

which may exist. Recent theoretical contributions and empirical research will guide both the study and recommendations.

Cooperative Behaviors

Oliver (1990) has noted that previous research on relationships between firms assumes that their formation is, at least partially, attributable to interpersonal phenomena. Research conducted by Anderson & Narus (1990), Frazier & Rody (1991), Ghosal & Insead (1996), and Hill (1990) has shown that communication, collaboration, and coordination lead to the development of close relationships between organizations.

Furthermore, the tenets of transaction cost economics (Williamson, 1991) maintain that many of the costs of relationships are not associated with the mechanics of the buying or selling process per se, but rather are created by firms investing to safeguard themselves against dishonesty or deceit on the part of their trading partners. Cooperative behaviors may ameliorate the need for these safeguards (Williamson, 1991; 1993).

Dependence

Pfeffer & Salancik (1978) have argued that the constraints on a supplier's capital and skill resources require it to specialize its products and services to the needs of a limited number of buying firms. These limitations result in the supplier's dependence on this small number of firms for business. As a result of this dependence, the supplier experiences risk that one or more of its trading partners will take advantage of the supplier. According to the resource dependence perspective, a supplier attempts to decrease risk and add stability to a trading relationship by seeking closer relationships and alliances, whether formal or informal, with its buying firms (Kogut, 1988).

The components involved in creating closer relationships include investments in personnel,