Buyer–supplier collaborative relationships: Beyond the normative accounts

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Abstract

This paper presents a critique of the normative, buyer–supplier literature and in addition suggests that the more empirically based literature needs to expand its scope of attention beyond its traditional confines. Four main deficiencies are identified within much of the existing buyer–supplier literature. Firstly, collaborative buyer–supplier theories fail to discriminate sufficiently between individual and firm-level buyer–supplier decision-making. Secondly, the stage models of relationship development are challenged. Thirdly, the interdependencies between buyer–supplier relations and other, competing organisational priorities are highlighted. Fourthly, we question the monolithic constructs of organisational ‘commitment’ and ‘trust’ underpinning much existing relationship-marketing literature. Examples are presented of collaborative buyer–supplier practice drawn from multi-sector case study research of customer-responsive supply chains. We argue that, even in exemplary circumstances, collaborative relationship practices are susceptible to failure due to wider organisational and behavioural issues.

We conclude that researchers and management practitioners need to pay more attention to these issues if sustainable benefits derived from advances in buyer–supplier understanding are to be realised.

Keywords: Buyer–supplier relationships; Collaboration; Supply chain management

1. Introduction

Fast-moving, volatile market conditions with short product life cycles carry far-reaching implications for production processes, the way companies are organised and the way their supply chains operate. For example, it is argued that the mass production system with its emphasis on economies of scale and leanness becomes problematical in those product markets where variability and uncertainty prevail. Responsiveness to more demanding customers and turbulent markets are concerns that are shared across sectors. Traditionally, demand uncertainty has been counteracted by attempts to hold sufficient inventories to meet fluctuations. This is increasingly viewed as a wasteful and untenable response. A ‘customer-responsive supply chain’ would mean a chain which could operate with the absolute minimum of stock-out events, with prompt response to market fluctuations, and yet while carrying minimal buffer stocks. Balancing these requirements is plainly a difficult managerial task and it is made more than doubly difficult if co-operation from organisations up and down stream is less than certain. The management of interfirm relationships has for this and other reasons received extensive attention (for example, Child and Faulkner, 1998; Yoshino and Rangan, 1995).

This paper has two main aims: firstly, it presents a critique of the existing buyer–supplier literature, much of which is, we suggest highly normative and other parts of which, though empirically grounded, are too narrowly focused. Secondly, it suggests that greater understanding of the human and organisational behaviour implications of collaborative working arrangements are needed if practitioners are to manage collaborative buyer–supplier relationships successfully. These ambitions are crystallised in the following research question: To what extent does existing theory account for the reality of effective collaborative
buyer–supplier relationship management in practice? We address this question in two parts: firstly we provide a review of the buyer–supplier literature and secondly, we present and discuss four case examples of collaborative buyer–supplier management practice. These cases were intensively researched during a three year study.

2. Literature review

There are a number of strands of literature relevant to collaborative, buyer–supplier relations. Our research draws upon and contributes to each of these main strands—though it also presents a critique and challenge to them. In addition to the lean and agile supply chain literature there has been significant work in buyer–supplier relations (with a particular focus, for example, on relationship marketing), there has been substantial work in the areas of Quick Response (QR), Collaborative Planning, Forecasting and Replenishment (CPFR) and Efficient Consumer Response (ECR). We address each of these sub-fields in turn.

2.1. The buyer–supplier relationship literature

In addition to popular texts which set out the rhetoric of collaboration, often with a weak evidence base, there is an extensive empirical literature exploring buyer–seller relationships which can be expected to offer some relevant insights. Two main lines of enquiry are evident in this literature—the first seeks to identify the variables which may influence the success or failure of these relationships; the second, seeks to trace and model the various ‘stages’ in relationship development. The success/failure variables literature has largely used survey methodology in order to identify the main factors (Anderson and Narus, 1990; Anderson and Weitz, 1989; Wilson, 1995). This now considerable body of research re-emphasises the variables identified in the founding studies: for example, the importance of variables such as seller characteristics (i.e. and identification of the kind of factors used in the evaluations of potential vendors such as price, quality, and an ability to meet specifications). The other dominant mode of approach has been to clarify the ‘stages’ involved in developing such relationships (Dwyer et al., 1987; Ford, 1980; Johnston and Lewin, 1996; Robinson et al., 1967; Sheth, 1973; Webster and Wind, 1972; Wilson, 1995).

In a review article, which embraced both of these traditions, Johnston and Lewin (1996) examined 165 articles published over 25 years in the leading marketing journals on organisational buyer behaviour. Summarising their meta-analysis, Johnston and Lewin (1996, p. 2), conclude ‘after 25 years of empirical testing it appears that [the early models] were correct in proposing that environmental, organisational, group … seller characteristics as well as the stages in the buying process significantly affect the organisational buying behaviour’. But they also recognise that there is a need for research which penetrates below the surface of the large surveys. Likewise, Wilson (1995, p. 335) notes, ‘When we look at the relationships in cross section, we lose the insights that emerge from looking at the process of relationship development’.

It was in order to meet this challenge that we used a methodology which enabled detailed analysis of actual behaviour and, in one of the cases we adopted a longitudinal approach which traced the evolving relationship between a retailer and its key suppliers over a 10-year period.

2.2. The organisational buyer–behaviour and collaborative partnerships literatures

One of the most commonly observed requirements for customer-responsive supply chain management which goes beyond technological capability is that of inter-firm cooperation or ‘collaboration’. Long-term collaborative relationships with a few trusted suppliers have been described as representing a general trend over the past decade or so. There is said to be ‘growing evidence that to be competitive […] firms are moving away from the traditional approach of adversarial relationships with a multitude of suppliers to one of forging longer term relationships with a selected few suppliers’ (Kalwani and Narayandas, 1995, p. 1). Similar points are made by Spekman (1988) and Spekman and Caraway (2006). As has also been noted, ‘For many of the world’s most successful corporations, the very things that made them great were neither developed nor owned in-house. They have been achieved through collaborative relationships’ (Cardell, 2002, p. 1).

Mainstream research in this area has focussed on the structural characteristics of these relationships and how these may be related to competitive advantage (Dyer, 1996; Mohr and Spekman, 1994; Mudambi and Helper, 1998). These empirical works explore practices in the US automotive supply chain. For example, Dyer (1996) predicts higher performance levels in tightly integrated, proximate production networks with high co-specialisation. Mudambi and Helper (1998) add lengthened decision-making horizons, improved information flow, strategic quality plans and tolerance of some competitive variability.

However, theoretical conceptions of these strategic partnerships have constrained our understanding (Bresnen, 1996). As Stuart and McCutcheon point out, ‘No single theory appears sufficient to explain how these relatively new forms of business relationships may develop’ (Stuart and McCutcheon, 1996, pp. 7–8). Specifically, Bresnen (1996) has argued that complex internal organisational processes and management action tend to be ignored. While a better appreciation of the dynamic, emergent nature of the relationship development process has been achieved (Cousins, 2002; Cox, 1996, 2001; Macbeth, 2002), these alternative conceptual frameworks tend to retain a deterministic, normative, rationalistic, prescriptive bias. More recently, researchers have begun to unpack some of these barriers to achieving effective and sustained implementation
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