural capital, which supports improving the understanding of each party's processes in the buyer-supplier relationship in a long-term relationship.

2.3. Negative impact of personal relationships on inter-organizational relationships

Contrary to the positive aspects of personal relationships within inter-firm relationships, other studies argued that personal relationships embedded within inter-firm relationships can create conflicts between managers and their firms ([Grayson, 2007](#); [Price and Arnould, 1999](#); [Heide and Wathne, 2006](#)). These authors observed that combining friendships and business relationships can create agency-related conflict for related organizations, as employees may trap between individual interests of friends and firm-level interests of their employers and therefore may begin to share firm-level information in order to augment the friendship ([Burt, 1997](#)). The results from [Cousins and Lawson \(2007\)](#) study indicated that a critical sourcing strategy requires collaborative supplier relationships in order to achieve higher relationship and business outcomes, while leverage sourcing strategies have a direct impact on these same performance outcomes. [Chowdhury et al. \(2019\)](#) revealed that dimensions of buyer-supplier social capital can effectively reduce the operational supply risk of SMEs, either directly or indirectly through supplier integration.

In addition, personal interest can come into conflict with an interest of the firm. Although, one would expect that individuals' whose personal connections support their firm's inter-organizational relationships will use such relationships in the best interest of the firm; however, to what extent they will use such relationships in the best interest of the firms is open to debate. For instance, [Adobor \(2006\)](#) also argued that there is no such assurance that managers relying on personal relationships within inter-firm relationships to promote the interest of the firm will always use such relationships in the best interest of the firm. Instead, they may begin to exploit such relationships for private gain which may come into conflict with an interest of their firms, leading to higher agency costs for the firms ([Jap, 1999](#); [Morrissey and Pittaway, 2006](#)). [Villena et al. \(2011\)](#) found that increased relational capital between buyers and suppliers can result in suppliers engaging in opportunism. [Gligor and Esmark \(2015\)](#) specified that personal relationships between managers can result in an escalation of commitment and they may subsequently begin to perceive the business relationship with partnering firm in a way, which may be unanticipated by their firms. Additionally, [Gligor and Holcomb \(2013\)](#) claimed that personal relationships between managers across firms cultivated mutual loyalty and reciprocity, which increases supplying firm's business volume.

While the previous literature on the role of personal relationship within supply chain literature has explored how such relationships positively or negatively influence behaviour, it is important to understand that an absence of personal relationship can have a negative business impact on firms. For instance, [Hutt et al. \(2000\)](#) have

empirically shown that dereliction to nurture personal relationships can generate negative consequences in inter-firm relationships. These authors found that an absence of direct interpersonal contacts between the senior managers across firms results in a lack of cooperation between them. Also, it is arguable that managers may remain reluctant to trust each other during their interaction as a supply chain partner due to an absence of a personal relationship between them, which can adversely affect their ability to work together in the best interest of their firm. In addition, managers may not be inclined to share sensitive and important business information with their counterparts across firms due to the non-existence of a personal relationship. Such information may be of vital importance for both firms to work together in the long-run. Furthermore, previous research also stated that the lack of a personal relationship in the buyer-supplier relationship can make managers less productive and less engaging as compared to the employees who share personal ties within the confines of business relationships ([Gligor and Esmark, 2015](#)). Unfortunately, all of the previous research on personal relationships within a buyer-supplier relationship is scant on this critical issue and does not tell us about the negative consequences that might develop when a personal relationship is absent in the buyer-supplier relationship. It is paramount to undertake this type of research to offer firms/managers a more balanced perspective on the role of personal relationships within buyer-supplier relationships.

3. Methodology

Consistent with the research question of the study, an exploratory case study was employed to investigate negative outcomes associated with the lack of personal relationships in the buyer-supplier relationship. This method was also deemed appropriate given the need to ask "how", "what" and "why" questions and to gain the in-depth insight of a given phenomenon in a real-life situation ([Yin, 2009](#)).

Australia's logistics industry represents 8.6% of the nation's GDP in 2017, and directly contributes round \$131.6 billion to Australia's economy. Furthermore, It currently employs over 1.5 million people and 1% improvement in the efficiency of the sector generates \$2 billion of gains to the economy each year. Finally, Australia's logistics industry provides critical services to three of the top four industries by value in Australia today – mining (9.6%), construction (7.4%) and manufacturing (7.4%). [Gligor and Holcomb \(2013\)](#) argues that development of personal relationships usually takes place between engaged in the process of buying and selling logistics services, and it would be interesting to see how an absence of a personal relationship is perceived in logistics context. In addition, [Butt \(2018\)](#) argues that an absence of personal relationship between managers engaged in the process of buying and selling logistics services can seriously blow a business relationship between logistics firms. For instance, firms selling logistics services can lose important business contracts, while firms buying logistics services can lose an opportunity to reduce their monitoring costs. Therefore, it is worth mentioning that the context chosen for this study is the logistics industry, specifically the relationship between managers buying and selling logistics services.

3.1. Study sample, sampling and data collection method

3.1.1. Study sample and sampling

In this study, senior managers (not having personal relationships with their counterparts) engaged in the context of buying and selling logistics services were sampled. 19 senior managers were based in the Eastern part of Australia including Victoria, New South Wales and Queensland, while five respondents were based in Perth (Southwest coast). Overall, 24 senior managers were interviewed from 10 different Australian companies engaged in the process of buying and selling logistics services (5 companies buying logistics services and 5 companies selling logistics

services). These logistics companies were mainly large with a staff of around 1000–5000 employees. In addition, the majority of the respondents have been serving in their current position for over three years. Further details are provided in the Appendix.

The researcher relied on four different industry forums to explain the objectives of this research and to further exchange contact information with the managers. All contacts were then pooled, and knowledgeable respondents were selected using purposive (expert) sampling method as of Creswell (2013) to begin an interview process. At the end of the interviews, these senior managers were asked to facilitate contact with a senior manager from another firm (snowball sampling). This process contributed to a final sample of 24 interviews.

3.1.2. Data collection

Data was collected through semi-structured interviews. An interview protocol was developed following Creswell approach (2013). The interview protocol developed had a very standard set of questions that were organized under the main topic, open-ended questions and probe to find out information on the role of personal relationship within the buyer-supplier relationship. Furthermore, the research objective of this study was clearly explained to the participants before the commencement of each interview. Additionally, interviews were conducted in two different phases. The first phase commenced from June 2017 till September 2017 while the second phase began in January 2018 and lasted till February 2018. All interviews were conducted in English throughout and lasted for 45–90 minute. Theoretical saturation was attained after 24 interviews (12 senior managers of buying firms and 12 senior managers of supplying firms) as additional interviews yielded no new information. Based on this fact, and in consideration of standards set forth in previous research, 24 interviews were deemed enough for data collection purposes (McCracken, 1988 suggest that it is sufficient to interview eight informants to reach saturation). An interview protocol is provided in Appendix A for further information. Also, companies' websites and reports were analyzed to conduct validity checks and for triangulation purposes as suggested by Yin (2009). It is also important to mention that researcher's affiliated institute did not require ethical approval for this study.

3.2. Data coding and analysis

The data was analyzed using content analysis. To code and analyze data, Strauss and Corbin (1990) recommend three different types of coding. These are open coding, axial coding, and selective coding. Also, the unit of analysis in this study is individual managers (micro level analysis) rather than traditional firms to firm linkages. All interviews were transcribed verbatim using NVIVO 10 software and themes were analyzed using open, axial and selective coding following Strauss and Corbin (1990). Furthermore, the content analysis was further facilitated using NVIVO 10 software in order to better observe the relationship between emerging categories. An inductive approach, following an iterative bottom-up process to data analysis, was further adopted as of Creswell (2013). In addition, the data was further sorted into codes and categories, and the relationship between various constructs emerging from the analysis of data was presented through the development of propositions.

In order to ensure the trustworthiness of the findings, the four principles of Guba and Lincoln (1994) were strictly followed: Credibility: the participants were asked to review the interview transcripts and provide feedback on any misunderstandings; Transferability: diverse participants were chosen to represent variations in the type of positions, responsibilities, and regions. Additionally, this study clearly provides all information including the number and type of participants, a number of firms, data collection procedure and interview period; Dependability: the codes developed were compared with the codes by the other researchers for the same transcripts. The inter-code comparison was found satisfactory with 82% similarity; Conformability: the findings were supported by quotes, regular review of data and analysis procedures to avoid judgmental bias.

4. Results

Based on the comprehensive analysis of the data, it emerged that an absence of a personal relationship in the buyer-supplier relationship generates six negative outcomes such as lack of trust, not sharing important business ideas and sensitive business information, not engaging in peer mentoring, taking longer to resolve conflicts, and finally low employee engagement.

4.1. Theme I: Trust deficit

Throughout the interviews, respondents revealed that managers find it reluctant to trust each other and had a sense of fear that other party might harm or exploit them when a personal relationship is not present between them. Social capital theory relational perspective provides support to these findings. Relational social capital argued that an absence of relational social capital compels manager to remain reluctant to trust each other and have a sense of fear (Adler and Kwon, 2002). This theme emerged as a result of interviews with the following respondents: B1, B2, B3, B4, S1, S2, S7, S9, and S11.

Another discussion with B1 provided stated that when business partners do not share personal relationships or friendships, this can make it difficult for them to trust each other, which can further adversely affect their ability to perform in their organizational role. Consider the following quote:

A strictly business-oriented employee might not share the same level of trust, which two business partners having friendships do. What I am saying is that they may be reluctant to share their personal information or may not freely and openly talk with each other for example. Such lack of trust can have an adverse impact on their ability to fully discharge their duties (B1).

Another discussion with a respondent B2 disclosed that how two managers can encounter a trust deficit when they do not have personal relationships with each other. He also discussed how crucial is trust in this business world.

What I have found that managers who remain business oriented find difficult to cooperate with each other and there is no collaboration-taking place between them. Furthermore, such managers find it difficult to rely on each other in difficult times and always have a doubt that the other partner will try to harm their self-interest, especially when it comes to working with new suppliers (B2).

Another interview with S7 provided support to the above findings. This respondent argued that business partners lacking personal relationships are usually reluctant to develop higher trust. Respondent also asserted that such trust is important for business partners to act in the best interest of the firm.

I believe employees who are not friends do not share the same level of trust, which business friendship share. I mean you have to understand this! Trust is very important in business. Trust can extend to maintain professionalism with your counterparts and their assets. Such lack of trust between business partners can make it difficult for them to perform best in their supply chain role (S7).

Hence, the following proposition is developed:

P1: Supply chain managers (agents) from buying and supplying firms do not trust each other when a personal relationship is absent between them.

4.2. Theme II: No exchange of important business ideas

Respondents' stories thoroughly revealed that because of the absence of a personal relationship, they did not

share important business information and/or ideas with their counterparts. This theme was discussed by the.

following respondents: B6, B8, B9, B11, B12, B5, S11, and S9.

Managers thoroughly stressed that an absence of personal relationship did not provide them with a room and an opportunity to openly and freely discuss innovative ideas that could have enhanced business performance.

Consider what respondent B6 has to say:

Sometimes, I find it difficult to discuss important business ideas with employees I do not know at a personal level but actually, I have to keep this business relationship going on. I just jump straight on to the business-related matters and if there is nothing else to discuss then I hardly communicate with them(B6).

Another interview with S6 provided support to the above findings.

...an absence of a personal relationship between managers across firms means that there is no a platform for business partners to perform a brainstorming activity and therefore develops new and innovative ideas (S6).

Following proposition is presented as a result of the above discussion.

4.3. Theme III: No exchange of sensitive business information

Interviews with respondents revealed that they remained reluctant to share sensitive business information with their counterparts as a result of the absence of a personal relationship. The following respondents discussed this theme: B1, B5, B6, B8, B9, B11, B12, B5, S10, S6, S5, and S9.

Respondents' narrative thoroughly discovered that due to an absence of a personal relationship, they were not able to exchange sensitive business information with one another that they would have shared if they had developed a personal relationship. Respondents also argued that such information had the potential to benefit both parties. The following quote by B8 testifies to this:

When you don't have elements of personal relationship in business exchange, then it means there is not enough trust as well. Resultantly, partners may not tell you something about their business, which they can tell you if they share a personal relationship with you (B8).

The interview with B9 provided support to the above findings. This respondent confirmed that he was not comfortable at all sharing sensitive business information with his counterpart that he did not have a personal relationship with.

I really do not feel comfortable sharing important information with vendors that I do not have a personal relationship with. It is simply because of the nature of the relationship we have (B9).

Another discussion with S9 revealed a similar story. During an interview, he argued that he will not share his firm's sensitive business information with his counterpart, but would do so if a personal relationship is present. Following quote testifies to this:

Sometimes, we have important business information (an increase in our prices in the next few months, or switching our business to other premises) which we really want to share with our customers. If they are aware of this information well ahead then they can plan things accordingly, but we somehow remain reluctant to share this important information with our counterparts. It is because we do not know whether they will keep this information to themselves. I believe the case might be different if there is an element of friendship between two managers (S9).

Therefore, it is proposed that

P2: Supply chain managers (agents) from buying and supplying firms do not share important business ideas or sensitive (confidential) business information with each other when a personal relationship is absent between them.

4.4. Theme IV: Longer time to resolve conflict

Respondents' narratives thoroughly revealed that an absence of personal relationship or friendship between supply chain managers across firms made it difficult for them to approach each other and resolve any work-related conflicts. Respondents stated that it took a considerable amount of time for such business partners to resolve conflicts, which delayed the business operations of the company. This theme emerged as a result of the discussion with the following respondents: S1, S2, S3, S7, B12, B11, B8, B6, B3 and B2.

Consider the following quote by S1.

Conflict is inevitable in this business world. So I'm not much worried about it. My only concern is how long it takes to handle the conflict. Luckily, business partners who are friends can approach and resolve conflicts in an expedited manner. Because they know each other at a personal level too, which tone to use when to call and discuss the issue. This is not how it works in business relationships, where friendship is absent. Sometimes, a conflict between two managers can prolong for such a long period and this may be adversely affecting the business relationship between two firms (S1).

Another interview with B11 provided support to the above findings. The discussion with a respondent revealed that business partners who do not share friendships might not be in a position to resolve conflicts, which require immediate attention for the company's operations to run smoothly.

Sometimes two managers might get so much into the conflict that the place begins to feel like a high school cafeteria, full of cliques and drama. Instead of resolving such conflicts, they continue to escalate it. This is so annoying. They have squabbles and grudges towards each other, which are signs of a negative relationship. Such negative relationships can negatively affect their work performance and the ability to work in the best interest of the firm. However, this is not how it works for business friends. I believe employees who are friends find it easy to deal with difficult conflicts because they know each other at a deeper level. Friends know each other's state of mind and now exactly whether this needs to be said right now. They can immediately sort out the conflicts and can continue to perform in their role (B11).

B12 also stated that when a personal relationship is absent in the buyer-supplier relationship, it takes longer for managers to resolve conflicts which sometimes requires immediate attention.

It is ok to be wrong or to have a different point of view between two managers. Each manager has something to give and something to learn. Conflict is a way to pass on that knowledge. Unfortunately, managers who do not share friendships do not have room to offer forgiveness or tolerate others perception. While in friendships, they offer space, understands each other's point of view. When managers share friendships, every challenge is a chance to improve. Friendship allows you to give a chance to practice patience detachment and compassion. The added benefit strengthens the relationship between managers and results in better work performance (B12).

Hence, the following proposition is developed:

P3: Supply chain managers (agents) from buying and supplying firms do not take an initiative to resolve inter-personal conflicts when a personal relationship is absent between them.

4.5. Theme V: No peer mentorship

Another discussion with a respondent interestingly revealed that when the manager does not share friendship within the confines of their supply chain role, they may not feel confident to approach their

counterparts with any questions or for any help. This respondent stated that when an element of friendship is absent from two business partners, this results in a weak business relationship. This theme emerged after discussion with the following respondents: S4, S5, S7, S8, B7, B8, B9, and B10.

An interview with S4 revealed how managers fail to get an opportunity to learn from each other because of the non-existence of friendship between them.

It is true that your boss or line manager can be a great source of help for you when you need to learn something new or you require assistance with a certain matter, but employees should also take an opportunity to learn from each other as well. What I have found is that two managers who do not try to bring into the element of a personal relationship when conducting business actually struggle to approach their counterpart when they have any questions or when there is a matter, which requires immediate attention. This is really a sign of a weak business relationship. This can also have a negative impact on their productivity and performance (S4).

Another story from B10 provided support to the above findings that how an absence of a personal relationship in the buyer-supplier relationship do not give them an opportunity to learn from each other and subsequently impact their work performance.

I do not share a friendship with an experienced operations manager from my partnering firm. So, whenever I have an issue that I do not know how to resolve or work out, I find it difficult to seek his help. Sometimes, I have to wait for weeks to get an appointment with him to receive any training. I believe lack of friendship with your mentors means that they might not be willing to mentor you when needed. This delays the business process sometimes (B12).

Therefore, it is stated that:

P4: Supply chain managers across firms are reluctant to engage in peer mentorship when a personal relationship is absent between the.

4.6. Theme IV: Decreased engagement

Throughout the interviews, managers stated another problem associated with the absence of a personal relationship in the buyer-supplier relationship. They argued that managers not sharing friendship with their counterparts from partnering firms were not found to be fully engaged as compared to the managers who had a friendship with their counterparts across firms. This theme emerged as a result of the discussion with the following participants: S1, S2, S4, B2, B3, B6, and B7.

A discussion with B7 revealed how the absence of a personal relationship between managers might impact their engagement. Consider the following quote

I can tell you that when managers across firms remain completely professional and do not develop friendships within the confines of their organizational role, this decreases their ability to remain engaged with their projects (B7).

Another discussion with S2 provided support to the above findings. This manager discussed the contrast when a personal relationship is present between two managers, against when a personal relationship is not present.

Consider the quote below:

I know one of the managers in my company who arrives on time every day, produces a high level of work and gets along with her counterparts across the firm. Although I believe she is a consistent, reliable worker, she is not engaged with the company. Sometimes I saw her taking notes during meetings with our customers but will rarely speak up. I believe she is not truly connected to the company's mission and often daydreams about working at an organization where she can truly thrive because she cares about her work mainly. (S2).

Further discussion with respondent B6 revealed that business partners who do not share personal relationships are found to be less productive as compared to the business partners sharing personal relationships.

Well, managers who do not develop cosy relationships in this business world are not engaging. When they say (paraphrasing the manager) I do not have a friend at a workplace, they are likely to add less value to the overall success of the company. In fact, the absence of a personal relationship can also lead to higher employee turnover and can harm the business relationship between two firms (B6).

P5: Supply chain managers (agents) from buying and supplying firms show a lack of engagement when a personal relationship is absent between them.

5. Discussion

5.1. Theoretical implications

The results from this study expand on the previous study by [Dyer and Singh \(1998\)](#), where authors found that firms in arm's length transactions (or absence of personal relationships) do not develop trust and only share limited business information. However, this study introduces new characteristics of arm's length transactions such as managers' reluctance to disclose sensitive business information, managers taking longer to resolve conflicts and no peer mentorship among managers across firms. This study also contributes to social capital theory relational perspective. For instance, previous literature on relational social capital postulates that relational members can get access to needed resources ([Adler and Kwon, 2002](#); [Burt, 1997](#)) and that an absence of relational social capital leads to reduced trust, no obligations, lack of respect and friendship ([Coleman, 1990](#)). This study introduces additional outcomes, which develops because of an absence of relational social capital such as no peer mentorship, no initiative by either manager to resolve interpersonal conflicts, no exchange of sensitive business information between business partners and finally low employee engagement. This study also contributes to other disciplines such as Marketing. For instance, [Haytko \(2004\)](#) and [Hutt et al. \(2000\)](#) from the marketing literature argued that personal relationships are critical to building business relationships and the absence of a personal relationship can have a negative business impact. However, these studies do not tell us in which ways an absence of a personal relationship in the buyer-supplier relationship can create a negative business impact. Findings from this study build on this body of literature by revealing the nature of outcomes. For example, findings suggest that an absence of personal relationship lead to negative business impact in the form of no peer mentorship, no resolution of conflicts and minimal sharing of business ideas and sensitive business information between business partners.

While previous studies in the supply chain literature have addressed the role and impact of personal relationships within a buyer-supplier relationship, this study takes a different approach and examines how an absence of a personal relationship in the buyer-supplier relationship affects business performance. First, this study contributes to the supply chain management inter-personal trust literature. For instance, [Gligor and Esmark \(2015\)](#) argue that an absence of a personal relationship in the buyer-supplier relationship may make it difficult for managers to establish trust, during their interaction as a supply chain partner. However, the study did not highlight the barriers/hindrances, which makes them reluctant to trust each other, when a personal relationship is not present between them. This study expands on their study by identifying specific barriers such as not sharing personal information. Second, this study also expands on supply chain inter-organization communication literature (inter-organization communicate refers to the communication that takes place between individuals). For example, [Gligor and Autry \(2012\)](#) suggest that the absence of a personal relationship between managers of buying and supplying firms may result in an ineffective communication process

between the relational members. Findings from this study build on this body of literature by providing a much better understanding of this phenomenon. Another important theoretical contribution of this paper is that it develops propositions based on the data analysis, to extend future research in this important area in the supply chain management domain.

5.2. Practical implications

This study has several implications for managers. First, managers (particularly Australian managers) can use the findings to understand negative outcomes associated with the absence of a personal relationship in the buyer-supplier relationship. Particular, this paper highlights that an absence of a personal relationship in the buyer-supplier relationship is now the highest source of demotivation for Australian managers to remain productive, with low salary ranked at the second place. Moreover, an absence of personal relationship means that managers are likely to be less productive when working along with a counterpart who does not share any sort of personal relationship with them.

In addition, this study informs that an absence of personal relationship within inter-firm relationships means that managers will have a weak connection to their respective firms as well. In fact, managers argued that sometimes, they don't find themselves to be fully productive as well as actively engaged when it comes to working with a business partner with whom they don't have any close personal ties. Surprisingly, some respondents argued that they even plan to quit their jobs if they do not get an opportunity to work with someone they do not share a personal relationship with. This means that firms can experience higher turnover rates if they do not provide their managers with an opportunity to develop personal relationships in a buyer-supplier relationship. However, this situation is considerably better where managers share some sort of personal relationships within inter-firm relationships. Therefore, it is critical for managers to engage in the process of developing personal relationships to remain productive, engaged and for firms to retain their employees. This paper also suggests senior officials that an absence of a personal relationship between their managers within inter-firm relationships can increase their work burden as they may have to spend time helping their managers resolve conflicts with their counterparts or even when it comes to training and mentoring their managers. This can adversely affect their productivity too. Senior managers can reduce this burden by letting their managers develop personal relationships within inter-firm relationships as they can resolve any conflicts with their counterparts on their own without first necessarily discussing with their senior managers. While some managers believe that there is no need to develop a personal relationship as this is a waste of time, however, findings from this study encourage managers to think differently as an absence of personal relationship can seriously jeopardize managers' willingness to contribute the best of their potential. Firms should use the findings from this study and further coach their managers on how an absence of personal relationship may adversely impact the buyer-supplier relationship. The coaching has to be done to potentially avoid the danger associated with an absence of personal relationship within the buyer-supplier relationship.

6. Conclusions

While the findings from this qualitative research contribute to the understanding of how an absence of a personal relationship in the buyer-supplier relationship generates negative outcomes, the results are based on the perceptions and opinions of a limited number of participants. This is a limitation of qualitative studies. Although the inductive method leads to theory development, it is not generalizable to a broader population. Also, this study investigates the behavioural patterns within Australia only. Additionally, cross-sectional research study limits the extent to which cause and effect relationships can be inferred.

Moving forward there are additional opportunities for future research. One direction consists of empirically testing the

generalizability of the findings proposed in this study. In addition, the cross-sectional research design limits the extent to which cause-effect relations can be inferred. Future research using longitudinal data could help address this limitation. Another important avenue for future research is to reveal the conflicts that might emerge between managers and their respective firms when a personal relationship is present in the supply chain. Some respondents also argued that personal relationships can result in role conflict. Future research should, therefore, explore how personal relationships can result in intra-personal conflict and how role conflict can diminish their productivity level. Finally, the nature of personal relationships and their role varies in different business cultures. Therefore, future research should explore the research question addressed in this study using samples drawn from other cultures, specifically South Asian countries (China, India etc.), as this might lead to different outcomes. This research is just a stepping-stone in offering a well-balanced perspective on the role of personal relationships in supply chains. Further research is needed to better understand how managers can develop policies/practices, which encourage managers to engage in the process of developing personal relationships.

Declarations

Author contribution statement

Atif Saleem Butt: Conceived and designed the experiments; Performed the experiments; Analyzed and interpreted the data; Contributed reagents, materials, analysis tools or data; Wrote the paper.

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