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Abstract

Purpose - Value appropriation is a central, yet neglected aspect in business exchange research. The purpose of the paper is to generate an overview of research on active value appropriation in business exchange and provide the foundation for further research into value appropriation, as well as some initial guidance for managers.

Design/methodology/approach - Literatures investigating value appropriation were identified by the means of a systematic review of the overall management literature.

Findings - We provide an overview and comparison of the literatures and find that they apply diverse understandings of the value appropriation process and emphasize different mechanisms and outcomes of value appropriation.

Research limitations/implications - Based on the literature comparison and discussion, in combination with inspiration from alternative business exchange literature, we propose four areas with high potential for future research into value appropriation: network position effects, appropriation acts and behaviors, buyer-seller relationship effects, and appropriation over time.

Practical implications - Boundary spanning managers acting in industrial markets must master the difficult balance between value creation and appropriation. This review has provided an overview of the many managerial options for value appropriation and created knowledge on the effects of the various appropriation mechanisms enabling managers to secure company rents while not jeopardizing value creation.

Originality/value - To our knowledge, this paper represents the first attempt at reviewing the management literature on value appropriation in business exchange. We provide overview, details, comparisons, and frame a research agenda as a first step towards establishing value appropriation as a key phenomenon in business exchange research.

Value Appropriation in Business Exchange - Literature Review and Future Research Opportunities

Introduction

The concepts of value creation and appropriation are tightly connected. Companies create value in relationships with customers and suppliers and in order to compete they must actively appropriate some of this value for themselves (Blois, 2004; Mizik and Jacobson, 2003). The most basic expression of value is the difference between the benefits received and the sacrifices made (Anderson, Jain and Chintagunta, 1993; Walter, Ritter and Gemünden, 2001; Zeithaml, 1988). Value creation can be defined as “*the process whereby the capabilities of partners in a supply chain are combined such that the competitive advantage of the supply chain relationship (or one or more of the partners) is improved*” (Hammervoll, 2009, p. 222). The created value may not be symmetrically distributed between the parties, as indicated in the final part of this definition. This asymmetry directs attention to the parties’ deliberate, direct, and active efforts aimed at appropriating value in business exchange.

Value appropriation (VA) is defined by the share of exchange rent a focal firm can capture (Gulati and Wang, 2003). Also referred to as value claiming, capturing, or sharing, VA results from the capability of a firm to extract the rents generated in inter-organizational exchange (Verwaal, Commandeur and Verbeke, 2008). VA secures resources that allow the company to invest in future value creation. In turn, value creation allows VA (Wagner, Eggert and Lindemann, 2010). Prioritizing value creation at the expense of VA may eventually hinder a company’s realization of profits from created value.

Research indicates that a balance between the two processes is required (Lepak, Smith, and Taylor, 2007; Mizik and Jacobson, 2003). Investigations have also shown that companies find it severely challenging to manage the VA processes, and their tight interconnection to value creation. Achieving the required balance between the two is difficult, with increasing evidence of companies applying, on the one hand, excessively exploitative VA methods, thereby harming business relationships and future value creation opportunities (Corsten and Kumar, 2005; Kumar, 1996). On the other hand, evidence also points to firms failing to secure their own VA relative to dominant exchange partners (Anderson and Narus, 1995; Blocker et al., 2012; Matthyssens, Vandembemt and Goubau, 2009; Reinartz and Ulaga, 2009). The evidence suggests that managers have an inadequate understanding of VA mechanisms and lack an overview of the many VA options available. Consequently, research on VA processes, activities, and mechanisms is needed.

The marketing literature contains a vast number of contributions examining value and value creation in business exchange between the company and its suppliers and customers (Grönroos, 2004; MacDonald and Ryall, 2004; Walter, Ritter and Gemünden, 2001). Researchers have also investigated how companies appropriate the value created in business exchanges (Dyer and Singh, 1998; London, Anupindi and Sheth, 2010; Mizik and Jacobson, 2003; Verwaal, Commandeur and Verbeke, 2009; Wagner, Eggert and Lindemann, 2010). However, the body of research on value creation heavily outweighs that on VA (Anderson, 1995; Dyer, Singh, and Kale, 2008; Wagner, Eggert and Lindemann, 2010; Wilson, 1995). This is unfortunate, as VA constitutes a key aspect of business exchange and therefore represents an important industrial marketing concern (Anderson, 1995; Mizik and Jacobson, 2003; Ring and Van de Ven, 1994; Sharma, Krishnan and Grewal, 2001; Wagner, Eggert and Lindemann, 2010; Wilson, 1995; Zajac and Olsen, 1993). Several researchers

have criticized the lack of research into VA in the business exchange literature and/or called for investigations of the specific competences and mechanisms of VA (Jap, 2001; Möller, 2006; Wagner, Eggert and Lindemann, 2010). Presently, most of the literature treats VA only implicitly, with limited construct development and discussion, and some confusion regarding the actual mechanisms and activities of appropriation (Dyer, Singh and Kale, 2008; Lepak, Smith and Taylor, 2007; Wagner, Eggert and Lindemann, 2010).

One reason for the limited attention to VA is the focus on the cooperative nature of business exchanges, with industrial marketing researchers assigning less importance to the competitively charged VA construct (Wagner, Eggert and Lindemann, 2010). This limited attention follows from a persistent application of the marketing mix logic, where a successful 4P stimulus automatically triggers a response in the form of revenues from customers. This one-sided perspective of business exchange ignores each party's deliberate VA activities and behaviors. As Deligonul et al. (2006, p. 802) point out: *"In reality, the potential rents in an international partnership are up for grabs as they arise on both sides of the border"*. By taking an interaction perspective to business exchange, VA and value creation are brought to the forefront.

In this paper, we therefore focus on the active and purposeful activities carried out by companies to appropriate value in exchanges with customers and suppliers. We do not deal with VA activities and processes that are integrated with value creation processes or where the two cannot be clearly separated. For example, papers on topics such as segmentation, targeting, positioning, pricing, and customer portfolio management deal with both VA and value creation simultaneously and are therefore not included in the study. While these marketing activities are sometimes considered as VA topics, they deal primarily with creating value for improved appropriation. These topics do not focus on active VA; rather the VA processes occur as a by-product of the exchange. Our expectation is that by focusing on active and direct VA mechanisms we can more carefully distinguish the role and mechanisms of VA in business exchanges.

The purpose of this paper is to generate an overview of research on active VA in business exchange and provide the foundation for further research into value appropriation, as well as some initial guidance on VA for managers. To satisfy this purpose, our specific objectives are to:

- Identify the relevant literature streams dealing with VA in business exchange
- Uncover the applied understanding of and approaches to VA in these streams
- Compare the streams and discuss the status of research on VA
- Propose specific areas for future research
- Suggest managerial recommendations.

We contribute to extant literature on VA in business exchange by providing an overview and detailed insight into VA approaches as framed by the most central literature streams, as well as comparing the streams to assist researchers in developing the theoretical basis for new research on VA. The article is structured as follows. We first describe our literature review methodology. Next, we explicate the present conceptualizations and details of VA by literature stream. This allows a comparative discussion of VA by literature stream and the drawing of conclusions on the status of research on VA in business exchange. Next, four areas for future research are proposed. Finally, managerial implications are suggested, followed by a concluding section.

Methodology

Our starting point was the overall management literature, but with an emphasis on those parts concerned with business exchange. In this research a literature is understood as the aggregate collection of writings related to a specific field or topic, while a literature stream is a smaller subset of the literature, focused on a certain context, topic, concept or the like. The unit of analysis was the business exchange between a company and its suppliers and customers in the industrial market. We address the following research questions:

- Which management literature streams have investigated VA in the business exchange context?
- What are the main characteristics of the approaches to VA as described in each stream?
- Which research areas hold potential for future research on VA in business exchange?

The research process began with an extensive search through academic databases covering the field of management, including Business Source Complete and Proquest, as well as specific publisher databases such as Emerald, Science Direct, JSTOR, and Sage Journals Online. The following search terms were applied in combination and in different grammatical forms: value, rent, appropriation, claiming, capturing, and sharing. We knew that these terms were the most prevalent in VA research from earlier reading before the initiation of the review.

We adopted an iterative process because there is no single and clear definition of VA, there are a number of synonyms, and there is ambiguity regarding the nature of VA and the connection to value creation. The search process and review exercise were cumbersome because the VA concept is dispersed over a very large section of the management literature. We read through the abstracts of the identified papers, and if necessary the main texts, to ensure that they were relevant to the study. If not, they were eliminated from further analysis. For instance we read many papers about value and value creation which had nothing to do with VA.

Following our iterative approach we kept the search process open to identify papers that dealt with the VA processes, even though they did not use the search terms. This was done by studying the reference lists of the articles found in the first round to uncover relevant papers. The study of reference lists also meant that we were able to identify key books and book chapters on VA. Reading through the abstracts or introductory sections of these new papers/books produced a new pool of writing qualified for the study. Incorporating the study of reference lists generally improves the rigor of literature reviews, by providing a double check and complement to the database search. Examining reference lists also enables researchers to single out key references on the topic. With this insight, we forward tracked these key references to discover additional VA articles. Finally, we reached a saturation point by going through additional rounds of reading, reference list studies, and searching.

In the second stage, we read through the selected articles to identify their conceptualization, understanding and stated characteristics of the VA process and approach. The research questions guided this analysis. In addition, we looked for answers to the following questions to guide and develop our understanding of the VA approach in each literature stream:

- From whom is value appropriated (supplier, customer etc.)?
- The VA setting (when and where VA happens)?
- Level of analysis (interorganizational/interpersonal)?
- VA mechanisms (broadly referred to as the exchange behaviors, activities, and characteristics that determine direct value appropriation)?

- Aim (exploiting or protecting)?
- Main objective?
- Focus on the connection between VA and exchange relationship?

Next, sections of each article were coded to the above questions. We also made notes on how VA was related to the exchange relationship in a specific paper. The coding and notes allowed grouping and comparison of the common foci and perspectives of VA. Gradually we were able to identify the most important literature streams focusing on VA in business exchange: Industrial Marketing, Justice, Negotiation, Resource Based View (RBV), and Strategic Alliances. The literature streams Negotiation, Justice, and RBV hold an immense number of VA related articles. Therefore, we did not analyze all writings on the topic for these streams. Rather, for this literature the aim was to find, review, and analyze the most important writings and so establish a representative picture of the VA phenomenon. Importance was determined by the number of references to a specific article as well as its perceived position and status in the specific stream. For the Industrial Marketing and Strategic Alliances literature streams, the number of contributions on VA in business exchange is much lower. The number of identified and analyzed articles in these streams corresponds closely to the actual number of articles on VA. In these streams, we analyzed all the papers identified, not just those considered most important. Overall, we reviewed more than 180 papers from the five streams, with an approximately equal share of papers for each stream. In addition, we read through more than 100 additional papers outside these streams to ensure that no important studies were missed in our exploration of VA.

As a further insurance that we had covered the relevant literature streams, we presented and discussed early versions of this article with knowledgeable researchers at three conferences/workshops. These researchers were colleagues from other universities specializing in industrial marketing, as well as colleagues at our own institution, with specializations covering a broad range of the management field. This testing of our literature review gave us assurance that our literature review was complete.

Literature Review on Value Appropriation

The review process described above allowed us to establish an overview of the predominant VA characteristics and understanding for each identified stream. Table 1 provides an overview of the most important and representative VA writings from each stream, including their main findings and contributions.

Table 1 forms the basis for the following discussion. In the analysis below, we seek to answer a series of key questions for each stream (see methodology and left most column in Table 2), to extend the overview and also to allow comparison between streams.

Table 1: Key references for each literature stream.

Reference	Form	Type of writing	Examples of findings - contribution
INDUSTRIAL MARKETING			
Anderson, Kumar, and Narus (2008)	Article	Management/practitioner oriented	Find that companies must tailor their service offerings to optimize VA rather than just adding extra service layers
Anderson and Narus (1995)	Article	Management/practitioner oriented	Recommend flexible service portfolios to avoid giving away too much value
Deligonul et al. (2006)	Article	Survey	Hypothesize that various features of the rent appropriation process affect partner satisfaction, which affects switching likelihood – find mixed support
London, Anupindi and Sheth (2010)	Article	Empirical (case study)	Analyze 64 Base-of-Pyramid ventures and identify sets of constraints that hinder their value creation and appropriation
Matthyssens, Vandenbempt and Goubau (2009)	Article	Case study	Illuminate the problems faced by a supplier attempting to increase VA relative to customers
Pardo et al. (2006)	Article	Conceptual	Discuss different types of value and present various KAM strategies for improved VA
Reinartz and Ulaga (2009)	Article	Management/practitioner oriented	Recommend improved focus on customer problems and service capability to improve VA from customers
Ryalls and Holt (2007)	Article	Empirical (qualitative)	Develop and confirm a set of propositions regarding VA through Key Account Management practices
Wagner, Eggert and Lindemann (2010)	Article	Empirical (quantitative)	Examine a set of buying companies' projects with suppliers and find that relationship satisfaction causes less aggressive VA by the parties
JUSTICE			
Corsten and Kumar (2005)	Article	Empirical (survey, archival study)	Find that Efficient Consumer Response adoption increases suppliers' perceived inequity
Deutsch (1975)	Article	Conceptual	Discusses different criteria for evaluating distributive justice violations in exchange relationships
Fang, Palmatier and Evans (2008)	Article	Empirical (quantitative)	Find that power increases the ability to appropriate value from newly created products, but fairness considerations limit power wielding by exchange parties
Frazier, Spekman and O'Neal (1988)	Article	Conceptual	Focusing on JIT exchanges, mutual equity is introduced as a success criterion
Gassenheimer, Houston and Davis (1998)	Article	Conceptual	Propose that fairness (equity and equality) mediates between relational distance and propensity to exit the exchange relationship
Homans (1961)	Book	Conceptual	Discusses various key elements of social exchange and behavior – including fairness/justice
Jap (2001)	Article	Empirical (quantitative)	Finds some support for a connection between sharing principles and relationship quality
Kaufmann and Stern (1988)	Article	Empirical (quantitative)	Test a model of conflict, relational norms, fairness perceptions, and resulting hostility and find mixed support
Kumar (1996)	Article	Management/practitioner oriented	Finds that power wielding practices in the retail sector violates justice in business exchanges

Kumar, Scheer and Steenkamp (1995)	Article	Empirical (quantitative)	Find that perceived distributive (and procedural) fairness affects relationship quality positively
Wagner and Lindeman (2008)	Article	Empirical (quantitative)	Find that relationship quality, supplier motivation approaches, goals, and applied sharing principles affect how value is shared
NEGOTIATION			
Allred (2000)	Article	Empirical (survey)	Based on a survey of negotiation course students, negotiation practices are identified that deal well with the tension between claiming and creating value
Bac (2001)	Article	Conceptual	Develops a negotiation model that demonstrates the tension between creating value and claiming existing value as the negotiation deadline approaches
Bacharach and Lawler (1984)	Book	Conceptual	Develop a theory of bargaining and power – which incorporates impression and information management as central elements
Fisher, Ury and Patton (2011)	Book	Conceptual/ practice oriented	Discuss the fundamentals of negotiation and offer a guide to maximizing negotiation outcomes
Kaufmann (1987)	Article	Conceptual	Discusses the tension between value creation and appropriation and argues that relational norms may increase creation relative to appropriation
Lax and Sebenius (1986)	Book	Conceptual	Discuss the creation/appropriation tension and how managers can deal with it
Neale and Bazerman (1992)	Article	Management/ practitioner oriented	Discuss the effects of manager dispute framing on negotiation outcomes and suggest ways managers may avoid these framing effects
Sebenius (1992)	Article	Conceptual	Lays out the details of negotiation and negotiation analysis – especially its distinct characteristics relative to game theory
RESOURCE BASED VIEW			
Alvarez and Barney (2004)	Article	Conceptual	Discuss rent appropriation and appropriation mechanisms and use this basis to suggest an entrepreneurial theory of the firm
Amit and Schoemaker	Article	Conceptual	Discuss the factors and conditions that allow the firm to generate organizational rents from strategic assets
Barney (1991)	Article	Conceptual	Spells out a resource based view on strategy and discusses the four resource characteristics that generate sustainable competitive advantage
Bowman and Ambrosini (2000)	Article	Conceptual	Critically discuss value, value creation and value appropriation and propose extensions to the RBV.
Lepak, Smith and Taylor (2007)	Article	Conceptual	Conceptualize and discuss value creation and appropriation and their connection
Mizik and Jacobson (2003)	Article	Empirical (quantitative)	Find that stock markets react favorably when value appropriation through isolating mechanisms is emphasized relative to value creation.
Peteraf (1993)	Article	Conceptual	Develops a model of resources and competitive advantage and suggest four criteria for competitive advantage
Rumelt (1997)	Book chapter	Conceptual	Frames a strategic theory of the firm, which includes a discussion of the concept of isolating mechanism
Wernerfelt (1984)	Article	Conceptual	Discusses resources and resource position barriers and their interplay with strategic options of the firm
STRATEGIC ALLIANCES			
Dyer and Singh (1998)	Article	Conceptual	Propose the relational view on competitive advantage and discuss the features of this view, including what companies do to protect relational rents

Dyer, Singh and Kale (2008)	Article	Conceptual	Discuss how different types of rents are appropriated in alliances and offer propositions on company characteristics that affect appropriation positively
Gulati, Khanna and Nohria (1994)	Article	Management/practitioner oriented	Develop a framework for alliance management that secures rents for both parties ensuring the success of an alliance
Gulati and Singh (1998)	Article	Empirical (quantitative)	Study alliance governance structures and find that anticipated coordination costs and appropriation concerns affect governance choices
Hamel (1991)	Article	Empirical (qualitative)	Analyzes nine international alliances and develops theory regarding inter-partner learning
Kale, Singh and Perlmutter (2000)	Article	Empirical (quantitative)	Find that value creation/appropriation balance can be achieved when alliance firms build relational capital and apply an integrative approach to conflict management
Kumar and Nti (1998)	Article	Conceptual	Suggest that outcome and process discrepancies develop in knowledge intensive alliances and shape their further development
Lavie (2006)	Article	Conceptual	Conceptualizes and generates an overview of different types of resources that can be appropriated from alliances
Lavie (2007)	Article	Empirical (quantitative)	Through a study of software alliances, finds that relative bargaining power of partners constrains the firm's appropriation capacity

Value Appropriation in the Industrial Marketing Stream

Several industrial marketing studies report on the struggles of sales/marketing organizations and managers to appropriate a reasonable level of value from their customers. In a qualitative study of the lifetime value of complex customers Ryalls and Holt (2007) found that powerful customers tended to appropriate a larger share of the created value by exploiting information asymmetries in price negotiations. In addition, some customers used their power to extract additional services after agreements had been signed. Addressing similar concerns, Anderson, Kumar and Narus (2008) considered the sales agent's role in appropriating value from customers. They used the term "*value merchant*", to denote a sales agent equipped to avoid "*value drains*" and "*value leaks*" relative to customers. In an earlier study, two of these authors demonstrated the difficulties with value drains in the provision of supplementary customer services (Anderson and Narus, 1995). They found that sales/marketing personnel frequently failed to price offered add-ons and services, which eventually eroded VA. Reinartz and Ulaga (2009) elaborated on the added services problem in a study of companies failing to appropriate value and they identified issues such as lacking an overview of delivered services, lacking visibility of the value to customers, having a sales force without a service focus, and failing to price the offerings etc/, amongst others. In a similar vein, and based on a study of KAM practices, Pardo et al. (2006) recommended that KAMs should focus more strongly on VA mechanisms. The common denominator of these studies was a concern with being exploited by more powerful and adept customers. Hence, VA was perceived as a protective task with the main objective of securing reasonable profits from customer accounts.

Along the same lines, a few contributions investigated a broader range of VA difficulties. While the above described studies focused on interpersonal VA, the following studies were primarily concerned with VA difficulties at the inter-organizational level. Matthyssens, Vandenbempt and Goubau (2009) described the problems facing a materials producer attempting to extract a reasonable profit from customer relations. The producer previously relied on annual contracts and

volume-based pricing as the VA mechanisms. A new packaging solution was introduced to realize a higher price and improve VA from customers. However, the attempts were unsuccessful for various reasons: (1) an inability to convince customers of the improved value of the new solution, (2) a lack of customer willingness to pay higher prices, (3) a lack of customer willingness to split the logistics savings resulting from the new packaging, and (4) an unfavorable bargaining position in a price competitive market. London, Anupindi, and Sheth (2010) reported similar supplier difficulties. The authors investigated 64 Base of the Pyramid agricultural ventures and analyzed the causes of their value capturing struggles. Three types of value capturing constraints were identified: (1) market access constraints, which covered the inability to secure demand knowledge and gain access to infrastructure and transport, (2) market power constraints, which covered rights protection, inadequate competitive position, and information asymmetries, and (3) market security constraints, which covered vulnerability to demand fluctuation and lack of alternative markets. In each case, the producers were incapable of appropriating a satisfactory profit, which hindered future value creation capability and resulted in a high level of poverty. Overall, the industrial marketing studies draw on many types of diverse VA mechanisms applied both in interaction encounters and as a result of decisions made in between encounters.

Some industrial marketing researchers are dealing with the effects of VA on collaborative relationships. For instance, Deligonul et al. (2006) investigated how the rent appropriation process affected satisfaction with the partner. The authors hypothesized that various appropriation acts would affect satisfaction and eventually switching likelihood, but found mixed support for these hypotheses. Wagner, Eggert and Lindemann (2010) provided evidence for VA being a stronger driver of buying company satisfaction than value creation, in the context of projects carried out jointly with suppliers. Hence, balanced VA was central to relational continuity. In addition, buying companies' satisfaction with the relationship caused them to appropriate value less aggressively. Open and frequent communication allowed suppliers to capture some value, as the buying firm accepted that supplier VA was required for continuity.

Value Appropriation in the Justice Stream

Justice writings deal with how the parties' perceptions of justice and injustice in business exchange arise and how they affect the relationship. *Distributive* justice deals with the perceived fairness of relative exchange *outcomes* realized by the parties to an exchange (Kumar, Scheer and Steenkamp, 1995). VA is directly related to distributive justice, which deals with how the acts of each party aimed at appropriating value from exchange are perceived and evaluated. Past and present VA decisions and behaviors of one buyer/supplier are evaluated by another buyer/supplier relative to the justice standards of the other. Injustice evaluations are based on various types of rules and norms regarding fair levels of outcomes, for instance equity, equality or need (Deutsch, 1975). The most prevalent rule is equity, which implies that fair exchange occurs when each party appropriates value proportional to their inputs to the exchange (Homans, 1961). However, this is not a trivial issue since the parties differ in their knowledge, valuations, and rankings of investments, rewards, and costs (Homans, 1961; Jap, 2001). Reports on perceived injustice in business exchange as a result of excessive VA, with potentially severe negative effects on the relationship, have become recurrent in the business exchange literature. Therefore, the primary objective of most VA research in the Justice stream is to help managers avoid justice violations by excessive exploitation and at the same time improve interaction process knowledge to provide for protection from exploitation.

The relational effects of justice adherence/violation are central to Justice VA studies. Kumar, Scheer and Steenkamp (1995) found a positive relationship between adherence to distributive

justice and relationship quality, consisting of conflict level, trust, commitment, willingness to invest, and expectation of continuity. In a similar study, Jap (2001) investigated the effects of the parties' explicit use of equity and equality sharing principles in complex business exchanges and found some support for a negative association between deficient sharing principles for various types of exchange and relationship quality. Interestingly, Wagner and Lindeman (2008) found that in addition to the applied sharing principles, relationship quality, supplier motivation approaches, and relational goals affected how the pie was shared. In their study of new product value sharing, Fang, Palmatier and Evans (2008) noted that the tendencies of the parties to apply bargaining power to improve their VA were offset by desires for relational continuity. The common denominator of these value *sharing* studies is the focus on respecting the agreed upon sharing rules and principles, both through VA acts in interactive encounters and as they result from continuous decision making by both parties, thereby denoting an interest in preserving the relationship.

In contrast to the sharing studies, several authors have emphasized the negative effects of unjust exchange behaviors. At one end of this spectrum are studies of companies that inadvertently generate unfair exchanges, for instance, when they encourage implementation of intended win-win initiatives and end up being the sole beneficiaries. For example, Corsten and Kumar (2005) hypothesized that the implementation of Efficient Consumer Response by a buying company would generate equity for suppliers, but found that suppliers actually perceived inequity. Gassenheimer, Houston and Davis (1998) speculated that such relationships were particularly vulnerable as the probability of the inequitable party exiting was high. To avoid these unplanned unjust exchanges, Frazier, Spekman, and O'Neal (1988) proposed a model of business exchange, in the context of JIT integration between buyer and seller, which incorporated mutual equity as a key success factor. Indeed, equity rules reappear as central VA mechanisms in most Justice investigations. Further, equity rules sometimes appear in combination with research on relational states, in recognition of the fact that mechanisms of opportunism and aggressive bargaining power are prevalent in many business exchanges.

Turning to articles that address inequity issues, there are examples in which one party applies deliberate opportunistic behaviors to appropriate an unfair share of the exchange value. Most often this form of VA is based on exploitation of a favorable asymmetrical power distribution. The effects of these types of unfair exchanges tend to have particularly negative effects. In a study of manufacturer-retailer relationships, Kumar (1996) found that unjust power based initiatives by large manufacturers led to resistance, severely damaged relationships, and even retaliation and revenge. Indeed, unfair exchanges frequently lead to destructive conflict (Kaufmann and Stern, 1988) and potential dissolution (Gassenheimer, Houston, and Davis, 1998).

Value Appropriation in the Negotiation Stream

In the negotiation stream, VA occurs within the interpersonal give and take leading to contract formation. Negotiation plays out in the setting of the meeting room as a sequence of discrete interpersonal bargaining encounters between buyer and supplier representatives (Bac, 2001; Kaufmann, 1987). Both value creation and appropriation are realized at the time of negotiation. The resulting contract contains formulations that make value claims explicit and formal over the duration of the contract. The claims are often quantitative and distribute the financial costs between the parties. Performance parameters such as prices, volumes, discounts, and flexibility are typical bargaining issues. At the end of the contract, a new negotiation sets up claims for the next contract period.

In each negotiation, the potential appropriation of value is limited to the exchange agreement negotiated between the two parties. Negotiation is dichotomized as the contrasting approaches of integrative and distributive bargaining. Integrative bargaining, associated with value creation, is characterized by open communication, learning, joint problem solving, exploiting areas with value potential, identifying corresponding exchanges of concessions, preventing conflict escalation, and channeling hostilities productively (Bac, 2001; Kaufmann, 1987; Lax and Sebenius, 1986; Sebenius, 1992). The rationale of integrative negotiation is to increase the pie or the value created in exchange.

VA, on the other hand, is associated with a distributive and “fixed pie” negotiation process (Neale and Bazerman, 1992; Sebenius, 1992). The value is on the table in the form of a given solution, product, service, and funds, and the distributive negotiation divides the value between supplier and buyer (Fisher, Ury and Patton, 2011). The objective is to appropriate the largest share of the pie. Distributive negotiation behaviors include manipulatively shaping the opponent’s expectations of the bargaining range, holding prime values hostage, misleading, and exploiting cultural expectations (Kaufmann, 1987; Lax and Sebenius, 1986; Sebenius, 1992). As such, information asymmetries are at the core of the distributive negotiation approach. The ability to appropriate value is linked to bargaining power, which is determined by the relative degree of interdependence between the firm and the supplier/customer (Bacharach and Lawler, 1984). Manipulating this interdependence improves the bargaining position of the company and provides the negotiator with an improved range of possibilities at the bargaining table. In the process, the negotiator relies on a range of negotiation skills and tactics, such as taking extreme opening positions and being slow to make concessions (Bacharach and Lawler, 1984; Lax and Sebenius, 1986). In addition, the negotiator relies on planning and preparation to anticipate the negotiation opportunities and optimize outcomes, as found for instance, in developing “Best Alternatives To a Negotiated Agreement” (BATNA) (Allred, 2000; Fisher, Ury and Patton, 2011). In summary, all VA mechanisms relate to negotiator skills and tactics, information asymmetry, and bargaining power, applied to exploit the opponent.

A natural tension, referred to as the negotiator’s dilemma, exists between integrative and distributive mechanisms. The negotiator may seek to maximize the surplus for both parties through integrative negotiation, but also realizes that such behaviour leaves the negotiator vulnerable to distributive mechanisms (Kaufmann, 1987; Lax and Sebenius, 1986). In some cases, the competitive moves to individually claim value drive out cooperative moves to jointly create value (Sebenius, 1992). Despite recognition of this problem, distributive negotiation research devotes little attention to relational VA issues.

Value Appropriation in the Resource Based View

Writings in the Resource Based View (RBV) consider explicitly the competitive strategic VA capabilities of the firm (Barney, 1991; Peteraf, 1993; Wernerfelt, 1984). In the RBV, companies rely on their internal resource base to create value for customers and realize profits. However, profits are not sustainable unless competitors, who are continuously seeking to level out competitive advantage by investing in similar resources, are fought off (Alvarez and Barney, 2004). VA is linked to a firm’s level of competitive advantage and the period of time that such advantage persists. Hence, overall competition between firms is a core force in determining how much value can be appropriated from a joint customer base (Bowman and Ambrosini, 2000; Lepak, Smith, and Taylor, 2007).

Isolating mechanisms are perhaps the most fundamental appropriation mechanisms in the RBV (Rumelt, 1997). Companies, especially those with insufficient internal resources, such as entrepreneurial firms, need to access resources externally to enter and serve customer markets. However, this makes the firm vulnerable to the prospector's paradox, where external resource providers may start pursuing the same market opportunity (Alvarez and Barney, 2004). Therefore the main objective in the RBV perspective is to protect knowledge and resources from competitors, so the firm ensures VA in the form of competitive market shares from a portfolio of customers. To avoid the prospector's paradox and provide protection, companies seek to place isolating mechanisms in the contracts they sign with customers and suppliers. These mechanisms place constraints on the diffusion of key information between the company and the external actors. Lepak, Smith and Taylor (2007, p. 188) define an isolating mechanism as "*any knowledge, physical, or legal barrier that may prevent replication of the value-creating new task, product, or service by a competitor*". Isolating mechanisms in the RBV include technological patents, trademarks and copyrights, non-competition clauses, and property rights (Alvarez and Barney, 2004; Peteraf, 1993; Rumelt, 1997). In a much quoted empirical study, Mizik and Jacobson (2003) focused exclusively on the isolating mechanism of advertising. They hypothesized a trade-off between value creation and appropriation, with managers allocating resources between enhancing the real product (creation) versus differentiating the offering relative to competitors by advertising (appropriation). An emphasis on VA through advertising was found to affect the company's stock market price positively.

However, isolating mechanisms are sometimes ineffective in protecting knowledge, especially when knowledge property rights are insecure (Alvarez and Barney, 2004). Thus, the company relies on a second type of VA mechanism, connected to the nature of the resources (Amit and Schoemaker, 1993; Barney, 1991). For instance, the extent to which key knowledge is tacit has an effect on protectiveness, because tacit knowledge is difficult to imitate by competitors (Alvarez and Barney, 2004). Hence, tacit knowledge is one contributing factor to imperfect imitability, one of the four basic attributes of resources that produce sustainable competitive advantage, the others being valuable, rare, and impossible to substitute (Barney, 1991). Barney (1991) emphasizes unique historical conditions, causal ambiguity, and social complexity as other resource characteristics that make imitation of resources difficult for competitors. Peteraf (1993) provides a good synthesis of RBV research and suggests a model of competitive advantage, where VA is distilled into the two categories of ex-post limits to competition and imperfect mobility. VA in the RBV perspective occurs as generalized protection working in all exchanges with customers/suppliers, at the inter-organizational level, while relational aspects of VA are a lesser concern.

Value Appropriation in the Strategic Alliance Stream

Value creation is a key construct in the strategic alliance stream, which has only recently started to devote attention to VA (Dyer, Singh and Kale, 2008; Lavie, 2007). An alliance is "*any voluntary initiated cooperative agreement between firms that involves exchange, sharing, or co-development, and it can include contributions by partners of capital, technology, or firm-specific assets*" (Gulati and Singh, 1998, p.781). The main objective is to appropriate value from the collaborative exchange with a specific customer or supplier alliance partner, and at the same time not compromise the alliance. Hence, exploitation and protection must be balanced. A main alliance phenomenon is the creation of relational rents, defined as "*supernormal profits jointly generated in an exchange relationship that cannot be generated by either firm in isolation and can only be created through the joint idiosyncratic contributions of the specific alliance partners*" (Dyer and Singh, 1998, p. 662). Relational rents are created from intentionally committed and jointly possessed resources

providing common benefits for the alliance partners (Lavie, 2006, p. 645). However, VA from an alliance consists of both these common benefits, based upon the specific objectives of the alliance, as well as private benefits. Private benefits accrue to just one partner and are frequently invisible to the other party, as they are not tied to the alliance's stated objectives (Dyer, Singh and Kale, 2008; Lavie, 2007). Lavie (2006) provides an overview of the rents that can be appropriated from alliances, in addition to the relational rents. First the internal rents, which are those related to the scarcity and specialization, are discussed within the RBV. Second are the inbound spillover rents, resulting from the hidden attempts at internalizing the alliance partner's resources, thereby appropriating partner value for private benefit to build competitive advantage (Hamel, 1991; Lavie, 2006).

Lavie (2006) describes five main VA mechanisms that represent the alliance stream well: (1) learning and absorptive capacity, (2) scale and scope of resources, (3) contractual agreement, (4) relative opportunistic behavior, and (5) relative bargaining power. First, the collaborative nature of alliances provides abundant opportunities for learning. Hence, companies that possess well developed learning capabilities and absorptive capacity are able to extract high value from alliances (Hamel, 1991; Kumar and Nti, 1998; Lavie, 2006). Scale and scope of resources refer to the extent of resource commitment and the complementarity of partner resources. Contractual agreements frequently contain passages that specify the pay-off structure, as well as various types of isolating mechanisms mentioned in the RBV section (Lavie, 2006). In addition, specified review, arbitration, and termination clauses may be included to protect the partner's VA.

Relative opportunistic behavior is an important determinant of VA in alliances, with high levels leading to greater appropriation. However, opportunistic behavior in turn undermines the alliance, as the opponent will withdraw commitments and resources, limiting future opportunities for creating relational rents. Several authors in the alliance stream have referred to the relational aspects of alliances as mechanisms or moderators on VA. For instance, Kale, Singh and Perlmutter (2000, p. 218) defined relational capital as: "*the level of mutual trust, respect, and friendship arising from close interaction*". Relational capital, on the one hand, improves learning, and, on the other hand, limits opportunistic behavior, providing both exploitative and protective qualities. The importance of trust-building initiatives that create informal safeguards to prevent opportunistic VA was also noted by several authors (Gulati, Khanna and Nohria, 1994; Lavie, 2006). Trust, arising from the embeddedness of the economic transaction in a social structure, allows partners to have greater confidence in predicting and assessing the behavior of the other party, thereby diminishing concerns about VA (Gulati and Singh, 1998). Finally, bargaining power is also a core determinant of VA in alliances (Hamel, 1991; Lavie, 2006; 2007). VA results from mechanisms working at both the interpersonal and inter-organizational levels and occurs primarily in the frequent interactions between alliance partners.

Discussion

The five streams essentially address the same overall phenomenon, namely how companies extract value from their business exchanges with customer and suppliers. However, delving into the details of the streams reveals that they are actually to some extent concerned with different managerial problems. Accordingly, each stream is associated with a specific analytical focus, external opponents, objectives, aims, setting, relational perspective, and a set of VA mechanisms. Hence, although some similarities and overlaps exist, the streams differ on one or more of the dimensions in Table 2.

Table 2: The main characteristics of value appropriation as outlined in the five literature streams.

	Industrial Marketing	Justice	Negotiation	RBV	Strategic Alliances
VA from whom	Specific customer	Specific customer or supplier	Specific exchange partner	Portfolio of customers	Specific alliance
VA setting	Exchange encounters and individual acts altering the exchange	Exchange encounters and individual acts altering the exchange	Negotiation encounters	Exchange relations with external actors	Encounters between alliance partners
Level of analysis	Inter-organizational/interpersonal	Inter-organizational/interpersonal	Interpersonal	Inter-organizational	Inter-organizational/interpersonal
Main VA mechanisms	Information asymmetry, communication, bargaining power, product/process alterations, pricing, relational state, various behavioral mechanisms	Sharing principles (e.g. equity), coercive power, opportunistic behavior, relational state	Negotiation skills and tactics, information asymmetry, bargaining power	Isolating mechanisms, tacit knowledge, unique historical conditions, causal ambiguity, social complexity	Learning, contractual agreements, bargaining power, opportunistic behavior, relational capital
Exploitative/protective	Mainly protective	Protective	Exploitative	Protective	Exploitative and protective
Main objective	Secure profits from specific customers	Avoid relational damages and preserve relation	Optimize contractual outcomes	Optimize market share (competitive advantage)	Optimize alliance rents and protect knowledge
VA and the exchange relationship	Some focus on negative relational effects of excessive VA	Preserving the relationship a main concern	Little relational focus	No relational focus	Some focus on relationship effects on VA

x

Table 2 provides an overview of the most relevant literature on VA in business exchange, and so helps researchers gain insights into other streams of research to inspire new studies. However, researchers must be careful about the different theoretical assumptions and premises that underlay VA in each literature stream. From a managerial perspective, Table 2 generates knowledge of the managerial challenges involved in VA. For example, there is a broad palette of VA mechanisms, working in different settings and relative to different opponents at different organizational levels. As such Table 2 can inspire future research on VA in business exchange.

Comparison of Literature Streams

First, the streams differ in their aims, either focusing on exploiting a firm's own VA mechanisms or protecting it from the aggressive VA mechanisms of others. RBV and Justice take protective approaches. The emphasis in these streams is not on exploiting a repertoire of VA mechanisms, but on hindering external exchange partners from appropriating company profits. Justice generally deals with more radical imbalances and their negative effects on business exchanges. From the perspective of social exchange and psychology research, the perception of justice is a main measure by which acts of VA are evaluated. With coercive power being a primary mechanism of VA and a

major premise of buyer-seller interaction, the studies of mainly unjust exchanges remind managers that fairness must be upheld, both by avoiding too aggressive an appropriation and by protecting from exploitation. The implications of following an aggressive and opportunistic VA approach are severe relational damage, destructive conflict, and potential dissolution. While Justice deals with protection in specific buyer/supplier exchanges, the RBV focuses on protection from any likely competitor. RBV theoreticians contemplate what companies do to avoid resources and knowledge spilling over to competitors through exchanges with suppliers and customers. In the RBV, VA is a result of deliberately hindering the competition from extracting value from the same customer portfolio.

Contrary to Justice and RBV, Negotiation primarily focuses on exploitation. The objective of the distributive Negotiation approach to VA is to exploitatively optimize one's own outcome from the signed agreement. Only the Alliance and Industrial marketing streams focus on both exploitative and protective elements. This suggests that a balance between exploitation and protection is required when applying VA mechanisms from Alliance and Industrial marketing. The problem in Industrial Marketing is that one party in the buyer-supplier relationship, most often the supplier, is inadequately equipped to appropriate value, thereby becoming subject to exploitation and realizing suboptimal profits. Hence, these studies are concerned with raising awareness of and creating VA capability to protect and improve exchange profits. The same can be said of the Alliance studies, although in this case the context is particularly close, so that considerably more care is needed with VA. Improved VA awareness and capability ensure that companies extract knowledge and resources from alliances, instead of merely creating value for the good of the alliance partner.

The streams stress a remarkably diverse set of VA mechanisms to achieve protection/exploitation. The negotiator basically appropriates value through negotiation skills and tactics, which utilize information asymmetries to wield bargaining power and extract the largest piece of the pie. This exercise is interpersonal, as boundary spanners bargain interactively and competitively. Further, the context is confined largely to the meeting room and the discrete meeting encounter. The RBV is the only entirely non-interactive VA stream. In RBV the isolating mechanisms and resource mechanisms are set in place to form the protective foundation for all external exchanges of the company. Alliance is the only stream where value is appropriated in the form of learning and knowledge, by the application of a broad palette of both exploitative and protective VA mechanisms working at both the inter-organizational and interpersonal level. This follows from the purpose of an alliance, which is constituted as a collaboration to create value. Justice also deals with both the interpersonal and inter-organizational levels, but VA is not confined to encounters, as unilateral decisions and changes between encounters can also appropriate value. Discussions of VA mechanisms in the Justice stream focus on exchange sharing principles and positive relational states in favor of, or to counteract, opportunistic behavior and aggressive bargaining pressure.

Industrial Marketing covers the most versatile set of VA mechanisms, working at both the inter-organizational and interpersonal levels and within and between encounters. However, Industrial Marketing is less clear and precise regarding the mechanisms, compared to several of the other reviewed streams. Accordingly, implications tend to be limited to incorporating VA as a main focus area in selling and marketing, rather than unfolding the details of the VA processes. Finally, the streams differ widely in their stance towards VA and exchange relationships. Preserving the relationship forms the very essence of the Justice stream and the means are relational. At the other extreme, RBV and Negotiation hold few relationship considerations, as means and ends are purely

business related. Both Industrial Marketing and Alliance devote some attention to effects on the relationship and relationship effects on VA respectively.

Status of Research on Value Appropriation in Business Exchange

The review confirms that VA is indeed under-researched in the business exchange literature. Considering the claimed importance of VA, as argued by key authors in the literature concerned with business exchange, the number of contributions is small. Writings in the stream most relevant for business exchange, namely Industrial Marketing, are indeed very few. A large percentage of overall contributions are conceptual or explorative texts or only concerned with VA as a secondary topic (see Table 2). Moreover, given the very large number of contributions on value and value creation, it is surprising that very few of these deal with VA. In value creation papers VA is rarely mentioned, let alone studied, despite the arguments from top scholars that these are tightly linked processes. Less than a handful of the reviewed papers attempt to define VA and many papers seem to pass over the more detailed theoretical development, perhaps accepting an implicit intuitive understanding of the VA construct. Accordingly, aspects such as the measures, items, and interview guides for studies of VA tend to be underdeveloped across the reviewed disciplines. Despite the identification of a considerable list of VA mechanisms, several of these tend to be at the typology level or high level aggregate constructs. While these categories serve the objectives of the specific articles well, they offer limited in-depth insights into specific VA behaviors and the tactics of companies in industrial markets. Also, several of the more explorative and practical articles seem to indicate that there are more varieties of VA mechanisms than identified in the literature streams. Lacking a precise and shared understanding of VA, at least within several of the streams including Industrial Marketing, the preparation, development, and execution of VA investigations are challenging. The limited theoretical elaboration and presence in the literature of the VA phenomenon, combined with claims regarding its high importance, means that VA research constitutes a valuable opportunity for future research efforts.

Future Research

In the sections below we propose four areas of future research, aimed at alleviating some of the shortcomings of the extant literature. The review has enabled us to point to gaps in the extant literature and the four areas all represent such gaps. Moreover, they are critical gaps in the sense that several of the reviewed writings point to them, either deliberately or through examples, cases or the like, as key aspects of value appropriation where research needs to be undertaken. The overview in the findings section and Table 2 provide the basis for the four suggested future research areas.

VA Mechanisms

From a marketing perspective, the review has shown that the ability of companies and their sales/marketing personnel to appropriate value relative to customer accounts is a core business exchange concern. The review has also shown that industrial marketing researchers should perhaps adopt a broader pool of VA mechanisms in their research projects to gain a more complete understanding of VA. Table 2 shows that the Negotiation, RBV, and Alliances streams deal with VA mechanisms that do not form part of the Industrial Marketing vocabulary. The review also provided indications that there may be core VA mechanisms that are not treated by any of the five streams. Future research should therefore aim at developing more exhaustive conceptions, measures, and typologies of VA mechanisms, focusing specifically on the behaviors and acts employed by companies to appropriate value from customers and suppliers, as well as the exchange characteristics determining VA. This of course presupposes a more precise definition of VA and its

connection to value creation than the literature is currently offering. The improved understanding would allow managers to, on the one hand, protect their profits from aggressive counterparties, and, on the other hand, to make certain that value creation opportunities are not hampered by their own inadvertent excessive appropriation.

VA and Buyer-seller Relationships

In line with the proposals of Deligonul et al. (2006) and Wagner et al. (2010), we suggest increased research efforts into the connection between VA and relational characteristics of business exchanges, such as trust and commitment. Based on the review, we found that only the justice stream devotes significant attention to relational issues and regards relationship preservation as a core objective (see Table 2). However, the treatment of relational phenomena is limited to the violation of and adherence to justice. Inappropriate acts of excessive VA can damage customer and supplier relationships, thereby limiting the potential of business exchanges. On the contrary, respectful and balanced VA maintains a strong relationship with key accounts, which is a prerequisite for future value creation. Conversely, a strong relational foundation also affects VA. For instance, some reviewed studies found that strong bonds between partners reduce opportunism and uncertainty, thereby limiting the parties' VA concerns. Particularly aggressive VA acts have extreme negative implications for business exchange relationships. The reviews of the industrial marketing and justice streams provided evidence that such aggressive VA acts are not rare. A damaged relationship results in high costs of problem solving, conflict resolution, and restoration. In addition, heightened hostility and negative emotions produce more radical reactions such as dissolution, and even acts of retaliation and revenge. Future research should investigate how and why such fatal VA exchanges emerge and develop, in order to enable boundary spanners to avoid and if necessary manage these highly damaging exchanges.

VA and Network Position

Several secondary examples and text passages from the reviewed studies suggest that the network position of a company determines the possibilities for VA. For instance, Bowman and Ambrosini (2000) noted that VA in customer relationships is a function of a company's VA from suppliers. However, the review revealed that of the five streams, only the RBV deals with VA in a network context, but only indirectly and superficially (see Table 2). In the RBV, VA in the dyadic relationship with one customer is dependent on VA in interconnected dyadic relationships. Rather than exploring network position, most research tends to look at VA as a dyadic phenomenon. This limited interest occurs despite the surge of research on business exchange applying a network perspective.

As one business exchange relation of the company is dependent on other exchange relations, it follows that VA in one of the company's relationships affects VA possibilities in other relationships. Indeed, in a network, corporate VA may be conceptualized more holistically as a company's aggregate VA relative to all network connections, be they suppliers, customers, alliance partners, competitors, or third parties. That is, the ability to appropriate value may result from the different chains of inter-firm connections (i.e. tiers of suppliers and customers) and the way in which these chains of firms are related to each other in creating and appropriating value. Hence, companies adept at establishing and exploiting their network position are seemingly more effective value appropriators. Future research should investigate how VA in one dyad is affected by exchange in other parts of the company's network.

VA and Time

VA processes and mechanisms are necessarily temporal phenomena, yet extant research has paid limited attention to this aspect (Coff, 2010). None of the identified streams dealt with the temporality of VA. VA is generally treated as a current act or decision appropriating value immediately or for a set period of time. None of the more complex temporal aspects were investigated. Interestingly, several of the studied industrial marketing contributions actually demonstrated the problems with postponed VA from customers. In these cases, the initial VA mechanisms and agreements between two parties may appropriate a portion of the value for one or both parties immediately, but postpone the appropriation of other value portions until a future point in time. For example, a contract negotiation distributes value by immediately setting prices and volumes for a fixed period, but the exact amount each party appropriates from exchange is unknown until volumes are realized over time.

Time lags, forward loadings, and gradual VA effects are important to the effective management of VA, as they complicate the VA process and may amplify negative relational effects. Moreover, the timing of information asymmetries, perceptions, and reference pricing can complicate VA even further. Using the development of the I-Pod as a case, Coff (2010) demonstrated how key actors in the industry made deliberate decisions in the development phase of the I-Pod, that would allow them to appropriate value at a much later point in time. Zajac and Olsen's (1993) transactional value analysis provides one starting point for this research, as value creation and VA efforts are conceptualized as a three-stage process, starting with projecting the exchange into the future to form sound assessments and expectations regarding future VA opportunities. While the amount of research on time and timing within business exchange is limited at present (Davies, 1994), there is increased attention in the broader management literature (Bluedorn, 2002; Orlikowski and Yates, 2002), including that focussed on business exchange (Khoja, Adams and Kauffman, 2010; Medlin, 2004). The research on VA processes and VA timing seems a productive path, especially given the process nature of value appropriation.

Managerial Implications

Value appropriation is as important to the strategy and success of the firm as value creation. Yet the subsuming of value appropriation into the exchange process, so that it occurs merely as a by-product of value creation, has sometimes resulted in downplaying the importance of managerial thinking and action dealing directly with VA. In other instances, it appears difficult for managers to avoid excessive use of VA mechanisms. The review of the industrial marketing and alliances literature streams provided examples of overemphasizing creation, while the justice and negotiation streams showed the problems with excessive appropriation. To obtain a balance between the two, managers must learn to understand the complex interrelationship between appropriation and creation.

Thus, to help managers think about and discuss appropriation and creation, we first propose the adoption of systematic schemes for testing, discussing, and planning VA. First, we suggest applying Harrison, Holmen and Pedersen's (2010) five methods for strategizing in networks to managerial thinking about VA in combination with creation. The five methods deal with conceptualizing and making sense of different ways of interacting with other firms. Customers and suppliers may be, to varying extents, included in the exercises, in order to increase the joint learning about appropriation/creation. Each way of interacting has implications for how other firms are involved in taking deliberate action. This approach addresses the issue of firms acting independently, yet the possible outcomes of action are dependent upon the actions of other firms (Ford et al. 2003). This is

especially the case for value appropriation, and particularly direct and active VA mechanisms, where deliberate appropriation actions are noted by surrounding firms and strategies are even enacted to forestall that appropriation. Applying these five methods of thinking about VA versus creation would see managers: (1) considering and discussing VA versus creation relative to customers/suppliers to anticipate different outcomes and reactions, but without involving the suppliers and customers, (2) involving some suppliers and/or customers as an audience in developing mechanisms so that they are aware of and gain from the process without being actively involved, (3) considering VA and creation in situations where the parties are “deliberate equals”, in which case the firm can interactively develop and adapt creation and appropriation with the other party, (4) considering VA and creation between “imaginative equals”, where neither party has a pre-emption of appropriation and creation scenarios and so new opportunities are visualized together, and (5) considering VA and creation from the perspective of an “absorptive bystander”, whose appropriation and creation options are determined by other firms and their strategies.

We also suggest that managers consider the many available appropriation mechanisms and processes (see Table 2) and construct ways of applying mechanisms individually and in sets. For instance, key account managers should not merely resort to the mechanisms laid out in the Industrial Marketing stream, or the Negotiation stream, which are typically well-known to them. They must also know how to extract knowledge from customer exchanges (Strategic Alliances stream), know how to set up and/or draw on isolating mechanisms (RBV stream), and govern exchanges according to sharing principles (Justice stream), among others. Knowing and mastering a broader set of VA mechanisms will enable boundary spanners to better recognize opportunities and gain benefits from supplier and customer exchanges. For example, a company may accept the appropriation of little profit from the contract negotiations with a customer, but learn much from joint product development, thereby realizing an overall surplus on the appropriation account relative to this specific customer. Moreover, knowledge of the broad range of mechanisms should also enable managers to recognize wrongful appropriation acts carried out by exchange partners and devise countermeasures to protect company profits.

Finally, in order to optimize value appropriation, managers should coordinate and communicate with their boundary spanning colleagues. Value appropriation from specific exchange partners frequently occurs between multiple boundary spanners working across several functions on each side of the exchange. For example, engineers are typically best positioned to extract knowledge from customers/suppliers, while purchasing/sales managers are typically best positioned to negotiate prices. Hence, organizational coordination and communication among boundary spanners and manager is required to manage VA relative to specific customers and suppliers. In fact, managers should be aware of the opportunity for value creation and value appropriation within any activity conducted by any boundary spanner. This suggests setting up a matrix between exchanges and individuals allocated to specific value creation and active VA mechanisms.

With these suggested methods for scrutinizing and analyzing VA mechanisms and their functioning, and an awareness of the balance between value appropriation and creation, boundary spanners should be able to increase their ability to capture value.

Conclusion

Like value creation, value appropriation lies at the core of a firm’s success. Successful VA secures profits, which allows companies to invest in new technologies, resources, business relationships

etc., so improving the firm's competitive advantage. Business exchange managers must therefore master both value creation and appropriation processes and activities, as a one-sided focus on value creation or appropriation does not guarantee successful business exchange. This article has reported on a research project where the management literature emphasizing business exchange was reviewed to identify literature streams dealing with VA. Industrial Marketing, Justice, Negotiation, Resource-Based-View, and Strategic Alliances were identified as the most central streams. By comparing the streams, it appears that some opportunities exist for research opportunities across the streams. However, it is also clear that the streams deal with VA as different management problems, involving diverse mechanisms, analytical foci, and objectives. Detailed analysis, discussion, and comparison between the streams have provided an overview and guidance for researchers aiming to study VA. To assist researchers further and motivate future research, we have framed four promising future research areas. In addition to calling for research on the mechanisms of VA, we also suggest research on the connection between network position and VA possibilities, between the exchange relationship and VA, and between time and VA.

By applying a rigorous search and analysis process, we have uncovered the most central literature streams on VA and the details of the VA phenomenon. However, given the extensive overall management literature and the uncertainty and lack of clarity and understanding regarding VA processes, it is possible that we may have missed literature that some researchers would include under the VA umbrella. Another limitation is connected to our background as researchers within the industrial marketing paradigm. This means that our premises, assumptions, and preconditions for understanding the closely related parts of the literature are stronger than for the more distant parts of the literature, and may have affected the findings to some extent. For instance, the suggested research areas are clearly shaped by our industrial marketing background. However, we believe that this is not a major liability since this paper is written for an industrial marketing audience.

In conclusion, we have contributed to extant business exchange research by identifying the most relevant literature streams on VA and providing an overview, insight, and comparison between them. Based on this overview, we have contributed further by proposing four future research areas, which on the one hand have been highlighted as critical to the understanding of VA, but on the other hand have received little attention in extant research. These areas call for improving existing theoretical understanding of the basic phenomenon and processes of VA mechanisms, but also for exploring several new aspects of VA (network, relationship, and time). We have also discussed how managers can improve their ability to appropriate and achieve a balance between appropriation and creation of value relative to customers and suppliers. We believe that the article represents a first step in accelerating the research on VA in business exchange and that such an increased research effort is necessary to enable managers to extract profits from their business exchanges.

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