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Boundary Spanning and the Art of Persuasion

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The Challenge of Managing in Relationships

Networks differ from organizations in basically two ways. First, they do not have an owner, and second, they cannot be managed on the basis of hierarchical positions held by managers. In other words, people with boundary roles do not have any authority over others in the network. Firms and boundary-role persons (BRPs) can, however, exercise power over each other through their relative positions in the market and in the network. Typically, the market mechanism functions as the legitimizing source for the use of power because it is socially acceptable for firms to choose the partners they aim to do business with. It is not only the bargaining of certain transactions or business deals that is important

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J. Vesalainen et al. (eds.), *Practices for Network Management*,
DOI 10.1007/978-3-319-49649-8_7

but also the threat of competition that is a relevant means for exercising power over business partners. The exercise of power manifests itself in inter-firm communication, and parties of a business relationship may refer to competition or market situations in order to strengthen their own firm's position. Suppliers, for example, blame customers for using the "China card" in negotiations or other interaction episodes which they refer to as the customers' urge to highlight "another alternative" from a low-cost country. Power asymmetry may also manifest itself in the form of a hierarchical position taken by one party of the relationship. The most usual source of asymmetry in business relationships is the size of the firm. Bigger firms tend to have certain types of power over the smaller ones. Representatives of more powerful firms may easily take a hierarchical position which manifests in their communication as utterances highlighting, for example, their own firm's position as a customer or their better know-how on how things should be done. Business partners can also be influenced by using a relational tone during interaction. Relational interaction is based on trust, commitment, and unity between the parties, and the win–win principle is often highlighted as the basis for partnerships. Research on networks and business relationships leans strongly on the firms' and BRPs' relational orientation and collaborative capabilities as the foundation for collaborative advantage.

In our project, we observed that firms are generally not aware of their boundary-spanning behavior orientation. At least they do not use various persuasion tactics as deliberate means to manage in networks. In some extreme cases, firms run into boundary-spanning behavior issues as in the example of our partner firm, which found one of its buyers to have an extremely hierarchical and competitive attitude during interactions with his suppliers' representatives. His behavior raised bad blood among the suppliers, and finally, the buyer was moved to another position. The point of departure in this tool development process was the notion that boundary-spanning behavior may vary, but is not usually controlled as a strategic principle or a code of conduct that has to be followed in inter-organizational interaction. A firm may have a relationally oriented sourcing strategy, but it does not fit with the buyers' interaction styles. Implementation, thus, does not follow intention.

The developed tool and managerial processes using the gathered information are expected to enhance network building. By making boundary-spanning behavior explicit, we aim to raise new important issues to be discussed in business relationships. It may be possible to define a relationship or network-specific code of conduct, which outlines what kind of behavior is preferable in the focal network. The information about one's own boundary-spanning behavior at least serves as a valuable point of departure when single firms analyze and develop their collaborative capabilities.

In the following sections, we present the results of an experimental project where boundary-spanning behavior was cross-analyzed in a supply network. We begin with a review on the theoretical foundations of boundary-spanning behavior, followed by a short section explaining the tool development process and the presentation of the analysis tool itself. We continue by describing the pilot project and showing the results of the cross-firm boundary-spanning behavior evaluation in four supply networks. The chapter ends with a discussion of the managerial value this kind of tool and related managerial practices may create.

Theoretical Foundation for Boundary-Spanning Behavior

Rhetoric—The Art of Persuasion

We define boundary-spanning behavior as *rhetoric* by which BRPs try to influence the conduct of the representatives of partner firms while pursuing their task-oriented goals. Rhetoric concerns the persuasion-oriented part of discourse (Heracleous and Marshak 2004). Cheney et al. (2004), for example, define rhetoric as "the conscious, deliberate and efficient use of persuasion to bring about attitudinal or behavioral change." Rhetoric has a persuasive role in situations where a credible source, clear evidence, or background in logical support is missing. Referring to Aristotelian rhetoric, broadly defined as the art of persuasion (Rapp 2010), a task-oriented goal in a conversation between a buyer and seller can be boosted by emotional or other utterances in the discussion. A BRP's persuasion tactics rely on psychological influence to convince or compel a partner firm's representative to assent to his/her position and act accordingly. In Aristotelian terms, ethos, pathos, and logos are the elements of persuasive communication. Ethos refers to the charisma of the speaker; pathos is the tone of speech that appeals to the audience; and logos describes how the speaker appeals to the intellect or to reason (Rapp 2010). Moreover, the *organizational rhetoric* perspective emphasizes that discourse is produced by organizations, not individuals (Crable 1990), and that individuals interact with an organizational voice (Boyd and Waymer 2011). In our context, BRPs use organizational rhetoric in order to implement organization-level purchasing strategies into practice through relationship governance modes. Thus, boundary-spanning behavior is also based on multiple governance theory.

Persuasion Tactics in Cross-Border Communication

Boundary-spanning behavior, as we define it here, is derived from the multidimensional governance theory, which defines governance as market-oriented, hierarchical, and relational. These ideal-typical modes of organizing appear in varying proportions in different institutions: "inter-firm relations in real markets embody and rely on varying degrees of trust and hierarchical authority, even if their primary mechanism is price" (Adler 2001, 216).

We expect these governance principles to manifest themselves as embedded in the communication of BRPs. As pointed out above, communication and discourses in general have two parts: the task-oriented part and the persuasion-oriented part. For its persuasion-oriented part, we assume boundary-spanning behavior to be colored by the three above-mentioned persuasive arguments. Consider the following examples of communication where a buyer firm's representative discusses the supplier's quality problems:

(a) You have recently had serious quality problems in your deliveries. This low level of quality is hard to tolerate because there are plenty of qualified suppliers in the market and we are seriously considering opening negotiations with one of those.

(b) You have recently had serious quality problems in your deliveries. As a customer we cannot tolerate this low level of performance from any supplier and we expect you to tackle this issue as soon as possible.
(c) You have recently had serious quality problems in your deliveries. Would it be possible to look at the problem together with our specialists?

The task-oriented issue in each of these examples deals with supplier's quality problems, but the rhetoric by which the message is expressed varies. In example (a), the speaker uses a competitive tone; in example (b), a hierarchical tone; and in example (c), a relational tone. Boundary-spanning behavior thus refers to a particular type of rhetoric, which indicates how an issue is communicated.

We expect each BRP to have the propensity to use a certain kind of persuasive style. The style is a product of personality, the position held by the person, a firm's culture and strategy, and various situational factors, such as the type of operations the focal BRP is working with. A firm's boundary-spanning behavior is the sum of the individual BRPs' styles, which is the reason why it is so difficult to manage.

Examining boundary-spanning behavior as a multidimensional phenomenon also means that all of the modes of persuasion can "score low" simultaneously. This makes the presence of a laissez-faire (or neutral) boundary-spanning behavior possible for BRPs. In this respect, our theorizing and empirical exercise communicates to classic managerial models (Lewin et al. 1939), which introduced laissez-faire managerial behavior, where neither the autocratic nor the democratic style clearly dominates. We assume this view is also relevant for investigating BRPs' boundary-spanning behaviors.

Competitive Persuasion Tactics

From a market governance perspective, a BRP prefers to use *competitive tactics* (Walker and Weber 1984), which means offsetting investments in other relationships to signal the existence of market forces. Through the use of competitive tactics, the industrial purchasers' goal is to optimize price. Arm's-length relationships are typical in industrial business, and a buying firm usually applies the competitive force of the market by requesting competitive bids from multiple suppliers (Dyer and Ouchi 1993). Along with the bargaining itself, the market-driven behavior of a BRP is based on the threat of using alternative partners implicitly by signaling such a possibility or by highlighting the existence of competition by referring to the other firms.

Hierarchical Persuasion Tactics

In the inter-organizational context, *hierarchical tactics* exist when the parties in a relationship try to exercise power over each other by referring to their own superiority or position. Power can be defined as the ability of the BRP to influence the intentions and actions of the other party (Maloni and Benton 2000). The literature identifies five bases of inter-firm power: *reward, coercion, expert, referent*, and *legitimate* power. Exercising power through reward presumes that the BRP has the ability to mediate incentive for the target firm (e.g., when the customer can offer additional business to a supplier). Coercion power refers to the BRP as an actor to mediate punishment for the target firm. For example, the customer can reduce the volume of business with a supplier or cease to do business with it altogether. When the BRP and the source firm have access to knowledge and skills that the target firm desires, they may use expert power. Referent power refers to a situation in which the target firm wants to be identified with the firm a BRP represents. Legitimate power can be used when the target firm believes that the partner has the right to request and expect things to be done according to its requirements as part of the relationship (Maloni and Benton 2000). The amount of power and its direction are determined by the dependencies in a relationship. The higher and more asymmetric the dependency, the more potential there is for authoritarian behavior in a relationship (Ritter 2007). We expect that the abovementioned sources of power all represent potential content for the rhetoric used to persuade the partner firm.

Relational Persuasion Tactics

Relational tactics leverage social capital and relational orientation to maintain relationships in contrast to using the threat of termination (hierarchical enforcement) or maintaining competition (market governance) (Heide 1994). Instead of continuously looking for new partners, firms develop joint values and expectations about "proper and acceptable behavior" (Macneil 1980, 38). Drawing on Macneil's work, scholars of marketing management have defined ten norms as a basis for relational behavior. Through *long-term orientation*, the use of relational tactics refers to the desirability and benefit of a supplier or buyer having a long-term relationship with a specific exchange partner, and thus the relevance of BRPs to think and act from such a perspective (Ivens 2004). Using *role integrity*, BRPs signal that they will behave properly and care for the relationship in all circumstances (Blois and Ivens 2007). Moreover, relational tactics imply using *relational planning* to emphasize proactive and bilateral goal setting for future joint actions. This is thought to be central in the use of relational tactics among BRPs that want to signal the importance of a long-term relationship with *mutuality*, the belief that a party owes its success to the mutual benefits of a partnership. Relational tactics also imply that BRPs should show *solidarity*, particularly in situations in which one partner is having difficulties, because relational tactics include the expectation that joint rather than individual outcomes are highly valued (Ivens 2004). Moreover, relational tactics imply a readiness to *adapt an existing agreement* to new environmental conditions and changing needs in the buyer–supplier relationship (Cannon and Homburg 2001). This includes the willingness of the parties to proactively provide all information that could be useful in information exchange (Ivens 2004). Through *conflict resolution*, BRPs are expected to use informal and personal mechanisms to resolve conflicts. Finally, the expectation that actors will not apply their legitimate power to the detriment of their partners is classified as the norm of *restraint in using power*. We expect these norms to represent the sources for relational persuasion tactics.

Monitoring Boundary-Spanning Behavior in Networks

In order to make the boundary-spanning behavior explicit, the partner firm in this project found it relevant to experimentally conduct an evaluation of their boundary-spanning behavior style. The evaluation was conducted in 24 supplier relationships so that the representatives of the suppliers evaluated the boundary-spanning behavior of the customer firm by using the developed scale.[1] Along with the evaluation conducted in the focal network, we invited three other supplier networks to join the evaluation in order to get comparative data. The boundary-spanning behavior data used in this chapter thus consists of four supplier networks and 65 supplier–customer relationships. In the following section, we take the focal network's (Network Delta) and the focal customer firm's (Delta) perspectives to analyze the current situation in terms of the customer's boundary-spanning behavior.

Boundary-Spanning Behavior at the Network Level

Delta's boundary-spanning behavior profile was found relatively balanced as none of the styles score extremely high (Fig. 7.1). In comparison to the other customer firms' profiles, Delta seems to behave more hierarchically than the others (especially Alpha and Gamma). Delta (along with Beta) also uses strong competitive rhetoric in its interaction with suppliers. The customers Alpha and Gamma quite clearly behave in a less competitive way, at least when it comes to the competitive rhetoric they use in supplier relationships. The level of Delta's relational rhetoric is a bit lower than that of Beta and Gamma. Only Alpha seems to stand out as a strong relational actor. In sum, the boundary-spanning behavior profile of Delta (along with Beta) at the general level corresponds with the *competitive/hierarchical style* found in the pilot research. Network-specific profiles seem to vary when boundary-spanning behavior is reviewed at

[1] On the development and validation of the tool, see Vesalainen et al. (2016); the boundary-spanning behavior scale was found statistically to differentiate between the three persuasion tactics.

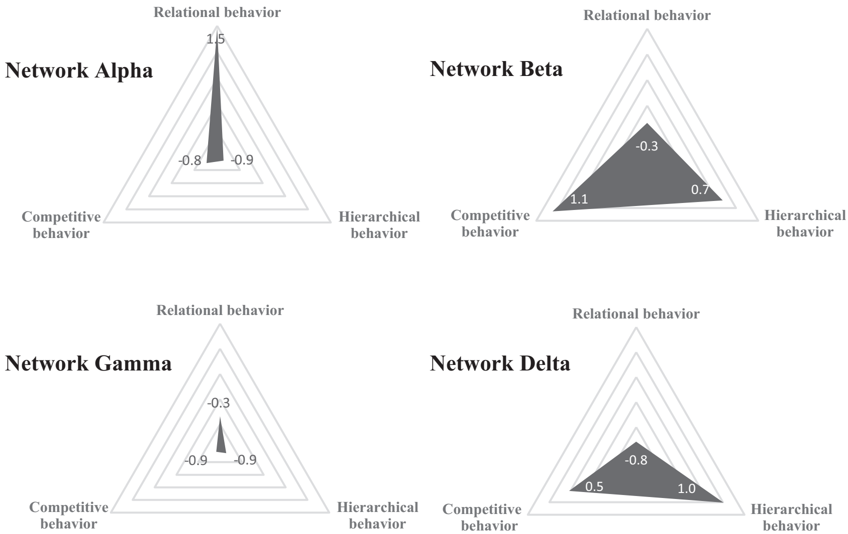

Fig. 7.1 Customer firms' boundary-spanning behavior profiles in four supplier networks (standardized values)

the network level; in the network Alpha, the customer has clearly adopted the *relational style*, and in the network Gamma, the customer has the *laissez-faire style*.

The network-level comparison enables Delta to critically scrutinize its boundary-spanning behavior against the comparative data. Does the result of evaluation and comparison to other networks correspond to the firm's overall understanding of its interaction with suppliers? One can also ask if the result is in line with the supply chain management strategy chosen by Delta.

Boundary-Spanning Behavior at the Supplier Category Level

Supplier relationships are—and should be—different. From the customer firm's perspective, it is not necessary to build close relationships with all the suppliers, but it should differentiate relationships into categories according to various reasons and practice differentiated relationship management in each category. This differentiation also concerns boundary-spanning behavior with different persuasion tactics and rhetorical emphasis. In the network Delta, the customer firm divides suppliers into three categories: strategic suppliers (delivering sub-systems and technology designed and owned by the supplier), contract manufacturers (delivering parts and sub-assemblies designed by the customer), and standard suppliers (delivering standard parts). We continued the analysis with a comparative setting where Delta's boundary-spanning behavior is compared in the three supplier categories (Fig. 7.2).

Delta's boundary-spanning behavior seems to be quite competitive in interaction with the strategic suppliers. This is understandable because suppliers in this category generate a great deal of purchasing costs, which make the customer very interested in using the market to bargain for lower prices. Concerning the contract manufacturing relationships, the competitive rhetoric of Delta seems to be quite low. These suppliers are mainly local actors, and Delta has put quite a lot of effort to help them develop manufacturing and logistical operations. These business relationships are basically cooperative and the governance mechanism in general relies on means other than competition and market mechanism.

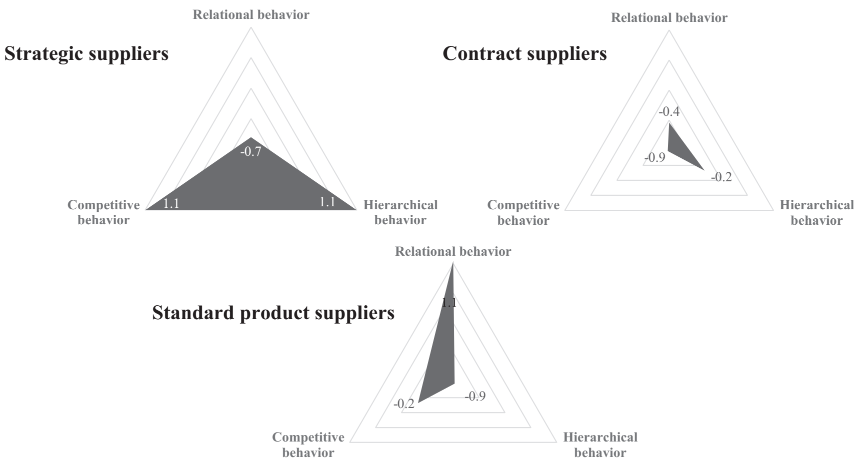

Fig. 7.2 Delta's boundary-spanning behavior in three different supplier categories

Against that background, it is surprising that relational and hierarchical boundary-spanning behaviors do not manifest themselves at a higher level. Furthermore, it is also surprising that Delta seems to use relational rhetoric, especially in relationships with standard product suppliers. Is it possible that relational boundary-spanning behavior is a question of personal chemistry rather than a deliberate managerial means?

The above analysis, taking a specified look into boundary-spanning behavior data, is, of course, only one analytical setup. It would be useful to conduct analyses by differentiating between supplier types such as local versus international suppliers, small versus large firms, or ownership structures and nationality. This kind of analysis would more accurately expose the focal firm's behavioral orientation in its supplier network. The analysis is important to extend even to single relationships in order to find out whether there is something that does not fit in the picture. In Delta's network there is, for example, a strategic supplier who perceives Delta's boundary-spanning behavior as extremely competitive. Is this in line with what the purpose was, or is there some kind of misunderstanding on the supplier's part or a harmful overkill that happened in the supplier–customer interaction?

Managerial Practices and Value Related to Boundary-Spanning Behavior Analysis

From the managerial point of view, the crucial question is: does the evaluation procedure have any use in network management, and how can these possible gains be achieved? From a researcher's point of view, the first valuable aspect of using this kind of tool is the fact that it makes boundary-spanning behavior with various persuasion tactics and rhetorical means visible. When BRPs acknowledge the importance of alternative communication styles, they can evaluate if this aspect of network management is useful for them or not.

From a customer firm's (like Delta) perspective, boundary-spanning behavior analysis is valuable only if it is used in connection with supply chain management. If supplier relationships are an important part of a firm's supply chain strategy, then managerial consideration directed to boundary-spanning behavior and its related issues become relevant. We see boundary-spanning behavior with various persuasion tactics as an important means to influence other firms' BRPs. The ultimate goal is to deliberately define a firm's boundary-spanning behavior tactics on a general level, particularly in different supplier categories where the effects of different persuasion tactics may vary. It may also be useful to fine-tune persuasion tactics even at the relationship level because firms and BRPs differ from each other in so many ways.

Boundary-spanning behavior is basically a firm-specific feature. From the managerial perspective, it can be linked to networking as a firm-specific capability. This means that a firm like Delta benefits if its business partners give feedback on the boundary-spanning behavior of its BRPs. However, Delta may not want to involve suppliers in the discussions dealing with their persuasion tactics. It is a firm's internal issue.

Networking is about coopetition (competition + cooperation). The fact is that firms do not lean on relational interaction as the only behavioral orientation. Boundary-spanning behavior as a comprehensive concept makes it possible to address relational behavior as one dimension of a firm's persuasive arsenal. Relational persuasion tactics are thus embedded in competitive and hierarchical orientations, and these three together constitute the firm's basic orientation.

Boundary-spanning behavior belongs to concepts that are basically subjective and thus hard to measure. The boundary-spanning behavior measure used here fulfills the scientific criteria in terms of validity and reliability. Still, its relevance for managerial purposes is questionable if evaluation procedure does not enable comparisons. Comparative data thus adds the value of evaluation because it offers a calibrated yardstick telling what is a lot and what is a little.

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