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Balance or Stability: A Re-conceptualization of the Key Elements of Service Triad Sustainability

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ABSTRACT

A service triad comprises a client organization, its customers, and a third-party vendor that serves the customers (Niranjan & Metri, 2008). In this study, we conceptualize the meaning of stability of service triads and explain how relationships in a triad develop or deteriorate. We develop our study on the foundations of balance theory. Balance theory (Heider, 1958) advocates that in interpersonal triadic relationships, individuals seek cognitive consistency and emotional harmony. A triad is balanced when (i) the three individuals have positive relationships among them or (ii) any two relationships are negative and the third is positive. *Balanced state* is characterized by cognitive consistency and harmony and is free of tension. Although balance theory was conceptualized at the interpersonal level, it has been used to explain interorganizational triads (Andersson-Cederholm & Gyimóthy, 2010; Choi & Wu, 2009). While a balanced state indicate a harmonious and stable triadic relationship, in which there is no stress towards change, unbalanced state produce tension and forces the triad towards balance.

We argue that a balanced state does not necessarily mean that the triad is stable. From the example of Harry Potter (Choi & Wu, 2009), the triadic relationship among Harry Potter, his uncle and his aunt is in a balanced state because his uncle and aunt share a positive relationship, while they share a negative relationship with Harry Potter. However, even in a balanced state, due to the unpleasantness, which brings instability in the triad, Harry Potter breaks the triad and escapes. This is even more observable in interorganizational relationships. Even when the triad is balanced, it can be unstable with high chances of the unsatisfied partner attempting to break free. We find a direct reapplication of balance theory to interorganizational studies questionable. In this study, we illustrate the key distinctions between balance and stability and explain stability of service triads. We explore the nature of the eight possible states of triads, from perfectly stable to unstable. Further, we identify three key drivers, namely, trust, dominance, and divvy that assist in developing a workable stability. These prevent degradation of a service triad to a lower state. Trust in triads improves relationship commitments and establishes loyalty. It also reduces opportunism. However, not all entities can be trusted. Dominance has a prominent role in triads in which the power divide is high and one entity depends on the other(s). Dominating entities can infuse coordination within business relationships and force its vendor (partner) to improve performance. However, without divvy,

dominance and trust might not be effective in the long run. We believe that the drivers are not mutually exclusive. The importance of one driver over the other(s) varies depending on the nature of the bonding among the entities in the triad. An understanding of the appropriate driver(s) might be utilized to enforce a workable stability when the relationships are tension-filled and less harmonious. The drivers enforce a stable and sustainable triad, even when there are tension-filled negative relationships among the entities.

KEYWORDS: Service triad, stability, balance theory

REFERENCES

References available upon request.