

Public Abstract

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Title:The Critical Role of Agency Relationships in B2B Exchange

The U.S. Census Bureau (2014) reports that from 1974 to 2014, the number of mid- to large sized firms in the United States grew at nearly twice the rate of small firms. As the average firm in the U.S. becomes larger and as corporations continue to displace small proprietorships in the marketplace, both salespeople and buyers are finding it more difficult to directly access decision makers within the other's organization. In effect, agency relationships, i.e., relationships where "one or more persons engage another person to perform some service on their behalf" (Jensen and Meckling 1976; p.5), are becoming increasingly prevalent. Through two independent essays, this dissertation investigates two common, yet understudied, forms of agency relationships found in today's business-to-business (B2B) markets.

My first essay emphasizes the salesperson's dual agency role in the customer-salesperson- seller firm triad. Prior marketing research has primarily focused on either salesperson-customer or seller firm-salesperson relationships. This research adopts a triadic approach to examine the salespeople's dual role. I conceptualize, measure and empirically examine a new construct, salesperson's customer advocacy, the salesperson's actions to advocate for the interests of a specific customer to others within the seller firm. Although the salesperson's dual role as seller representative and customer advocate has long been acknowledged, prior research focuses on the seller representative role. Drawing from agency theory, I explicate the salesperson's dual role as agent for the seller and as agent for the customer and demonstrate the importance for researchers and practitioners to consider both aspects concurrently. A triadic dataset and complex triadic analysis reveals that both customers' and seller decision-makers' responses to salesperson actions directed specifically to them are moderated by the salesperson's actions toward the other party. A subsequent experiment confirms the theorized mediating mechanism—that salesperson representation of the principal's interests to the other party reduces perceptions of salesperson self-interest. This research introduces an important new construct, customer advocacy, extends traditional agency theory, and examines complex interrelationships among salesperson, seller and customer, offering new theoretical and managerial insights.

In Essay 2, I explore the behavior of buyer advocates, individuals who advocate on the supplier's behalf within customer buying centers, and the effects this form of B2B buyer behavior has on the supplier's customer-level financial outcomes. As buying centers continue to increase in size, so does the number of individuals involved in any given purchasing decision. In a recent study of B2B buying centers, Schmidt, Adamson, and Bird (2015) note that an average of 5.4 people now formally sign off on purchases in B2B settings and that these members represent a much wider variety of jobs, functions, and geographies than ever before. In response, suppliers have begun to rely on advocates inside the customer organization to establish consensus among buyer decision-makers.

I present a new construct, buyer advocacy, defined as efforts by a buying center member to represent, support and defend a supplier during interactions with others within the buying center, and show how this form of B2B buyer behavior affects the supplier's customer-level outcomes. I theoretically justify and offer evidence of a positive effect of buyer advocacy on the supplier's sales while also providing theoretically grounded rationale for a countervailing mechanism, resulting in an inverted U-shaped relationship between buyer advocacy and the supplier's sales. An extremely high level of buyer advocacy risks raising suspicion from other members of the buying center. Second, relying on cognitive response theory, I test factors that

moderate the inverted U-shaped relationship between buyer advocacy and the supplier's customer-level sales. Finally, I offer managerial implications, note limitations, and provide directions for future research.