RELATIONAL ENABLERS AND HINDERERS IN A WHOLESALER'S BUYER-SUPPLIER RELATIONSHIP

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TEESING

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You gotta get lost before you can get found - Gioia

Foreword

The final hurdle of my study Business Administration has been taken with this thesis about buyer-supplier relations. It's been a tough period in comparison with the first semesters of the study. Thesis writing is a lonely task and I faced quite some challenges during the process. Especially combined with a full-time job, a family with two kids and a (usually) vibrant social life, it was not always easy to find and maintain the right balance.

I want to thank my coach Merieke Stevens for her continuous support, valuable feedback and for putting me back on track again when I was lost. Also a big thanks to my co-reader Jelle de Vries, for being so flexible and providing feedback, specifically in the last phase of the writing process. Another word of thank goes to Renske van Bronswijk for checking and editing the text. And I want to thank the owners and employees of Teesing B.V. for the opportunity given to follow this study and their contributions to it.

The final thanks are for Cléo, Noémie, Mathieu and my family and friends. I have been giving you too little attention in the past two years, but you all kept encouraging and supporting me. I'm very grateful for that, and I'll catch up soon with what we have missed in the past years!

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Management summary

In the past years, Teesing's customers have become more demanding and they ask for higher quality and a better delivery performance. Therefore, supplier events are initiated by important customers to align performance in their supply chains and long-term supply agreements are signed with stakeholders. Operational performance figures are shared within the supply chain and effort is put into steps for improvement by the parties involved.

Teesing, the focal company in this study, maintains relationships with more than 160 suppliers, on which it depends to satisfy its customers. From this supply base, 25 suppliers were responsible for 95% of the value spent on direct purchases in 2018. Following the experience of the buyers, not all the top-25 suppliers satisfy the needs of the buying company equally. Some of the suppliers actively contribute to improvements and they quickly adapt to the newly emerged requirements in the supply chain. Other suppliers struggle to meet new requirements from the market and seem to be stuck in the past.

The first exploration within the environment of the buying company reveals that an important driver for a buyer's satisfaction is the relationship that is maintained with suppliers. Suppliers with whom Teesing maintains good communication, long-term relationships and where a certain degree of dependence is present, structurally perform better according to the stakeholders involved. This study aims to identify relational enablers and hinderers for the buyer and the suppliers, within the context of Teesing as a wholesaler and the buying company.

Following extant literature about buyer-supplier relations, the Relational View (Dyer & Singh, 1998) suggests that critical resources span firms boundaries, which has advantages compared to maintaining an arm's length relation with suppliers. The Relational View could bring above normal returns and sustained competitive advantage which is derived from inter-firm relations, and by cooperation. This requires the presence of trust, commitment and good communication. These aspects cannot easily be copied or replaced and need relational investment from the firms involved over a prolonged period of time.

This study aims to identify relational enablers and hinderers by the using the lens of the Relational View. The top-25 suppliers of the focal company are put in order for good and poor performance by the responsible buyers. Then, for a selection of the good and poor assessed performers, interviews are conducted with the people involved in the relationships. Additionally, data from Teesing's ERP system is analyzed for the actual performance that is achieved by that suppliers.

The results reveal that the performance as measured from the ERP data does not support the supplier-ranking as done by the buyers. The good and poor performers are not very different when they are compared for return shipments, complaints and an on-time delivery. From the interviews, the presence of relational aspects as trust, commitment, communication and psychological safety emerge as the main factors that the buyers rely on for their ranking of suppliers.

For the good performers, trust, commitment, communication and psychological safety were found to be present and appreciated by both the buyer and the supplier. The poor performing suppliers are found to be reluctant and sometimes even unwilling in sharing information about how they assess the relationship. From the information that they did share, a lack of commitment from the buyer and poor communication emerged, combined with an experienced presence of uncertainty by the suppliers. Their buyers find that relationship to lack trust, commitment, communication and psychological safety.

The findings from the interviews are supported by the analysis of the contracts between the buyer and the suppliers. Contracts with suppliers that show good performance are low in detail and they leave room for discussion and interpretation. For suppliers assessed as poor performers the contracts are explicit and describe a need to obtain specific information.

The findings of this study can be helpful for the focal company to maintain and foster the relationship with the good performance suppliers in the future, by using the knowledge about relational enablers in the dyad. For the poor performing suppliers, being aware of relational hinderers is useful for the buyers. They can support to improve relational satisfaction in the dyad for the future.

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1 Introduction

This introduction provides the first insights into Teesing BV in Rijswijk, The Netherlands. It is the buying firm for all of the dyads studied in this thesis. The firm faces the challenge of a changing environment with more demanding customers, compared to the traditional wholesale role from the earlier years of its existence. In an attempt to fulfil this new role in the supply chain, its dependence on suppliers becomes more evident. Where some established suppliers quickly adjust to new circumstances, others struggle to follow. The aim of this study is to find the reason for the differences between these suppliers, by homing in on supplier relations.

In this introduction, we look at Teesing's history from its early beginnings to where the firm stands today. Following this, an exploration of practice is presented for the environment Teesing is part of in its role as wholesaler. These first two paragraphs of the introduction lay the foundation for the third paragraph, in which the importance of supplier relations for Teesing's future is discussed.

1.1 Teesing's history

Teesing has operated as a trade firm for the longest part of its 65-year existence. The company was founded in 1952 with engineering activities as its core business, but soon started to trade machines used for mechanical production processes, and the engineering activities were abandoned. Later, the company shifted its core activities and specialized in the transport of media and the business moved to trading fittings, valves and tubing for industrial applications.

With the start of the 21st century and the exponential increase of microelectronics in our daily lives, supplying components to support the production processes in the semiconductor industry became a strong focus of the business. Within this industry, Moore's law (Moore, 1965) predicts that the capacity of a microchip doubles every two years, while its cost halves. This results in a matching increase in the stringency of the requirements for the supply chain and the components delivered.

On-time deliveries of cleaner products and better quality are demanded in the supply chain. To be able to meet these requirements, additional activities within Teesing have emerged. An engineering department was established, for instance, to initiate, design and develop tailored solutions for Teesing's most demanding customers. Another example is the cleanroom that was put into service to treat industrial parts to meet the semiconductor industry's increasingly stringent cleanliness requirements. Though the trading function of the company still comprises a large part of the business, the strategy for the future focusses on adding more value in the supply chain. By delivering knowledge, cleanroom treatments and by co-engineering with stakeholders, Teesing aims to deliver superior quality to even the most demanding customers of the future.

The requirements from the industry have become stricter, and more value is expected to be delivered by suppliers. Teesing has the ambition to continue to meet those ever-increasing requirements and expectations in the future. Besides satisfying existing customers, the strategy is expected to provide access to new future customers in the high-tech industry, for whom delivered value and quality are crucial. With that goal in mind, the firm’s function exceeds that of a classic wholesaler in delivering value in logistics, stock keeping, and on-time delivery.

To be able to perform these additional tasks, a closer relationship with the suppliers involved is essential. When the company’s functions expand into the direction of knowledge sharing and co-engineering with suppliers, the role of, and requirements and expectations towards those suppliers will shift. As will the relationship that is required between the companies, if they are to perform these additional activities. From the supply base that Teesing has built in the past years, some of the suppliers appear to almost seamlessly adapt to those new and emerging requirements, while others do not. In order for Teesing to deliver value for its customers, it is necessary for Teesing’s suppliers to deliver value to Teesing. Both parties affect the performance to the end users of the products, and while value that is added by Teesing can be controlled directly within the company, a certain external dependence remains for the value delivered by the manufacturer. It is costly and virtually impossible to deliver value to Teesing’s customers when value is not being delivered at the start of the supply chain.

An analysis of the complaints received by Teesing in the period of July to December 2018 reveals that between 51% and 83% of complaints are related to suppliers’ performance . With Teesing’s ambition to deliver superior quality and more value for its customers, having good suppliers’ performance higher up in the chain is essential. Reducing the supplier-related complaints for Teesing is therefore very much worth the effort. Relationships with suppliers are fostered and intended to last for longer periods of time. Cooperation, stability, and mutual benefit are preferred over the short-term benefits of the lowest price.

Teesing is expected to move to a new premise from the beginning of 2020. This should facilitate future growth and improve on the firm’s internal performance for logistics and process control. If, at the same time, the suppliers’ performance can be improved upon, it could help the firm to reduce the number of complaints and make a major leap in overall performance.

1.2 Teesing's habitat

Within the environment where Teesing operates, research is done by banks, accountants and consultancy firms on the future role of wholesalers. Their expectations are shared in reports for the sector, in which they provide their vision and give advice. Following this advice, wholesalers require better data alignment and transparency in the supply chain (Luman, 2015, 2016; Ploos van Amstel, 2013). This should allow them to fulfil a new role for supply management in the whole supply chain, which enables them to collaborate with the stakeholders (Luman, 2016; Ploos van Amstel, 2013; Sturm & Ambrosius, 2013). In addition, wholesalers should invest in human capital and education (Luman, 2015; Ploos van Amstel, 2013; Sturm & Ambrosius, 2013), so that more value can be added in services and knowledge for the retailers and end users. The reduction in waste is mentioned (Ploos van Amstel, 2013) in the context of pursuing operational excellence: on time, in full, no contact and no rejections are the targets to attain. More competition from within the supply chain and from other supply chains can be expected (Rabobank Nederland, 2011). Thus, beside higher expectations from customers, added competition puts additional pressure on the need for a different approach. The function of wholesalers will move into the direction of risk managers and problem solvers for customers with higher expectations for stock keeping. The above mentioned subjects can be consolidated as a new role: director or conductor for the supply chain to effectively add value. All this advice and these viewpoints can directly be linked to the relationship with suppliers. Managing these relationships will be paramount to attaining these goals, for wholesale companies in the future.

1.3 Research question

Many of the above mentioned aspects, including customer expectations, Teesing's ambitions, future opportunities, the consequences and costs of complaints, and the predicted future for wholesalers are related to the suppliers of the firm. Relationships with suppliers over the years have changed for Teesing from an opportunistic and transactional relation with many suppliers in the past, to a more stable forming of allies in long-lasting relationships for a selection of partners within the supply base. However, not all suppliers similarly embrace this way of working. The impression among Teesing's buyers is that suppliers the company has a stronger relationship with, structurally perform better, have fewer quality issues, and are more receptive to resolving existing issues in cooperation with the stakeholders.

With this study I aim to investigate whether this perception is correct and in which situations this applies. In addition, I examine whether the information and knowledge collected during the investigation can be used to improve the overall performance of other suppliers to the company, to meet future needs of customers. Therefore, this research is design-oriented, building on both theoretical background from scholarly literature, and on case studies of relationships between suppliers and wholesaler Teesing.

The main objective in this research is to identify the relational enablers and hinderers for buyer-supplier relations in the context of Teesing as a wholesaler.

First, a selection is made of the top-25 direct suppliers combined with a relational history of at least two years, resulting in a coverage of 95% of the total purchased value of the buyer. The selected suppliers are then ranked for their perceived performance (satisfaction) by the buyers, from good to poor. Based on this ranking, the buyer and the supplier in the dyad are interviewed about their mutual experience. The interview results of the best and poorest perceived performers are used to analyze the relationship between the companies. Together with triangulation data from Teesing's enterprise resource planning (ERP) system, an attempt is made to isolate the relational enablers and hinderers in this context.

This research is about understanding the relational factors of influence for Teesing's suppliers that lead to adequate problem solving, relational satisfaction and increased operational performance. In this context, the operational performance is defined as the deliverable being compliant with the product requirements and specifications, packed as agreed, as well as being delivered on time and in full, all as agreed in the sales and order process. The focus is on the situation in which the buyer, Teesing, is not the end user of the products or services, but acts as a wholesaler between the manufacturing companies and the end users in the Dutch sector of the high-tech industry. This thesis will provide insight in the relational enablers and hinderers that affect the delivered quality and operational performance to Teesing. Knowledge that can be helpful for maintain and fostering valuable relationships with supplier and thus oiling the supply chain in the future.

The study starts with a literature review for the concepts as used in this study in chapter 2. Then the research method of the multiple-case study is explained in chapter 3, in which the perception of the firm's buyers play an important role to assess the satisfaction of the relation between the buying and the selling party. The results from the case studies are then presented in chapter 4. The conclusions drawn from the empirical data can be found in chapter 5. In chapter 6 the discussion can be found, reflecting on the conclusions. Then, managerial implications are presented in chapter 7.

2 Literature review

This chapter provides an overview of the literature and main concepts related to this study. Its function is to link empirical findings to previous research and existing literature, and to provide a solid theoretical link to research conducted in the past. Two methods were used in finding relevant literature. The first is a systematic literature review, by using specific words and conditions in literature search engines related to the subject. The second method applied, is snowballing for the articles found with the first method.

Systematic literature review

The methodology for systematic literature review aims to attain transparency, objectivity, and reproducibility for the results (Hochrein & Glock, 2012). This review is conducted in the domain of operations, management, and business research. The used internet search engines are Web of Science (WOS), the Erasmus University library sEURch engine, Google Scholar, the Erasmus University thesis repository, and that of the Harvard Business Review website.

Within these search engines, initially the search terms used are: buyer-supplier relation(ship), wholesale function, and supplier performance. Also combinations of these words were used. The results were limited to papers written in English and Dutch. These papers were sorted for times cited when possible, then assessed based on the title for the first thirty hits of that search engine.

Snowballing

For a selection of the results from the systemic search, the snowballing and tracing citations method (Easterby-Smith, Thorpe, & Jackson, 2015: 26) was used for the maximum of one level from the work found with the systematic approach.

To find relevant articles, the exploration of theory was done using three different disciplinary perspectives:

- Buyer-supplier relationship (the level of analysis)
- Wholesale (the context)
- Relation success (the effect)

The most relevant literature for this study is found where all disciplines intersect. This is visualized in the Figure 1.

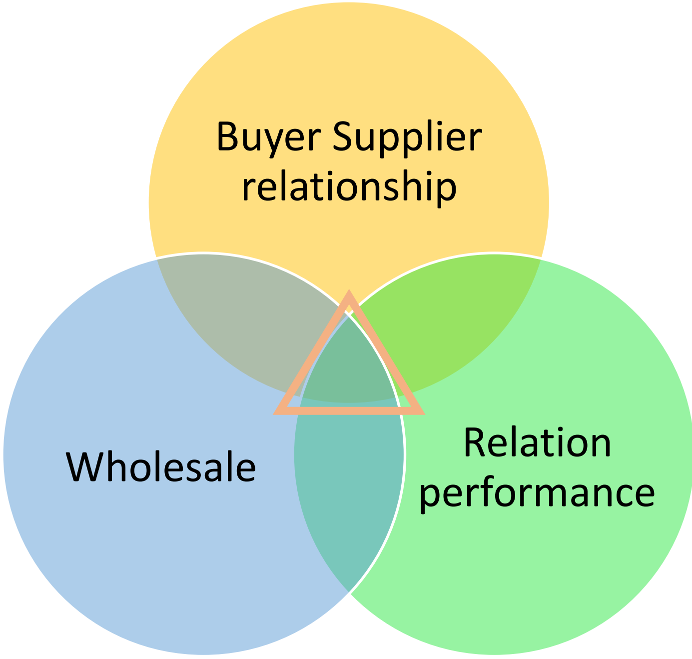

Figure 1: Disciplinary perspectives of theory for buyer-supplier relationship, wholesale and relation performance.

2.1 Buyer-supplier relationship taxonomy and the Relational View

To be able to secure inputs from suppliers at the most favorable conditions, purchasing and supply management (PSM) is practiced by buying firms. PSM is defined as "the design, initiation, control and evaluation of activities within and between organizations aimed at obtaining inputs from suppliers at the most favorable conditions" (Van Weele, 2009). The activity of PSM is identified as a key factor in gaining competitive advantage and reducing risk for buyers (Chen, Paulraj, & Lado, 2004; Kraljic, 1983; Prajogo & Olhager, 2012). Firms have become more sophisticated in extracting value from their supply base, by the use of PSM and the subject became part of the strategical agenda for firms (Chen & Paulraj, 2004). This resulted in an improvement of the financial outcomes for the buying firm.

One of the tactical elements in PSM theory, is the activity of supplier relation management (Rietveld, 2010), which results in a buyer-supplier relation (BSR). A BSR is the way the purchasing company and its suppliers interact. Maintaining strategic BSRs requires substantial effort from both parties (Tanskanen & Aminoff, 2015), thus firms need to be selective with whom they engage in one. By managing and leveraging BSRs, a firm can create value and gain competitive advantage (Tanskanen & Aminoff, 2015). A business relation is defined by the various attributes and dimensions that characterize the coordination and exchange between a buyer and its suppliers. In the literature, PSM and the resulting business relations are typically divided into three prominent categories: hierarchy, market and the later described Relational View (Powell, 1990; Zaheer & Venkatraman, 1995). The first two theories will be explained briefly. The Relational View, which is the most important theory for this thesis, will be elaborated on more deeply.

Hierarchy and market

When pursuing a hierarchical approach, decisions about investing and assigning (internal) resources, are made by an authority within the firm. The authority decides on which product is made in-house and which is bought from outside the firm, is what Ronald Coase (1937) remarked nearly a century ago. The hierarchical decision for producing internally, inhibits an attempt to adopt a resource for sustained competitive advantage in the future (Barney, 1991).

When pursuing a market approach, the dominant factor for the make-or-buy decision is the price of purchasing a product in the market compared to the cost of producing it in-house (Williamson, 1975). In this case, a firm relies on the industry's forces in its environment for taking this decision (Porter, 1985). In early research, the hierarchy and market approach have long been considered a dichotomy (Barney, 1986) within the mechanism of Transaction Cost Economics (TCE). One of the two will sway the decision about activities that a firm should still do under its own roof, and which should or could be done outside its boundaries. Other studies suggest the possibility of a co-existence rather than a dichotomy, in which firms selectively combine the two (Adler, 2001; Bradach & Eccles, 1989; Ring & Van De Ven, 1992). Aspects such as (transaction) costs, uncertainty, and risk appetite for the firm to attain its strategic goals are the main factors to influence this decision.

The Relational View

An alternative approach, is the Relational View as proposed by Dyer & Singh (1998), where relational rents can lead to above normal returns. Closer ties between firms are known to reduce behavioral uncertainty and increase trust (Zaheer & Venkatraman, 1995). The relation between companies is seen as strategic, and a source of inter-organizational advantage (Jap, 1999). Sources for these relational rents according to Dyer and Singh (1998) are: relation-specific assets, knowledge-sharing routines, complementary resources and effective governance.

Within the Relational View, Social Exchange Theory (Homans, 1958) is used as a lens to evaluate business relations. Although this is often not explicitly mentioned in studies that adopted the Relational View (Terpend & Krause, 2015: 32). The approach can be considered as strongly linked to SET, in which the two parties expect that the exchange will be beneficial for both of them, and in which penalties or punishment are avoided (Bandura, 1986; Emerson, 1976). Pursuing this approach requires time; strong relations are not commonly built over a short period of time. They constitute investments for which no immediate returns should be expected, and in which the long term benefits prevail. Ongoing reciprocal relationships are preferred over discrete exchanges in the marketplace (Dwyer, Schurr, & Oh, 1987). There is a mutual effort by the parties involved to make the relation successful, and the benefits are also shared between the parties.

The parties involved should be motivated (committed) to making their relation a success. The analogy with a marriage is made by Dwyer et al. (1987), because the choice for a marriage can bring benefits and stability in a relationship combined with economic advantages. The other side of the medal is that the possibility of acting on instant alternatives (opportunism) that may arise and potentially yield similar benefits is limited, and the agreement is intended to last for a prolonged period of time. A dissolution of such a relation is typically costly, while doing so does not warrant immediate benefits.

The benefits of the relational capital built through this approach can facilitate the creation of intellectual capital, further development of more dense social capital, and the sharing and combining of intellectual capital among the members (Nahapiet & Ghoshal, 1998). A relational approach has been shown to bring benefits at two sides of the dyad in the areas of coordination, enhanced profits and collective competitive advantage (Jap, 1999). Thus, the approach has the potential to “expand the pie” for both parties. Closer social ties are believed to be critical differentiators between high and low performers (Cousins, Handfield, Lawson, & Petersen, 2006). Benefits for the buyer have been identified in the areas of delivery, flexibility, cost and the ability to capitalize on the capabilities of their chosen suppliers (Prajogo, Chowdhury, Yeung, & Cheng, 2012). In addition, Paulraj & Chen (2005) have found positive effects on communication and information sharing between the dyads , together with higher levels of confidence in the other party and the elimination of opportunistic behavior. A direct positive effect on quality was not found for the relational approach, though there is an indirect effect on quality through improved communication and the resulting mutual understanding and better problem solving (Paulraj & Chen, 2005).

Cooperation between companies has been shown to increase their ability to innovate. An important contributor to the success of innovation initiatives between companies is supplier involvement, in which the development and the adaptability of the supplier relationship play an important role (Johnsen, 2009). In their literature study they conclude with the need for “…long-term relationship adaptation to create supplier relationships with high levels of trust and commitment.” (Johnsen, 2009: 193).

Although the effect of a relational approach is intended to have benefits for the buyer and the suppliers, the drivers for relationship success are significantly different in each role (Tanskanen & Aminoff, 2015: 136). Within one and the same relationship, the buyer and supplier can have different perceptions of the strength and dynamics (Ambrose, Marshall, & Lynch, 2010; Ganesan, 1994). A relationship is a social construct, and it cannot be measured directly. It is experienced and lived by the members within the relation, rather than objectively measured. Moreover, it is not always experienced and lived in the same way on both sides. Ambrose et al. (2010) do note, however, that insight into the other party's perception of what contributes to mutual success, benefits both parties and helps secure the future of the relation. This is supported by Kim & Choi (2015: 78), who emphasize that there is no "single, ideal way to manage a buyer-supplier relationship". All approaches have their pros and cons. Which approach prevails depends on the circumstances and expectations of the members; therefore, understanding the other party in the dyad appears to be important.

A practical example of such a relational bond is found among Japanese companies between which so-called "Keiretsus" are formed. These are networks in which buyers and suppliers maintain close relationships (Aoki & Lennerfors, 2013). The presence of such a network fosters trust, collaboration, and educational support, and eventually leads to superior performance for the Keiretsu's members, compared to firms in the industry that prefer to keep their suppliers at arm's length. The Relational View is pivotal for the present study, in which the relation between people and the relational rents derived are considered important for the success of the relation between a buyer and its supplier.

A study conducted by Ambrose, Marshall, & Lynch (2010) uses elements of both transaction cost economics and social exchange theory to explain relationship success. With this dyadic study, the researcher looked at the experience of the buyer as well as the supplier. The present study strongly echoes the dyadic approach and leans on the use of the Relational View as theoretical foundation. For this reason, the concepts and terminology used by Ambrose et al. (2010) in relation to the Relational View are also used in the present study. These borrowed key concepts are trust, commitment, dependence, power, and communication and they will be elaborated on in the following paragraphs.

2.1.1 Trust

Trust is described in various ways in the literature. Examples are credibility and benevolence trust. Credibility trust for example, is to believe in a party's expertise, competence and abilities to perform the job effectively (Ganesan, 1994). This is the type of trust that reflects a positive feeling about a party’s skills and capabilities. Benevolence trust on the other hand is about a belief in the other party’s intentions and behavior. It reflects whether the trustor believes that intentions and motives are present in the trustee to behave in a manner that is beneficial for the trustor, and will continue to do so should new conditions arise (Ganesan, 1994).

Trust is widely seen as an important aspect in inter-organizational exchange relations and clearly matters (Zaheer, McEvily, & Perrone, 2008). The effect of trust is believed to be significant for a supplier’s performance (Terpend & Ashenbaum, 2012). When a supplier is found trustworthy, there’s a bigger likelihood that buyers will plan to do business with them again in the future. It is evaluated as an important prerequisite for building a long-term relationship, and it relies to a large extent on the firm’s contact person (Doney & Cannon, 2006). They may recommend to invest in building trust and, though it is recognized to be expensive and complex, this could be critically important to supplier firms. Trust is one of the essential ingredients for building a successful partnership is as found by Mohr & Spekman (1994), but not all studies define trust in a uniform and equal way.

Despite the various terms for trust as described in the existing literature, like competence, intentional trust, dedication trust, etc., there is much overlap in meaning (Rousseau, Sitkin, Burt, & Camarer, 1998). In a cross-disciplinary evaluation of scholarly writing they conclude that the most widely-held definition of trust is as “…a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another.” (Rousseau et al., 1998: 395) This definition synthesizes the essence of trust, independent of subject, discipline and context.

Since trust is seen as an important aspect in exchange relations, research has been done on how much trust is appropriate. Trust is not a binary switch, it is not present or absent. Trust exists in degrees, and can relate to different subjects in the same relation. However, a certain level of trust does not warrant a linear proportional benefit (Stevens, MacDuffie, & Helper, 2015). The benefits of trust are limited, and both excessive and insufficient trust can have negative effects within a relation.

2.1.2 Commitment

Commitment to a business relationship is defined as “An exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it.” (Morgan & Hunt, 1994: 23). When a party is committed to a relation, it will be willing to invest in that relation, and put money, resources and effort towards it. Commitment can have both a normative and an instrumental nature (Zhao, Huo, Flynn, Hoi, & Yeung, 2008). Normative commitment is based on trust, and can be linked to the Relational View. Instrumental commitment is based on compliance, power or dependence. The word “compliant” suggests a more extrinsic motivated decision to behave in a manner that avoids punishment, or to attain a certain agreed goal. Commitment is found an antecedent to trust and even suggested to be a substitute of trust for the side of the supplier (Ambrose et al., 2010). Therefore, developing a supplier’s perception of the commitment of a buyer, can have a positive effect on the assessment of that buyer by the supplier.

2.1.3 Dependence

Dependence is described by Emerson (1962) as “The dependence of actor A upon actor B is (1) directly proportional to A's motivational investment in goals mediated by B, and (2) inversely proportional to the availability of those goals to A outside of the A-B relation.” The degree of dependence increases when the outcomes of a relationship has a high magnitude or importance, are favorably compared to alternative relationships and in situations when fewer (potential) alternatives are available (Heide & John, 1988: 23). Measures of dependence are carried out in a financial evaluation, but other perceptions of dependence are also found in the literature (Monczka, Callahan, & Nichols, 1995; Tangpong, Michalisin, & Melcher, 2008).

The degree of a buyer’s dependence on a supplier increases with few or no alternative resources of supply, and with its complexity. The effects of dependence are more severe when the strategic and financial impact of that supply are higher. For a supplier, the degree of dependence increases with the buyer’s ability to select an alternative supplier. When the buyer represents a high share of sales revenue the impact is higher (Knoppen & Sáenz, 2017). Both buyer and supplier dependence coexist in a dyad, where various levels of dependence exist. That level can be can be buyer dominant, interdependent, independent and supplier dominant (Cox, 2001). The situation of interdependence is highlighted as critical factor for how an alliance creates value, how quick value creation emerges and how quick it can dissolve (Dyer, Singh, & Hesterly, 2018). In a situation of interdependence, parties are willing to invest in relations and interactions to continue to benefit from the value the dependence brings. On the other hand, low dependence or independence does not incentivize for investment in the relation. A Low level or the absence of dependence implies that alternatives are available, or that the resource is not required (anymore) and there is no need to investment in that relationship. With a buyer or supplier dominance, a one-sided dependence can result in opportunistic behavior of the dominant party. It can exert power over the dependent party and capture value from the other party’s dependence without experiencing similar negative effects

(Provan & Skinner, 1989). The level of dependence in relationships, such as between wholesaler distributors and their suppliers, influences the contract type in which they formalize their cooperation (Lusch & Brown, 1996: 32). Where an interdependence leads to more normative contracting, a dependence on the supplier leads to the use of both normative and explicit contracting. A true competitive advantage through cooperation only seems to be effective in case of high mutual dependence (Dwyer et al., 1987; Terpend & Krause, 2015), although this results in a reduction of the available alternatives.

2.1.4 Power

Power in business relationship is defined as “the ability of one firm (the source) to influence the intentions and actions of another firm (the target)” (Maloni & Benton, 2000: 53). The two types of power that can be exerted form a dichotomy, namely mediated and non-mediated power. The first type manifests itself in a coercive way with contracts and reward, and its application is mediated by the source firm while the target firm experiences the consequences. The latter encompasses power as expert, referent and information, in which the source firm provides it but cannot mediate the actual application. The target firms mediates the application itself, by choosing to make use of it or not (Brown, Lusch, & Nicholson, 1995; Ke, Liu, Kee, Gu, & Chen, 2009).

2.1.5 Communication

Communication plays an important role within any relation, also in a business relation. By communicating with the business partner, information is shared and interpersonal contacts are maintained which leads to close relationships (Monczka et al., 1995). The absence of communication could cause conflict (Firat et al., 1974 as cited in Nielson, 1998). Communication behavior in business relations is believed to affect the success of partnerships. Three aspects of communication play an important role (Mohr & Spekman, 1994): First, quality of communication is a key aspect in information transmission. Communication quality includes accuracy, timeliness, adequacy and credibility. Second, the sharing of information refers to the need for appropriate, sometimes critical information to be available to all parties. Being knowledgeable about a relation’s business is associated with satisfaction and partnership success. Third, participation refers to engagement in joint planning and the setting of mutual goals. Mutual expectations can be matched with the required cooperative efforts. Understanding the perceptions of both sides enables better management of the relationship and justifies the investment in the social component, which can lead to further improvement (Mohr & Spekman, 1994).

2.1.6 Psychological safety

The term psychological safety was first coined by Amy Edmondson (1999), after her research on high performing teams in hospitals. Contrary to what she expected, teams that were reported to be high performers filled out more error reports compared to teams that were reported to be low performers. The concept of psychological safety that emerged is defined as "…a shared belief held by members of the team that the team is safe for interpersonal risk taking…" (Edmondson, 1999: 354). In other words, when filling out an error report in this context, they expected that no members would be blamed or given a hard time by other members as a result of this action. This definition implies that the concept applies to two or more persons as a team and should be experienced by all persons in the group. "…it describes a team climate characterized by interpersonal trust and mutual respect in which people are comfortable being themselves" (Edmondson, 1999: 354)

Further following Edmondson (2018), trust and psychological safety have much in common, but they're not interchangeable concepts. Trust exists in the mind of an individual and pertains to whether this person gives another individual or organization the benefit of the doubt. Psychological safety however, is the expectation that an individual will be given the benefit of the doubt by the team members when asking for help or admitting a mistake (Edmondson, 2018: 17). Further, psychological safety refers to just the immediate consequence of an action, while trust has a calculating and future-anticipating character. In addition, where trust has an individual character and is not always mutual, psychological safety is a group construct and is sometimes described as "the way things are around here", on the work floor.

The three core differences between psychological safety and trust can be found in the object of focus, the time frame and the level of analysis (Edmondson, 2003). The presence of psychological safety within teams positively affects the team's learning behavior and consequently, team performance. Teams with a high level of psychological safety tend to seek more feedback, share more information, actively ask for help, talk about error and experiment more. The team members develop a common, tacit knowledge.

The phenomenon of psychological safety has later been researched within other environments of high performing teams and in high-risk environments, like aviation (Bienefeld & Grote, 2014). Beside the application of this phenomenon within groups and teams, Baer & Frese (2003) argue that psychological safety also affects the performance of companies, extending the construct from a team level to an organizational level. They find that organizations with a high level of psychological safety perform better than those with lower levels. The employees of these companies openly discuss and solve problems. More recent research also suggests that psychological safety applies to inter-organizational teams as well, and that it improves the performance of their cooperation, for various disciplines like innovation and efficiency (Knoppen & Sáenz, 2017).

2.2 Wholesale

Wholesalers have existed for thousands of years, and fulfil the role of linking a seller and buyer in a supply chain. They purchase goods, mostly from a manufacturer, and trade them on their own account and risk. However, a modern wholesaler is not just "the middle man" that offers no added value (Rosenbloom & Andras, 2008). The role of a wholesaler has become that of a "chain director", who can be seen as an important link in a complex network of companies and supply chains (Dinteren & Rienstra, 1994). The conditions for selling a product, like order quantities and packaging, are manipulated by the wholesaler so that buyers are willing and able to buy them (Riemers, 1998). Mostly, they offer a variety of products for specific disciplines that meet their target customers' needs. Rosenbloom and Andras (2008: 237) stress that there is a misconception when it comes to the value that is added by wholesalers, implicit in the restrictive term of "wholesaler" itself. Functions like promotion, import and export, risk management, stock keeping, logistics, services and aftermarket care are often provided as well. Wholesalers play a crucial role in creating global marketing channels. Another important aspect, specifically in the context of the present study, is the relation management between manufacturers and end-users. Where manufacturers are not able to manage the large amount of relationships with the end-users that purchase relatively low quantities in quick transactions, wholesalers purchase more volume and take care of this task of relation management (Rosenbloom & Andras, 2008). Finally, value is added with knowledge of the products and the markets, which serves both the needs of the manufacturer and the end-user.

2.3 Contracts

Contracts or legal bonds are agreements which can be enforced by a third party, when promises or obligations are not met. It is a tangible and formal manner of defining the way of working in a business relationship. From the perspective of TCE, contracts are seen as safeguards to protect against opportunism and to reduce self-interested behavior, which could potentially have negative results for one of the business partners. The more potential hazard involved in a particular relationship, the better safeguards are required to protect the business partners (Cannon & Perreault, 1999; Poppo & Zenger, 2002). TCE theory commonly identifies three sources of hazard, namely: asset specificity, measurement difficulty, and uncertainty. The TCE approach requires that, when formalizing the business relation in a contract, the harm that these sources of hazard could cause are addressed and mitigating countermeasures are formulated..

To what extent the relational approach is compatible with formal contracts has been looked at by a number or studies. Some researchers view relational governance and contracts as parallel concepts (Das & Teng, 1989). Others suggest that the presence of relational governance could replace the formal protection of a contract (Dyer & Singh, 1998). The presence of contracts could even undermine trust between the partners (Poppo & Zenger, 2002: 721), an essential element for the relational approach. Other researchers find that contracts can both complement and substitute relational governance over time (Woolthuis, Hillebrand, & Nooteboom, 2005). A contract that would match the needs when the relationship commences, could very well have an unintended effect after some years of relational development. Therefore Woolthuis et al. (2005) remark that "…the contract should be placed in its social context and within the relationship's development." For the present study, the assumption is made that relational governance and contracts have unique origins and functions that can be complementary (Poppo & Zenger, 2002).

2.4 Relation performance

In the context of the present study, relation performance is defined as "the satisfaction for its members". Jonsson & Zineldin descibe satisfaction as "an emotional repsonse to the difference what a customer expect and what they ultimately receive" (2003: 225). While their definition specifically mentions satisfaction for customers, suppliers also experience a level of satisfaction. A satisfied customer will more likely make repeated or additional purchases and be more open for building a long-term relationship with the other party. A more general definition of satisfaction is given by Wilson (1995: 338): "…the degree to which the business transaction meets the business performance expectations of the partner". This includes both product-specific performance, and non-product attributes.

Perceptions of relational performance (and thus satisfaction) on collaborative relationships and their antecedents differ for the buyer and the supplier because their expectations are different (Nyaga, Whipple, & Lynch, 2010). Satisfied relational members will be less receptive to possible alternatives in the market and to price sensitivity. In general, a high level of satisfaction is positively associated with loyalty, retention, profitability and has positive effects for the relationship (Frazier, 1983; Jonsson & Zineldin, 2003; Mohr & Spekman, 1994).

2.5 Conclusions from literature review

From the literature review, the elements trust, commitment and communication are used to cover the concepts of the Relational View. This approach partly follows Ambrose et al. (2010). For the outcome, the relational performance, the concept satisfaction is used as defined by (Wilson, 1995). In addition, the concept of psychological safety is believed to play a role, for which the concept of Edmondson (1999) is used.

Based on the conclusion, the conceptual model in Figure 2 visualizes the concepts that play a role in the identification of relational enablers and hinderers.

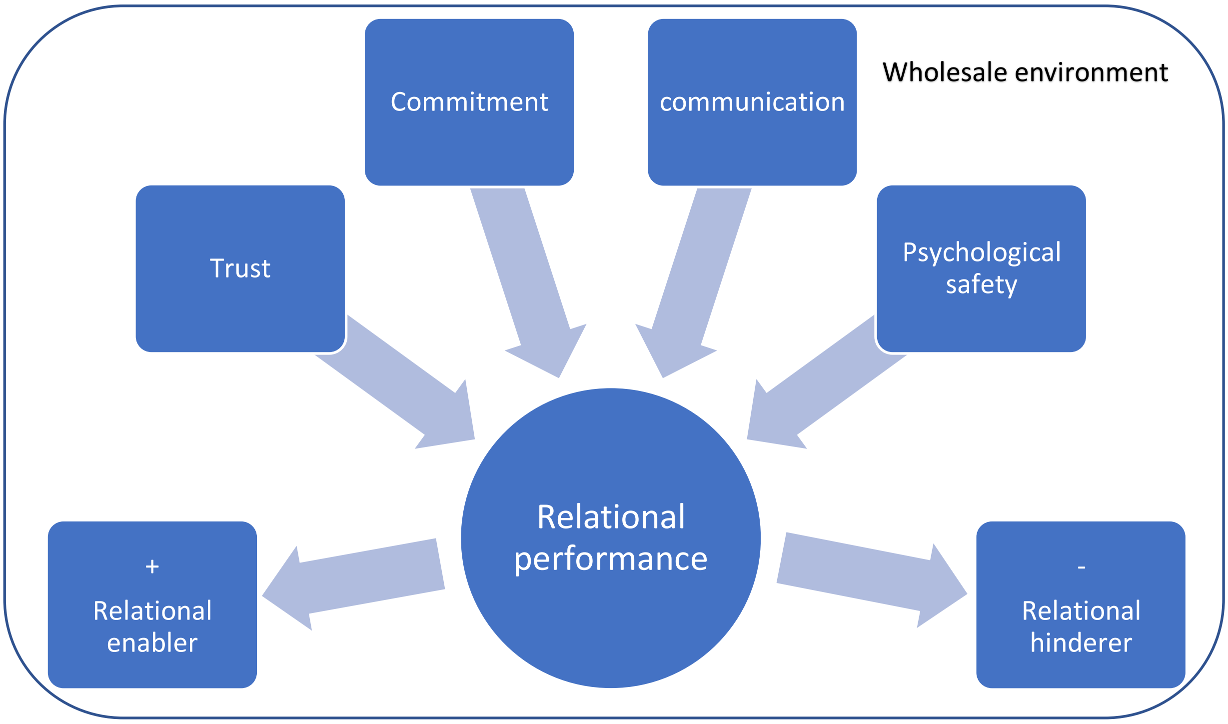

Figure 2: Conceptual model

3 Methodology

This chapter informs the reader about the methodologies used to conduct this research about relational enablers and hinderers in buyer-supplier relationships. To elevate the level of rigor and consistency, the methodological choices as explained in this chapter were verified against the evaluation criteria for qualitative case studies in operations management as suggested by Barratt, Choi, & Li (2011: 340).

3.1 Context of research

As a wholesaler in the supply chain of the high-tech industry it operates in, Teesing strives for operational excellence to its customers. The end users benefit from a stable supply of high-quality products, rather than the cheapest parts available on the market at that moment. To be able to do this, long-term relationships are maintained with most of Teesing's suppliers. Many products were standardized in the past in cooperation with customers, and often the suppliers were also involved in this process. Presently, the industry asks for higher performance, requiring more accurate deliveries and fewer complaints in the future. At the same time more knowledge is required within the firm to give advice to customers and to expand on its role as wholesaler with co-engineering, cleanroom activities, and the making of small assemblies. In the light of these developments, more knowledge has to be shared with the suppliers and vice versa about the needs of the end users, about the procedures required to attain this, and about details and specifications of products. A good relationship with suppliers is a prerequisite for sharing these delicate business details. Knowledge of relational enablers and hinderers in this context can help the firm in achieving and maintaining its ambition for operational excellence.

3.2 Research methodology

The purpose of this study is to understand a business problem in the context of a Dutch wholesaler specifically operating in the Dutch high-tech industry and is therefore practice-oriented. The problem-solving cycle from Van Aken et al. (2012) was used as a guideline in the process. This methodology supports a structured breakdown of the problem and approach and is visualized in Figure 3. It consists of five process steps, of which the first two were used within this thesis. Given the amount of time available for this research, the last three steps of the problem solving cycle are not a part of this thesis. The first two steps however are important for gathering data and identifying enablers and hinderers in buyer-supplier relations. These process steps are:

1. Problem definition (formulating and assessing the actual business problem at hand)
2. Analysis and diagnosis (the problem against its context and linked to literature)
3. Solution design (to tackle the empirically defined problems, including implementation design)
4. Intervention (the actual process of change)
5. Evaluation and learning (verifying the effect of the intervention and possible side effects)

Contrary to what these neatly listed steps suggest, there is not a fixed routine or order in which these steps should be taken. Van Aken et al. (2012: 26) emphasize that "… the problem-solving process is not organized in a clear sequence of distinct phases, but in process steps." Iterations and explorations relating to previous and subsequent steps are encouraged by the authors, depending on the research progress and insights gained. The cycle can be applied to a large and complex business problem, but also to smaller parts when a complex business problem is broken down. In addition, the problem-solving cycle is theory informed (and evidence based), which means that the role of the researcher (sometimes also called "change agent") is that of an informed expert rather than the facilitator of a change process (Van Aken et al., 2012: 27). They state that relevant theory should be used in a comprehensive, critical and creative manner by the researcher. The comprehensive use refers to a systematic review of the relevant scholarly and management literature. It should be used critically, with a view to the applicability and limitations. Using it in a creative manner means that it should be used to build on, combine and added.

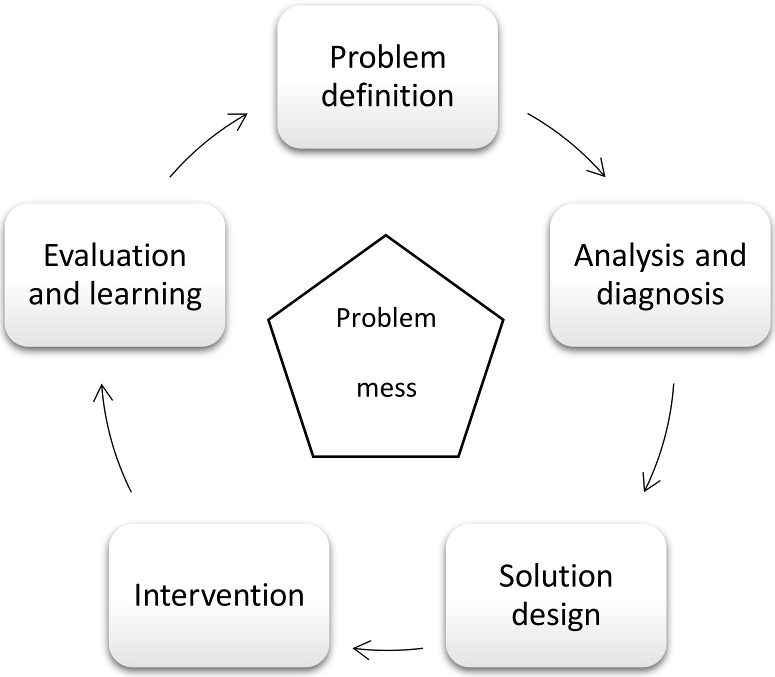

Figure 3: The problem solving cycle (Van Aken et al., 2012)

3.3 Problem definition

According to Van Aken, Berends, & Van der Bij (2012:12) "business problems are not given but chosen by stakeholders". A practical exploration was therefore done among stakeholders within Teesing by conducting interviews. As the buying party, Teesing maintains the relations with its suppliers and experiences the results of these relationships first hand. The internal stakeholders can provide a first direction for studying a business problem. As a second and more objective source of information, data was derived from the enterprise resource program (ERP) in which the complaint registration is kept. This database contains information about the amount and nature of received complaints and can be linked to the corresponding suppliers.

3.3.1 Internal stakeholder interviews

Since the initial business problem is not given, but chosen by stakeholders (Van Aken & Berends, 2018), the identification of a problem and justification for the need to solve it, comes from the internal stakeholders in the firm. These stakeholders have the most relevant information about the influence of suppliers on the firm's daily operation. They have a "lived experience" (Gioia, Corley, & Hamilton, 2012: 19) of the supplier relationships and how these affect the supply chain lower down. The four persons for this problem definition phase were selected based upon information they could provide about the performance of suppliers and the relationship maintained with them and the impact this has on different levels within the firm. The principle informants (Voss, Tsikriktsis, & Frohlich, 2002) being best and broadly informed about this subject were identified as the CEO, the corporate operations manager, the logistics manager and a senior buyer.

3.3.2 ERP complaint registration

As a next step, the complaint data from the firm's ERP system was analyzed to find supportive quantitative evidence. This database holds information about complaints the firm received and operational transactions. From this source, various selections can be made for complaint types and causes, which gives insight in the direct and indirect contribution of suppliers to complaints received by the firm. This registration also allows for further estimations of the consequences of the complaints in terms of time and money required to solve them.

3.4 Research strategy

According to Verschuren & Doorewaard (2007: 155), the research strategy describes the coherent set of decisions outlining the way in which the researcher is going to carry out the study. The purpose of this study is to identify relational enablers and hinderers for supplier relations which can help to reduce complaints and improve on the performance of its suppliers in the future. It is specifically about the parts that can directly or indirectly be linked to the relation that the buying firm maintains with these suppliers. Based on the literature and exploring interviews, the assumption at the start of the writing of this thesis was that by understanding how relationships with suppliers can be maintained, the suppliers' performance can be affected in a positive manner. Understanding a business problem can contribute to the way the firm deals with them. This implies that the required empirical data is limited by what can be derived from the direct environment and the firm itself. The number of considered suppliers for this research is relatively small, with 25 of the suppliers accounting for 95% of the operational purchased value. In addition sufficient detail is required to meet the goal of gaining understanding of the relational enablers and hinderers within this context. For this reason, the methodology chosen for this study is a dyadic, multi case-based research approach. By improving a supplier's performance, the performance of the wholesaler can be improved. Because it is the intention to understand a certain phenomenon, the research strategy is inductive and aims to build a local theory within this context. This study starts off with a business problem and should deliver insight into how relationships with suppliers can influence this. With this local theory, approaches to tackle issues early in the process can be developed by making use of the relation enablers and hinderers.

1. Problem definition

In this phase, semi-structured interviews were conducted with the internal stakeholders to understand what this perceived problem means for the daily work of the people involved in different positions. By analysis of the complaint registration from the firm, the problem could be quantified and compared to the impressions of the first informants.

2. Data collection, analysis and diagnosis

In the next phase, rich and detailed data was collected from the contact persons of the buyer and the supplier by means of interviews in order to be able to perform in-and cross-case analysis for supplier relations and the supplier's performance. Additional relevant data sources, such as ERP data and supplier contracts were used to triangulate the information from the interviews. The role of literature in this phase was still limited. To build a local theory, having limited knowledge of the extant literature has an advantage and a function. It enables the researcher to freely and openly look at concepts that might emerge from the harvested data from the study, with a limited bias. It prevents an early confirmation of earlier researched and discovered relations. (Gioia et al., 2012)

3.5 Data collection

The assumption in this research is that the relationship between the firm and its suppliers affects the performance of suppliers. If relational enablers and hinderers in a buyer supplier relationship are better understood in this context, it can support the firm to influence these relationships and consecutively the performance of the suppliers involved. This multiple case study has therefore "the relationship between the buying firm and its supplier" as unit of analysis.

The empirical data required for this research was delimited by the relations between the buying firm and its supply base. A purposive sampling method was used for the 25 potential relations that represent 95% of the operational purchased value. The pre-selection is made based upon the following conditions:

The first criterion is that only suppliers responsible for delivering parts that carry unique article identifications within the buying firm are accepted as data source for the pool. This is to exclude indirect purchases, not intended to be delivered to customers as part or part of an assembly.

The second criterion is that there has to be historical data available from the interaction and relation with these suppliers. Without a history, evaluating the relationship can only be done based on reputation and recent and limited impressions, not on experience. The risk of a recency bias could play a role. Also premature relations between two companies shall be avoided in the data pool, because they can inhibit start-up problems or exceptional attention from either companies which can have a disproportionate influence on the results. Therefore, a minimum duration for the relationship is set to two years of purchase history from Teesing, which allows for researching relatively stabilized relationships and increase the likelihood of available data to analyze.

The third criterion is to only include suppliers who generate a buying value in the supply base that is worth evaluating a relationship for. This minimum value also increases the chance that the supplier is willing to contribute to the study. For this, the selected suppliers cover the top-25 out of 165 active suppliers to the operation for 2018. This results in a threshold of € 50,000 for that year's purchase value. These supplying companies together cover 95% of the firms total purchased operational value.

This overview was assessed in more detail and eventually reduced to a final top 21. The reduction was decided upon for several reasons. Firstly, two suppliers were removed because they are the subsidiaries of Teesing in the US and Taiwan. Both belong directly to the Teesing group, they employ direct colleagues of the purchasers and hence are not considered to be representative in the context of supplier relations. Secondly, one of the suppliers sells to Teesing from two different entities that are both within the top-25 overview. Their operations are run from the same production and logistics facility with the same contact persons. Therefore their statistics are accumulated and considered as if they were one supplier. One of the positions was removed because the relation with this company appeared to have very little history, since Teesing has only been purchasing from them for less than a year. The funnel for this supplier pre-selection process is visualized in Figure 4

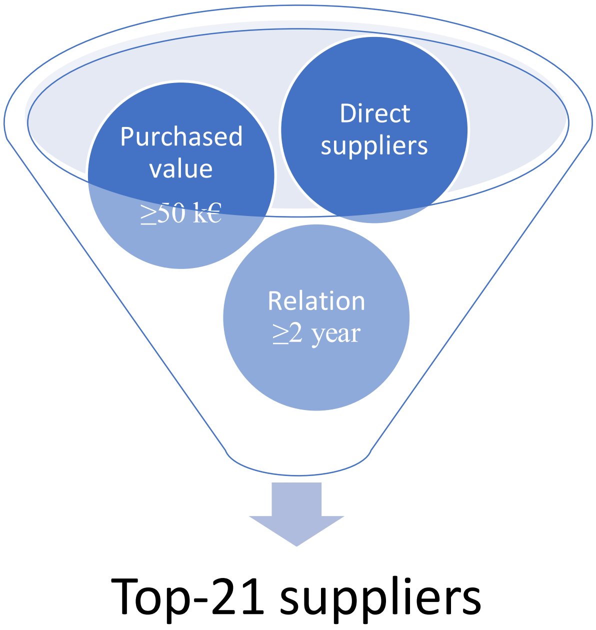

Figure 4: Selecting relevant suppliers for data collection

3.5.1 Data collection sources "problem definition phase"

This section explains the way data was collected in two different ways during for problem definition phase, using stakeholder interviews and ERP complaint data.

Internal stakeholder interviews

For the exploring stakeholder interviews, four persons were identified as being the most knowledgeable about the impact of suppliers on the firm's performance. The first informant is the CEO of the company, with 39 years of experience in the company on various positions and close ties to many of the long-time suppliers. Then the corporate operations manager (COM) who is responsible for the purchasing strategy and brings 10 years of experience. Third, the logistics manager (LM) was seen as to have the most realistic perception of the impact of suppliers on the daily operation. Finally one senior buyer (SB) who also acts as a group leader for the purchasing department brings 8 years of experience in maintaining relationships with suppliers and solving problems related to this subject. A potential business problem related to supplier performance and the effect on the delivered value can possibly be revealed by interviewing these stakeholders, since they are together involved in the strategic, tactical and operational side of the business and decision making. The following basic questions guided the explorative interviews with internal stakeholders:

1. Does Teesing know how value is delivered to its customers?
2. Does Teesing know which factors affect the value delivered?
3. What is the impact of suppliers on the value delivered to customers?
4. How are suppliers selected by Teesing and what methods are available to control and improve their performance?
5. Which relational factors affect the performance of a supplier?

ERP complaint registration

The data from Teesing's ERP complaint registration indicates to which extent suppliers are directly or indirectly involved in quality and performance issues. Complaints are reported as either a Vendor Complaint (VC) or Customer Complaint (CC).

To identify vendor complaints, deliveries are subject to an incoming inspection. If quality criteria are not met, the deliveries are kept in quarantine for further assessment by the company's quality department and eventually the supplier. These Vendor Complaints represent products for which the condition to deliver value is already not met when the goods arrive at Teesing. It is not to be said that the supplier is directly responsible. Though for improvement, involving the corresponding supplier is required. For the category of vendor complaints, products have not reached Teesing's customers yet.

When a customer complaint is issued, non-conforming goods are firstly noticed and reported by Teesing's customers. This is the most costly of the two complaint categories. The losses and possible risks are far bigger. More value is added by Teesing for stock keeping, packing and transportation. The products are shipped worldwide and sometimes already built into machines and applications before any non-conformity is noticed. When non-conformities are eventually noticed and reported back in the supply chain, the required lead times to be met tend to have expired already. The required countermeasures to solve such a problem involve urgent actions and express transportation, including deviating from the firm's standard operational processes. These specific actions increase the risk of making new mistakes in the process of solving old ones. The Customer Complaints category explains the logic of wanting to identify non-conformities and problems as early as possible in the supply chain. The earlier problems are identified, the more likely appropriate countermeasures can be taken and the lower the costs and effort involved in structurally solving it.

By assessing Teesing's complaint registration, an indication can be given to which extent these are directly or indirectly related to the firm's suppliers and can be related to the informants' experiences.

3.5.2 Data collection sources “analysis and diagnosis phase”

To collect data about the relational enablers and hinderers, the qualitative perception of the firm’s buyers about the relation is most important and was therefore chosen over a quantitative ranking by the complaint registration and the delivery performance of suppliers. The corresponding three buyers were asked to assess the suppliers in the top-21 ranking for their overall performance to the buying firm by reaching consensus. Then they were asked to rank them in order from good to poor performers. The same buyers were also asked to give the name of the “principle informant” (Voss et al., 2002: 206), the contact person of the that supplier who could provide the most relevant information about the relationship between both companies. For the ordered list of 21 suppliers each one was tagged from good to poor (G1, G2, G3, etc.) and poor to good (P1, P2, P3, etc.). The supplier in the middle received the identifier GP11, as the median in between the ten better and ten poorer performers from this purposive sample of relations. This method is visualized in Figure 5.

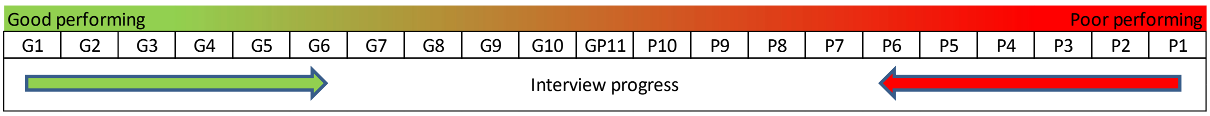

Figure 5: Tags for good to poor performing suppliers for the progress of interviews

Then, this ranking was used to guide the actual interviews and gathering of triangulation data for the better and poorer performing parties. For the interviewees who represent a supplier, their performance ranking was kept confidential to prevent a defensive attitude or bias for the information they would be sharing in the interviews. The approach to collect this data was structured by the following steps:

- Ask buyers to put the pre-selected suppliers in sequence from good to poor performers
- Subsequently, for the good (Gn) and poor (Pn) performer number “n”, interview the corresponding buyer(s) about how they experience the relationship
- For the same relationship, interview the principle informant from the supplier
- Repeat this procedure for good and poor performers number “n+1” until no new phenomena are discovered and saturation was reached
- Collect additional triangulation data related to the interviewed suppliers from the buyer’s ERP system

All interviewees were assured that the results of the interviews would be anonymized. In addition, I expressed my appreciation for having the opportunity to conduct the interviews, and I gave them my express assurance that I would only use it to discover patterns in my role as a researcher, and not for specific cases related to the company they work for in my role as employee of Teesing. All the buyer interviews were conducted face-to-face, just like two of the supplier interviews. The remaining supplier interviews were conducted via a telephone or Skype call. Most of the interviews were recorded and then transcribed. Some of the interviews were not recorded for technical reasons. For these, notes were taken and directly after the event the notes were merged with the, then recent, memories of the interview. For both a poorly and positively assessed supplier, statements as expressed and transcribed were also verified with the interviewee and asked whether it represented the information they have shared. This was confirmed by both interviewees.

The participants were asked to provide information about factors that contribute to supplier performance and about the relationship they experience. Each single interview round included one good and one poor performer, as explained in the previous step. The interview rounds proceeded until the point that saturation has been reached. Following Eisenhardt (1989: 545), the point of saturation has two dimensions. The first is theoretical saturation, the point at which no new phenomena are discovered in the cases anymore as defined within the Grounded Theory method (Glaser & Strauss, 1967). The second dimension of saturation is the point at which the process of iteration leads to minimal incremental improvements of the theory to be developed. Parallel to the interview with the buyer, a similar set of questions was asked to the contact person of the corresponding supplier for this selection of companies. Following this method, the information related to one relationship can be assessed from the perspectives of two participants and thus in a dyadic manner. In the progress of the study, the first five good (G1-G5) and poor (P1-P5) performers were included in the analysis.

3.5.3 Data collection methods and operationalization

For this study various types of data collection methods and variables are in use. Because there is a certain overlap for the two phases of the study, all the methods used are explained separately and summarized per phase in Table 1.

<u>Method: Semi-structured interview</u>

The business research literature from Easterby-Smith, Thorpe, & Jackson (2015: 135), advise the use of semi-structured or non-structured interviews when the aim of the interview is to develop knowledge of the respondent's world and to use this to influence it, especially in the case of action research. Gioia et al. presume that the organizational world is socially constructed and that the people within the organization are “knowledgeable agents” (2012: 17). They know what they are doing and they can explain their thoughts, intentions and actions. This casts the researcher in the role of a “glorified reporter” (Gioia et al., 2012: 17). Since the goal of this study is to identify relational enablers and hinderers, gaining this in-depth knowledge about the world of the stakeholders is very relevant. Semi-structured interviews have an advantage over structured and unstructured interviews when it comes to collecting rich empirical data within a specific context. It gives the interviewee the possibility to still share relevant information that was not anticipated upon by the interviewer upfront. (Van Aken et al., 2012: 162) Therefore, this interview method will be used to collect data from the stakeholders. For Dutch speakers, the interviews were conducted in Dutch. All other interviews were conducted in English. In addition to the information shared in the interviews, the invitees’ replies to the invitation for the interview will also be part of the data. The invitees’ replies will be assessed for their willingness to participate in the interview rounds.

Method: ERP data

The data from the ERP system was used to quantify information about complaints related to suppliers, and about on-time deliveries received from the suppliers. This method represents an objective measure of the suppliers operational performance over a time frame of 14 months between January 2018 and February 2019, the period before the interviews with the buyers and suppliers were conducted.

Method: Questionnaire

A short questionnaire was filled out by the firm’s buyers to rank the supplier selection for their performance, from good to poor. There is no specific measure, absolute value or high accuracy required for the outcome of this method, as long as the sequence of ranking represents the experience of the buyers in a qualitative manner. The actual data is intentionally derived from both extreme sides of the ranking and not the orange area of average performers in the middle of Figure 5. Therefore, I expected the outcomes of the questionnaire to help me find differentiating factors for good and poor performers.

Method: Pre-existing data (contracts)

As supporting evidence, pre-existing data was used. Contracts between the buyer and supplier were interpreted for how they could influence and support the relationship between the firms.

Data collection methods	Phase I: Problem definition	Phase II: Research
Questionnaire for supplier ranking		X
Reply to invitation for an interview		X
Semi-structured interview	X	X
ERP data extraction	X	X
Pre-existing data (contracts)		X

Table 1: Data collection methods in use per research phase

Operationalization of interview questions

The methods and variables in use are intended to identify and to reveal information in the context of relational enablers and hinderers. By structuring them in data collection methods, reliable comparisons can be made for the same concept between different cases in the phase of the data analysis (Van Aken & Berends, 2018). This approach increases the reliability of a study. The variables can be linked to the concepts from the existing literature, but can also emerge from the interviews and other data sources.

For the explorative interviews in the problem definition phase, the internal stakeholders were asked to answer questions related to the way Teesing selects suppliers and to how the stakeholders think supplier performance can be increased. The interviewee was also asked which aspects affect a supplier's performance, and what the role of the relationship is. The list of explorative interview questions is attached as Appendix 1:.

For the diagnosis phase of this study, the interview questions were guided by two sources of information. For the variables derived from the literature, Ambrose, Marshall, & Lynch (2010) was used. The approach of their study is comprehensive and focusses on dyadic relations, as experienced by buyers and suppliers. They employ both the components of transaction cost economics and the Relational View for analyzing BSR's, while specific attention is paid to the role of performance in the relationship. Studying the dyadic relation enables the buyer in a relation to understand what is really important for the supplier in question, and thus enables them to use their scarce resources for relation management as effectively as possible. The second source is the explorative interview round, as conducted with internal stakeholders in the problem definition phase of the research design. This provided an opportunity to include information that emerged from the internal stakeholders' insights. In addition, all interviewees were encouraged to share experiences and insights which they felt were important for the relationship and performance and should be mentioned in this context, but were not included in the guiding interview questions. For example, they were asked to think of less successful and very successful experiences in the cooperation and which factors contributed to it. The list of interview questions is attached as Appendix 4:.

3.6 Data analysis

The information is collected in a structural manner and by the same person, so the interviews allow for comparison. For further analysis, the raw data from the 14 interviews was filtered for the elements that were related to the relationships between the companies and which factors affect them according to the interviewees. This coding process is done by a first interpretation of the complete data set. Attention was paid to utterances about how one party sees and experiences the other in daily cooperation and communication. In addition, utterances about past experiences and future expectations were noted, as well as remarks about how problems were solved and which information was shared between the parties and whether any information was missing. The data set also yielded information on which levels between the companies interact, how frequently this occurs and if any personal information is shared, beside the business needs. The results were text strings with informants' utterances about the relation, which were then merged in an Excel sheet. Each line was tagged for the interviewee to represent either the supplier or the buyer. Another tag was added for if the earlier assessment was good, to be able to reveal enablers, or if it was poor, to be able to reveal any hinderers. With these tags, the selection of utterances, and their later analysis, could be selected for its source and the assessment of the related supplier. This selection is visualized in the quadrants of Figure 6. The utterances and statements from the interviews were used as the "informant-centric" 1st order concepts, which try to "adhere faithfully to the informant terms" (Gioia et al., 2012: 20).

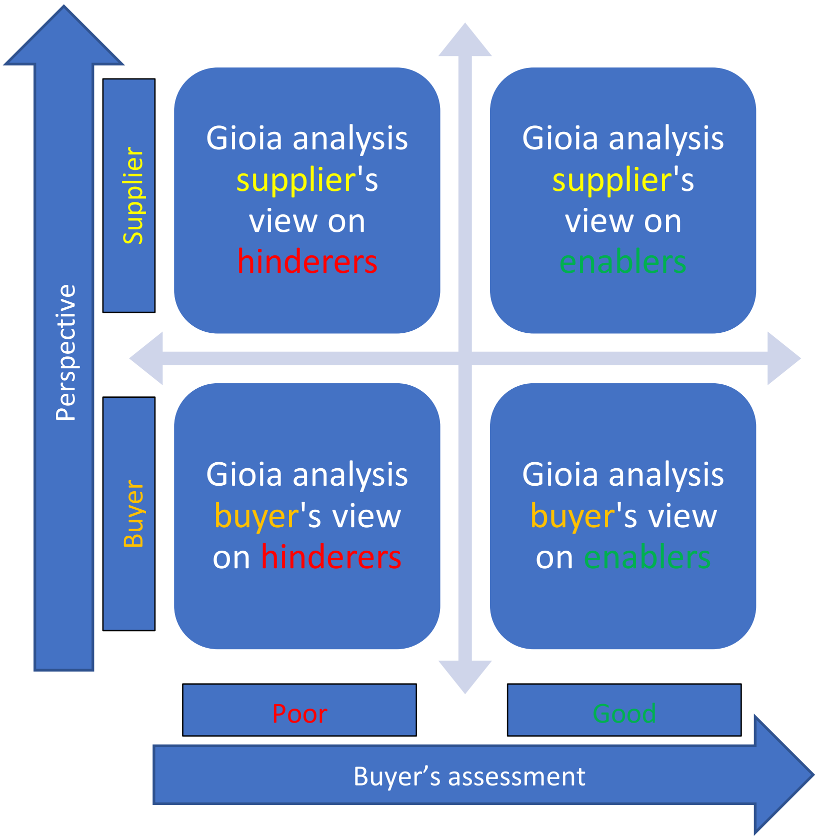

Figure 6: Analysis quadrants for buyer and supplier

Following Gioia et al. (2012) further, the same method was used in the next phase in which the "researcher-centric" 2nd order themes were developed, after the interpretation of the data by the researcher. Interpreting the data and grouping them into 2nd order themes, brings similar and related utterances together and reduces the amount of data lines to better manageable numbers for the researcher. With the 2nd order codes, an attempt was made to describe what is going on by examining contrasting pairs. For example more vs. less, and aware vs. unaware. It's the first step of interpretation by the researcher to get to know "what is going on here" (Gioia et al., 2012: 20). The 2nd order codes were then placed in the matrix of Figure 6 so that these contrasts become visible for 2nd order codes between the quadrants. With the last step, and to move to aggregate dimensions, the 2nd order themes were grouped within each individual quadrant. Within the quadrants they were interpreted for representing concepts that could be linked to relational enablers and hinderers within a buyer-supplier relationship.

Triangulation of data sources

For the selection of suppliers included in the analysis, a triangulation of data from two other sources was performed. The first source is the firm's ERP database that holds complaint data, information about return shipments and the timeliness of deliveries. The second source is the contract in place in the buyer-supplier relationship, if any. To triangulate the data for the performance of suppliers, historical data from the ERP system is used as a basis to assess the number of complaints and the timeliness of deliveries. By further analyzing the on-time deliveries of the suppliers involved, the assessment of the buyers was compared to earlier measured objective performance of the suppliers. From the complaint reports the number and nature (such as technical, packing and delivered quantities) was examined. For logistical performance, empirical data was extracted from the ERP system for whether suppliers were able to meet their promised lead times. The supplier contracts were analyzed to triangulate the conclusions about the relationship that emerged from the interviews.

3.7 Reliability and validity

To elevate the level of rigor and consistency, criteria as mentioned by Barratt, Choi, & Li (2011: 340) were used to justify scientific case-based research in operations management. Science is to build knowledge and achieve progress, whilst continuously being subject to scrutiny and criticism. Criticism can be delivered only when the foundations of a study are made transparent (Yin, 1981) and should be based upon knowledge of the process and background just as much as the outcome. Therefore, access to either the derived data or the data collection process is essential. Reliability and validity are indicators for how well a study is designed and executed, and whether (and in which context) it can be replicated by others.

Business research should comply with the following prerequisites according to Van Engeldorp Gastelaars en De Leede as published by Van Riemsdijk (1999: 141-163).

- All stakeholders should have access and be able to gain insight in outcomes and used methods
- It should be based on solid reasoning and argumentation
- Findings should be traceable and consider relevant stakeholder perspectives
- People affected and involved will be informed and heard, including their possibility for an appeal

3.7.1 Reliability

A study that, when repeated, results in the same or comparable outcome, independent of the researcher or respondents, is highly reliable. For case based and qualitative research, Stuart et al. (2002) suggest two ways to enhance reliability. One is to design and give insight in the protocol that guides the research process. The second is to maintain a case study data base, so other researchers can retrieve the used data and repeat the analytical process. This research uses the first method, and describes the research process steps in a meticulous way. The other possibility, a complete database with information about the study, is in conflict with the confidentiality terms regarding data and information as agreed with focal firm in study. The methodological protocol as defined in this chapter, guides the research process and can be reused to replicate the study in a transparent manner. About reliability, Van Aken et al., (2012: 189) state that: "The more procedures have been fixed in advance, the less the personal characteristics of a researcher can influence the results". By defining the execution of this research clearly and openly, this research aims to be reasonably reliable.

3.7.2 Internal validity

When the internal validity is high, the conclusions about the relationships between phenomena within the system under consideration are justified and complete. (Van Aken & Berends, 2018) Because the internal validity is related to the context and within the system of this specific business problem, the results and solution design should be recognized and approved by the internal stakeholders. Therefore, after finalizing this study, the report will be made available to the stakeholders within Teesing.

4 Results

This chapter presents the empirical phase of this study. It starts with the results of the first explorations of practice within Teesing that were used to state the problem definition. This is followed by the data that was derived with the semi-structured interviews. Then, data from the firm's ERP system is disclosed for the cases under investigation from the period before the semi-structured interviews with the buyers and suppliers were conducted. Finally, the contracts in place between the buyer and the suppliers were evaluated for the presence of elements that encourage a relational approach. Finally the results of the empirical data are summarized.

4.1 Exploration of practice

The exploration of practice was done by using two different data sources. Exploring interviews with stakeholders were conducted, in which all the interviewees hold key positions within the firm for the perception of supplier relations and performance. Further, the ERP complaint registration was analyzed, in which historical data can be found related to suppliers.

4.1.1 Stakeholders interviews

The stakeholders most knowledgeable about the performance of suppliers were identified as the CEO, the operation manager, a senior buyer and the logistics manager. The first has almost 40 years of experience within the firm on various positions. He still keeps close relations with a limited number of suppliers. The other three interviewees experience the relation and the performance of suppliers on a daily basis. The questions used for the exploring stakeholder interviews can be found in Appendix 1:. From the interviews, three concepts emerged that according to the interviewees influence the performance of suppliers. These concepts are summarized below. Transcripts of the interviews can be found in Appendix 2:.

Information and communication

All of the interviewees unanimously agree that the way of communicating and sharing information exerts much influence over the performance of suppliers. The CEO mentioned that "Misalignment leads to misunderstanding, frustration and eventually unhappy customers and also suppliers." It was emphasized that providing complete and correct information to the suppliers largely depends on what agreement is in place between Teesing and its customers. Some examples were mentioned, like the agreement to provide order forecasts to a supplier, which did not always happen. Another example is the promise to share information about how Teesing measures supplier performance and the corresponding performance figures, such as on-time deliveries and complaint data. When links of information in this chain are missing, chances are that misalignment and eventually an unhappy customer will be the result. For the logistical handling, timely and correct information about shipments is also helpful. The logistics manager mentioned that “Communicating about early or late shipments in time, helps the logistics department to plan their work upfront in a logical manner and provides an opportunity to inform customers upfront for what can be expected.”

Personal relationship

The importance of having a relationship with a supplier’s contact persons on a personal level is mentioned as well. It is not so much that a personal relationship avoids problems and complaints in the first place. However, once an adverse event occurs, the presence of a personal relationship makes it easier to approach people, talk about the issue openly, and to find structural solutions to solve problems. It just makes people more receptive to bad news. Maintaining a long-lasting and stable relationship with the most important suppliers and their contact persons is key for Teesing. These personal relationships promote transparency and openness, which are essential to performing well. Teesing depends on its suppliers to a large extent, and these supplier have a huge impact on the firm’s operational performance.

Dependence on the supplier

The biggest parts of Teesing’s turnover, approximately 85%, is realized with products and solutions that are standardized for customers. The remainder of 15% comes from ad-hoc purchases. Before the actual sales-and-delivery process for these standardized product commences, Teesing agrees with both the customer and supplier on the solution most suitable for the application or problem. This selection is driven by the needs of Teesing’s customers. After having selected, designed and tested the product with positive results, the specification is frozen and the solution becomes the default for that customer. As soon as this process of standardization is finalized, it is not possible to make any changes in the product or switch to an alternative supplier or solution without prior notice and evaluation with the involved parties. It can be compared to supplying a part for a car. It is possible to switch to a new solution, but it needs an evaluation upfront to make sure all parts and functions still match the requirements. Such a switch is costly, labor intensive and not preferred. It should only be done in case the former solution is really not workable anymore. Stability is preferred over the lowest price on the invoice. Manufacturers of standardized products make up for the biggest part of Teesing's most important suppliers, which causes interdependence between the buyer and the supplier. In case of underperformance of suppliers, they're not easy to replace in the supply chain. The only ways to influence their behavior in favor of Teesing is therefore through to the contract in place, and through the relation maintained with that supplier. The operations manager described this situations as: "Many of the suppliers deliver a unique product, which practically means that Teesing can bite, but only without teeth."

The conclusion drawn from the exploratory interviews is that the three most dominant factors that influence the firm's operation according to the internal stakeholders are:

- Information sharing and communication between the firms
- Personal relationship between the contact persons
- Teesing's dependence on the supplier

From the interviews in the exploration of practice, it can be concluded that there is a need to maintain close (personal) relations with the firm's most important suppliers, according to the stakeholders within Teesing. This includes the sharing of information, openness and communication. Following the interviewees experiences, this helps to improve a supplier's performance which eventually affects the performance of Teesing. Many suppliers have a dominant role in the supply chain, because their product is unique or because no alternative products are directly available or allowed by the customer. Only for a small number of customers is it even possible to find an alternative solution and switch supplier if no other options remain.

4.1.2 ERP complaint registration

Complaints are registered on two levels within Teesing. First, there are customer complaints (CC's), which are complaints that were reported by the firm's customers. Second, there are vendor complaints (VC's), the complaints that were reported after the incoming inspection within Teesing's logistics department. Within these levels, each complaint is further categorized by the cause of the issue. For example, a technical cause will be assigned to complaints about products dimensions that are not within the required specifications. "Wrong product" is listed as a cause when the wrong product is delivered to a customer.

Within the level of CCs, the root cause of the complaint cannot always be linked to a supplier directly. An order has first passed Teesing's quality inspection successfully and the complaint was reported after the delivery to a customer took place. However, for the level of VCs, where a problem was identified during Teesing's quality inspection, the cause can always be linked to a supplier directly.

The data extracted from the ERP system for complaints over a period of seven months, reveals that 59 (20%) of all the complaints were VC's, which can directly be linked to suppliers based on the level they were filed. For the remaining 242 (80%) complaints filed as CC, 97 were reported as a "technical issue". Therefore, these could also directly be linked to the corresponding suppliers. Together, a total amount of 156 complaints (51%) were directly related to the performance of suppliers.

The categories "wrong price, after sales, financial issue and forwarder issue" within the CC level can only be linked to Teesing internally, they cannot be caused by a supplier. For the remaining categories within the CC's, the source of the issue could either be at the supplier or at Teesing.

In Table 2, the complaint data is accumulated for a seven-month period between July 2018 and February 2019. Categories for which the complaints can be traced back to a supplier directly are marked red. Complaints that can possibly, but not certainly be traced back to a supplier, are marked orange. The categories where the source of the issue can certainly not be traced back to suppliers, are marked green.

Complaint registration between July 2018 and February 2019									
Category	**Customer Complaint**		**Vendor Complaint**		**Overall complaint**		**Time per issue (h)**	**Total time (h)**
Wrong price	2	1%	0	0%	2	1%	1	2
Wrong packaging	16	7%	0	0%	16	5%	2	32
Technical issue	97	40%	33	56%	130	43%	16	2080
After sales issue	33	14%	0	0%	33	11%	1	33
Wrong quantity	28	12%	11	19%	39	13%	1	39
Wrong product	50	21%	15	25%	65	22%	2	130
Financial issue	5	2%	0	0%	5	2%	1	5
Damaged packaging	9	4%	0	0%	9	3%	2	18
Forwarder issue	2	1%	0	0%	2	1%	1	2
Total	242		59		301		**Time**	2341
Percentage	80%		20%		100%		**Costs**	€ 117.050

Table 2: Vendor and customer complaints between July 2018 and February 2019 per order line

From this analysis, it can be concluded that for 156 (51%) and possibly 259 (83%) of the complaints that Teesing has received, the supplier plays an important role. This is not to directly blame a supplier or put the responsibility squarely on their shoulders. However, if steps for improvement are to be made for the future, involving these suppliers will be an important prerequisite to successfully solving these issues. Technical issues in particular have a high impact on the total workload. Table 2 shows also the estimated required labor and the cost involved over a period of seven months, for a rate of € 50 per hour. Interpolating these results to a one year period reveals that efforts and cost can be as high as 3,500 hours and € 175,500, just for the required labor. Additional costs for special transport, replacement products and visits are not even included.

The analysis of the quality registration data shows that the influence of suppliers on Teesing's operation is substantial. Complaints can be very costly for the firm, taking into account that the time required to handle and structurally solve them, may range from several hours to several days. Due to frequent export activities via the firm's subsidiaries in the USA and Taiwan, the impact of non-conforming products and shipments can be even more problematic. Overseas complaints are usually followed by the need to resolve issues over distance, with cultural differences, obligatory reporting and paperwork, and different time zones complicating matters, under increasing time pressure.

The results of the exploratory interviews with the internal stakeholders suggest that, by putting more effort into sharing information and into communication, performance can be improved and the number of complaints can be reduced. Evaluating the relationship with suppliers and actively managing it, could positively contribute to this as well. If this effort pays off, the result is not only a more satisfied customer, but also reduced expenses on quality issues and complaints as well as an improved relationship with the supplier.

4.2 Semi-structured interviews with buyers and suppliers

As explained in the methodology section earlier, for the semi-structured interviews data was collected on two levels. First, the response to the invitations was analyzed to find supporting evidence for the initial assessment by the buyers. Then the actual interview data was used to find evidence for the relational enablers and hinderers.

4.2.1 Invitation from interviews

For the first five good and poor performers, the representatives for Teesing within the supplying company were approached. They were invited for an interview by e-mail with an explanation of the background of the study. They were also openly informed about the double role of the researcher as a student and as an employee of the buying company. The text of this e-mail is included in Appendix 3: of this report. The replies to the invitations for an interview reveal immediate differences in attitudes towards making a possible contribution between the suppliers assessed as good and poor.

Good performers

For the good performers, two out of five suppliers that were approached replied positively (G2, G5) within one day. Two others replied within three days (G1, G3), with the message that they were available for an interview. One of them apologized for the late reply. One reaction was an automated “out of office reply” (G4), informing the recipient that the person would not be available for the next three weeks due to holidays and that e-mails would not be read. The invitations eventually resulted in four suppliers that accepted the invitation and confirmed their availability after a first attempt. There was no noticeable hesitation in their written replies. Two of the respondents (G2, G5) even stated that they felt “privileged” and “honored” to contribute to the study. The fact that the personal replies were given within three days, and that all respondents confirmed their participation, suggest a cooperative attitude towards the study linked to Teesing as a buyer. The apologies for a late reply and statements of participants to feel “privileged” and “honored” imply a form of respect to the other party.

Poor performers

For the five suppliers assessed as poor performing, one confirmed his availability (P1) after calling when no reply was received by e-mail. He hesitated during the telephone call using words as “I don’t know if I can help you with this”. One invitee (P2) announced his earliest availability as by the end of 2019, due to a process of acquisition they were involved in. Two respondents replied with the message that they were busy, but accepted after a second attempt (P3, P5). One respondent referred to the general e-mail address for operations and didn’t reply anymore after a second approach (P4). The invitations eventually resulted in three interviews with the poor performers. The fact that none of the personal replies resulted in accepting the invitation right away, and that no realistic counter proposal was made (alternative date, time, etc.) to contribute, suggests a reluctant or hesitant attitude towards sharing information for this study related to their relation with Teesing. The party that did not reply anymore after the first attempt, seemed to be unwilling to share any information about this subject at all.

Eventually, the invitations by e-mail resulted four interviews with suppliers assessed as good performers and three interviews with suppliers assessed as poor performers. The results of these interviews for both the suppliers and the buyers are presented in the next paragraph.

4.2.2 Interviews

Together, fourteen semi-structured interviews were conducted in the data collection phase of this study. Four interviews with good performance suppliers and their corresponding buyers. Then, for the selection of poor performers, another three interviews with the suppliers and with their buyers. Together, the interview results yield a total of 223 utterances from the interviewees about how they experience the relationship within the dyad.

These utterances were used as the basis for the 1st order concepts. Similar utterances within the 1st order concepts were grouped and used to distill the 2nd order themes, in which an interpretation was given by the researcher for whether they would positively or negatively affect the relationship.

For the good performers, all the positive 2nd order themes (potential enablers) were selected. For the poor performers, all the negative contributing 2nd order themes (potential hinderers) were selected. This reduced the total amount of utterances used in the analysis from 223 to 137. The remaining 2nd order themes for the buyers and the suppliers are condensed in the matrix ofFigure 7, which gives an overview of the hinderers for poor performers and enablers for the good performers.

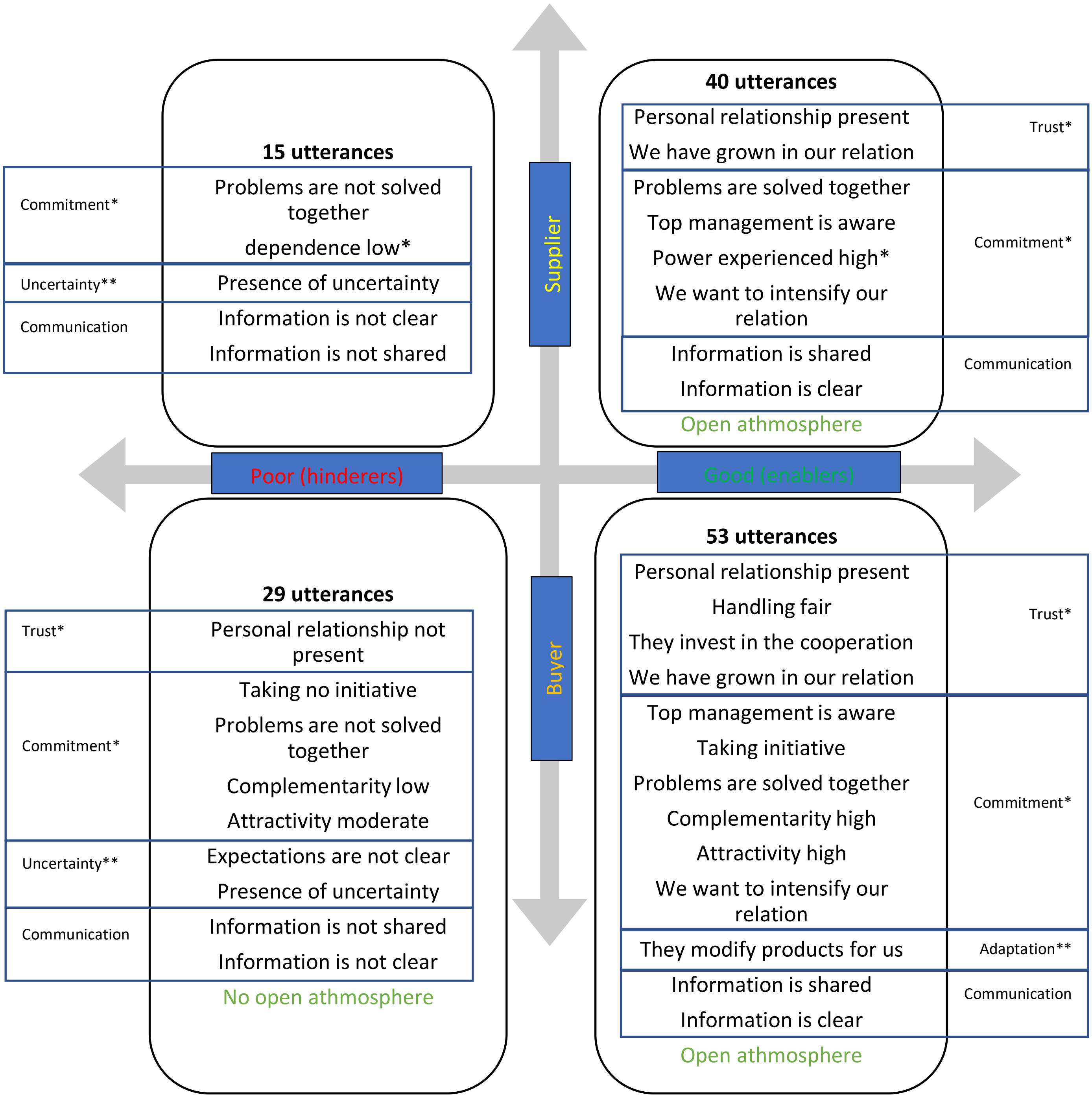

Figure 7: Gioia 2nd order themes and aggregate dimensions for enablers and hinderers

The study of Ambrose et al. (2010) served to identify 2nd order themes that possibly match earlier investigated concepts for buyer-supplier relations. If a match was found, these concepts were used as the corresponding aggregate dimension. From the results of the analysis it become apparent that within all four quadrants, elements of the Relational View (marked with *) emerged from the interview data as an aggregate dimension. Elements of transaction cost economics theory (marked with **) were found at the side of the poor and good performance suppliers and were also included as aggregate dimension.

Good performer's utterances (right quadrants)

Within the analysis of the good performance relationships, the concepts trust, commitment and communication were found. For the buyer, the concept adaptation emerged from the data.

Examples of utterances for these concepts in the good performers right quadrants are:

Trust

Supplier: "Teesing acts fair as a company, they're willing to come to an agreement."

Buyer: "They deal with Teesing's interest in a very proper way."

Commitment

Supplier: "We are not afraid to do long term investments for you."

Buyer: "They're very flexible and know how to anticipate when the circumstances demand it."

Communication

Supplier: "We appreciated your precise and open feed-back from the market."

Buyer: "We're informed in a timely manner about hurdles and problems."

Adaptation

Supplier: "For daily orders we have implemented EDI now."

Buyer: "There are quite some cleaning procedures in place, specifically adapted for Teesing."

Poor performer's utterances (left quadrants)

Within the analysis of the poor performing relationships, the concepts commitment, uncertainty and communication were found. For the buyer, the additional element of trust was found to play a part. Examples of utterances for these concepts in the poor performing left quadrants are:

Trust

Buyer: "Our contact person is willing to process what is relevant, but it's not a strong relation we have."

Commitment

Supplier: "If we should lose you as a distributor your customers will easily find us, since our products are quite unique."

Buyer: "We see them as an inflexible and big company."

Uncertainty

Supplier: "Not always clear what your intention is."

Buyer: "The direction they're going in is unclear for me, on all levels."

Communication

Supplier: "Most of our customers rate us as an A supplier, but this information is not shared by Teesing."

Buyer: "We deal with different people in different offices on different locations and my impression is that they don't keep each other informed."

In addition to having found earlier investigated concepts as used by Ambrose et al. (2010), an emphasis was placed by several interviewees on being able to benefit from an "open atmosphere". Thus, the presence and absence of an "open atmosphere" was included in the 2nd order concepts. Examples of the informants' utterances related to this 2nd order concept were for the supplier:

Supplier: "We have the feeling we can share thoughts and feelings with Teesing."

Supplier: "We know each other very well and we can talk openly, also in regard of the less comfortable discussions."

Also the buyers used similar wording, both contributing positively and negatively:

"There is a culture in place that invites suggestions for improvement, also from our side."

"We're considered to behave just like a distributor, they're not receptive to feedback."

This phenomenon is closely related to trust, but it is not the same and not specifically mentioned in the concepts used for the Relational View. For this reason, it is separated from the 2nd order concepts related to Ambrose et al. (2010). These statements are interpreted as the presence or absence of a "psychological safe environment" as elaborated on earlier, in paragraph 2.1.6 of the literature review (Edmondson, 1999). The people involved feel safe enough for interpersonal risk taking and they expect that they will be given the benefit of the doubt by their counterparts when difficult subjects are discussed and they show themselves vulnerable.

4.3 ERP data

For triangulation of their given ranking, suppliers were also assessed for their actual operational performance. This was done by using the firm's ERP data that was logged over 2018. First, the received and returned order lines were compared to the ranking of the related suppliers. This gives an overview of how many order lines resulted in a problem free delivery to the buying company and thus how the firms logistical department experience their performance. Then, the amount of complaints related to the supplier was assessed, which influences the task load on the buyers and the firm's quality department. Finally, on-time delivery information was gathered by comparing the promised delivery date against the actual delivery date. This reflects to which extent the supplying company meets their promise for an on-time delivery. Since the registration of delivery dates is known to be not very accurate in practice, the decision was made to count deliveries earlier than promised as "on-time". This limited accuracy is a result of the implementation of a new ERP system in 2018, for which the first few months, dates were not filled out very consistently. The data that was used was verified with the logistical department to see if it matched their actual experience. For all three triangulation sources, both the percentage and the absolute value matter. The percentages indicate the performance of the supplier relative to the total. The absolute value gives an indication of the additional task load that is generated by non-conformities for the buying company.

4.3.1 Return order lines

The number of return orders was below the value of 0,4% for four out of five (G1, G2, G3, G5) of the good performers. One good performer (G4) scored 3,3% which could be considered poor when it comes to a delivery performance. For the suppliers assessed as poor, two out of five (P2, P4) kept the return orders at 0% and one scored 0,1% (P3), for which they show the best performance out of all cases. Two others (P1, P5) scored 2,4% and 4,1%, which was caused by specific quality issues over that period. The return order lines reveal no obvious contrasting values when comparing the good and poor assessed suppliers.

4.3.2 Complaint registration

The suppliers assessed as best performing (G1, G2) were related to the highest absolute number of complaints. The nature of these products is that of higher volumes with a total annual amount of almost 28,500 order lines. This means that the relative impact is only small. They do not exceed the buyer's target of 1%, but still the absolute number of complaints means that specific attention is required. For the suppliers assessed as poor performing two out of five (P1, P4) exceed the limit of 1% order lines, but the absolute amount of complaints is only small and below 10. No obvious differences were observed for the complaints between good and poor performers.

4.3.3 On-time delivery

Taking the buying firm's target of 95% on-time deliveries as a reference, seven out of ten supplier comply with this requirement. Non-compliance is found for one of the suppliers assessed as good (G5) and two of the suppliers assessed as poor (P2, P3). For P2 the on-time delivery of only 19% stands out in combination with the lowest amount of receipt lines.

4.3.4 Results ERP data

Table 3 summarizes the ERP for the return order lines, the complaints and the on-time deliveries. For return order lines and complaints, the firm targets a maximum of 1% or ten cases. The target for on-time deliveries is set to 95%. Though there is a difference between the good and poor suppliers, the contrast is not very sharp when evaluating the ERP data.

The better assessed suppliers exceed the limit for return orders in two cases, just like the poorly assessed suppliers. One poorly assessed supplier exceeds both the absolute and the relative limit. For the complaints, three good and two poor suppliers exceed the limit of 1% or 10 complaints. One good and two poor suppliers did not meet the target for on-time deliveries.

For the suppliers that have not met the requirements for the return order lines, complaints and on-time deliveries in 2018, the cells are marked red in the table.

Identifier	Receipt lines	Return Orderlines		Complaints		On-time delivery	
G1	23199	14	0,1%	27	0,1%	22759	98%
G2	5277	5	0,1%	11	0,2%	5043	96%
G3	519	2	0,4%	4	0,8%	503	97%
G4	152	5	3,3%	4	2,6%	144	95%
G5	495	0	0,0%	3	0,6%	347	70%
P5	838	20	2,4%	6	0,7%	813	97%
P4	57	0	0,0%	2	3,5%	54	95%
P3	1688	2	0,1%	3	0,2%	1175	70%
P2	32	0	0,0%	0	0,0%	6	19%
P1	195	8	4,1%	8	4,1%	185	95%

Table 3: ERP data for G1-P1 in 2018

Any return order, complaint and overdue delivery needs to be dealt with appropriately. They require a specialist's attention, and should therefore be avoided. The suppliers that exceed the firm's targets, are evenly divided over the good and poor performers, with differences between them for return orders, complaints and on time deliveries. The ERP data does not confirm any strong overall contrast between good and poor performing suppliers in comparison with the assessment by the firm's buyers.

4.4 Contract analysis

For the selection of suppliers that were included in the semi-structured interviews, the presence and nature of their contracts between the firms was evaluated. All contracts in place were initiated by the suppliers and based on their templates. They all stipulate prices, territory, delivery and payment terms and set a target for yearly purchase values and stock taking, with the intention to renew them on a regular basis. Advertising and promotion is part of some contracts as well, because it helps to synchronize the initiatives and efforts. Trading products and building relations with rivals and competitors of these suppliers were always specifically mentioned as not permitted under the contract. Finally, all contracts contain duration and termination conditions, with the remark that might any legal issues arise, they should be dealt with by the supplier's local court. However, there are also differences between the contracts for good and poor performers became clear and these will be discussed separately, below.

Good performers

Within the group of suppliers assessed as good performers, the cooperation is formalized with a contract for four relations (G1, G2, G3, G4). For one supplier (G5), a contract was never initiated by either of the parties. Teesing has a long history with supplier G5, and the business developed gradually over at least 30 years of cooperation. During that period the need for contractual formalization was never felt. The contracts in place were all written in English, wherever this is the native language for only one of the suppliers. The contracts stipulate that market information is shared both ways, so that the buyer could expect this information from the supplier as well. In addition, the facilitation for product training was the responsibility of the supplier. Specific attention was paid to the handling of complaints, with the aim of addressing and solving issues in a way that is beneficial for both parties. An open communication policy is mentioned for both the firm's remaining activities and the involved parties. Within these contracts and clauses, terms were used as "act in good faith, honesty and ethically", "best effort" and "fair dealing". This can be read in the following examples:

"In carrying out their obligations under this contract, the parties will act in accordance with good faith and fair dealing."

"The provisions of this contract, as well as any statements made by the parties in connection with this distributor's relationship, shall be interpreted in good faith."

"…and shall act in G2's best interest."

Poor performers

Within the group assessed as poor performers, the cooperation is formalized with a contract for three out of five suppliers (P3, P4, P5). All contracts were written in the companies' native language, English being used in one case. The other contracts were written in German. One supplier requires the buyer to provide internal details upon their request, such as visiting reports to customers, including information about sales offers and orders. If the buyer deviates from the supplier's prescribed sales process to end-users, the supplier is to be notified of this. One contract stipulates that the supplier may start direct sales within the buyer's territory without any notice upfront. Here, the prices to the buyer were also mentioned and these could be changed without notification upfront. One contract mentioned that without a written order or statement, no actions would be taken by the supplier.

Below are two interesting quotations from these contracts.

"The minimum purchased value from Teesing this year should exceed € 100.000,- and within five years it should exceed € 250.000,-"

"P3 has the right to gain insight into the sales documents and the corresponding appendices on-site for the products under contract."

Conclusions from the contract evaluation

The first difference that becomes apparent is that the good performers seem to accommodate the buying party by writing the contract in English, even when it is not their native language. For the good performers, there were fewer detailed descriptions in the contracts for sharing information. This should be done in mutual good faith. Good performers seem to have softer contracts in place with the buyer, and they have more room for interpretation and discussion. Thus the contracts suggest these companies prefer to operate on a much more relational basis. By contrast, for the poor performers, detailed attention was paid to which information had to be shared with the supplier and under which circumstances. These contracts are characterized by a strong need to obtain specific details from the buyer. They represent the need for certainty and control and possibly even the presence of mistrust and fear. One contract even facilitates for opportunistic behavior from the supplier. These contracts obviously have a more explicit and transactional character.

4.5 Results from the case analysis

According to the explorative interviews with all the internal stakeholders, Teesing's suppliers have a substantial influence on the firm's performance. The results of the complaint registration seems to support this notion. Between 51% and 83% of the complaints Teesing received over a period of seven months can be linked to suppliers. The explorative interviews suggest there are three factors that are closely related to the performance of suppliers: the two-way sharing of information and communication, the presence of a personal relationship, and the dependence on a supplier.

All the good performers who replied to the invitation accepted the invitation after one attempt at contacting them. They were willing to share information about the subject of study and some even expressed feeling privileged to be asked. From the poor performers that actively reacted, only three accepted the invitation, and only after a follow-up to the invitations on the part of the researcher. Two rejected the invitation and were unwilling to share any information about the relationship at all.

The results from the analysis of the semi-structured interviews show that most statements from respondents could be linked to concepts as used by Ambrose et al. (2010). One aspect, the presence of an open atmosphere, stood out as an indicator of good performance. Buyers and suppliers both expressed feeling safe in sharing feelings with the other party and expressing concerns.

The relationship as experienced by the interviewees is not supported by the empirical data from the firm's ERP system. From the ERP data for the suppliers under study the conclusion can be drawn that the suppliers assessed as good, do not fully or convincingly outperform those assessed as poor.

A similar conclusion can be drawn for the contracts in place between the buying party and the suppliers. Contracts with the good performers have a relational character, with room for interpretation. The poor performers' contracts seem to have a more transactional nature with explicit descriptions for obligations and behavior.

5 Conclusion

The research questions related to the objective as posed in chapter 1.3 can now be answered with the help of the results from the empirical data in chapter 4. The conclusions drawn from the empirical data can be found in the next paragraphs. Finally, the research questions will be answered.

5.1 Exploration of practice

A dependence on its suppliers is certainly present for Teesing, since products are standardized for many customers and a quick alternative is either not available or unwanted. Also, more than half of the number of complaints (and possibly more) can be traced back to suppliers that are or need to be involved. Thus, for Teesing, it is valuable to find out how the relation can be influenced in its favor so that complaints that arise are solved quickly and subsequently prevented in the future.

5.2 Semi-structured interviews with buyers and suppliers

From the invitations, a difference in cooperative attitude became apparent. The responses from good performers were enthusiastic and almost immediate. Suppliers assessed as poor performing replied late or required a reminder or a call. Their responses were reluctant, and one even didn't want to contribute to an interview at all.

Differences between the better assessed and poorly assessed performers were observed. The interviews revealed that both concepts related to the Relational View (trust and commitment) and links to transaction cost economics (adaptation and uncertainty) in combination with communication play a role.

Suppliers assessed as good performers talk about feeling more trust and commitment, and they experience good communication with the buying company. Their buyers experience the this too, and also appreciate the presence of relation-specific investments.

The interviews show that suppliers assessed as poor performers show no utterances for trust. Their dependence on the buying firm is low, so there is no priority in solving existing issues. This leads to a lack of commitment to the buying party. They do experience a level of uncertainty and lack of communication, so opportunities for improvement are not present. Their buyers lack trust, while they do experience a certain dependence on these suppliers. The presence of dependence in this case, does not lead to commitment to the supplier. The buyers experience uncertainty, together with a lack of communication.

Psychological safety

The concept of psychological safety clearly emerged from the interviews. Buyers and suppliers of good performers emphasized feeling safe when sharing information and delivering criticism or bad news. When something is unclear, or if they see or make a mistake, this can and will be discussed. Both buyer and supplier show a willingness to cooperate when solving problems. They give and accept feedback for improvement, which results in a constructive and cooperative attitude. The presence of psychological safety promotes the sharing of experiences and thus this group can provide valuable information for future relational improvement.

This was not seen in the analysis of the interviews with the poor performing suppliers. The number of utterances that contain hinderers in the interviews was the lowest out of all four quadrants. Considering that they are assessed as the poor performers, this group is actually expected to hold the most valuable information to identify hinderers. The group with the most information about which hinderers exist, thus have the least propensity to share any information about it. This could be caused by the lack of psychological safety they experience during the interviews. Or an overall lack of psychological safety related to the buying company, of which the interviewer is an employee after all.

The buyers have nothing to fear when sharing this information in the interviews, they do not run the risk of damaging the buyer-supplier relation. Suppliers are sharing this information with an interviewer who has a double role, and in the context of a commercial relation. By sharing this information, they show themselves vulnerable to an employee of the buying party.

5.3 ERP data analysis

The analysis of the ERP data reveals that the differences in performance between good and poor performers are not as substantial as more subjective experiences suggest. Suppliers that are assessed as good performers show similar numbers of complaints compared suppliers that are assessed as poor performers. The same applies to the number of return orders and an on-time delivery by the supplier. The assessment of the suppliers by the buyers does not seem to be based on the outcome of the relation, but on the process prior to the outcome.

5.4 Contract analysis

If in place, the contracts seem to have a link with the relationship between the buyer and the suppliers. Better performing suppliers have a less explicit contract, leaving room for interpretation and discussion. When room for interpretation and discussion remains, the need for communication arises, which could lead to further improvement of the relationship. The contracts for suppliers who are good performers are written in a language that accommodates both parties.

Poorly performing suppliers have explicit rules and agreements in place, with certain privileges assigned to the supplier, but not the buyer. The contract is written in the supplier's native language. For one better and one poorly performing supplier included in the interviews, no contract was in place.

5.5 Answering the research question

For Teesing's future ambitions, the Relational View is a valuable approach to maintaining long-lasting suppliers relations. It enables the firm to cooperate, share information and find the right solution for its customers. Levels of trust, commitment, communication, psychological safety, cooperation and problem solving attitudes are not recorded by any ERP system. However, this study suggests that these aspects show the strongest relation to the earlier assessment of suppliers, at least for the relational performance. A contract could provide guidelines for relational development, but still the people involved play a crucial role in acting in the spirit of such an agreement. If the formulation of a contract is too rigid and stringent, it may be counterproductive for the relationship.

The main objective in this research is to identify the relational enablers and hinderers for buyer-suppliers relation in the context of Teesing as a wholesaler.

The following relational enablers and hinderers have been identified for each member in the dyad:

Buyer's relational enablers

Trust and commitment are important contributors for buyers that are assessed as performing well within the relation. The suppliers' adaptation of products and their ways of working appear to be of importance as well, which also can be interpreted as commitment from the supplier. Good communication is experienced as essential. An open atmosphere is highly appreciated by the buyers;

they want to feel safe and comfortable when sharing information and providing feedback. This confirms the presence of some form of psychological safety. However, one of its traditional prerequisites is that all members share a similar feeling about that safe environment.

Supplier's relational enablers

Together with commitment, trust is a factor found to be important for suppliers; it positively affects their perception of a buyer-supplier relationship. The perception of a relational development together with a buyer that can add value and bring benefits for the supplier are appreciated by this group. The presence of good communication catalyzes this effect. The suppliers emphasize valuing an open atmosphere, in which everyone feels comfortable sharing information. The presence of psychological safety, in which thoughts and information can openly and instantly be shared without having to fear what others think, is considered to be important by the suppliers. The relation could benefit from how the contract is formalized between the parties. If tasks and responsibilities are not mentioned explicitly, but they incentivize to cooperate in ways that bring the best possible benefits for both parties, it can help members to maintain or even foster a constructive and non-defensive attitude.

Buyer's relational hinderers

For the buyers, the absence of trust and commitment have a negative impact on how they assess suppliers. If problems are not solved in cooperation and no initiative or responsibility is taken by the supplier the relation deteriorates. In addition uncertainty and the absence of communication play a role. The absence of an open atmosphere, in which the buyers feel free to share thoughts for improvement and solving of problems, contributes to the situation. Such a situation may be hard to improve.

Supplier's relational hinderers

For the supplier, the absence of a dependence on the buyer negatively affects their commitment towards a relationship. Combined with uncertainty and poor communication, suppliers tend to show a more transactional attitude towards the buying party and no effort is put into developing the relationship. If at the same time an agreement (contract) is in place that does not incentivize for any relational development, no initiatives are taken to invest in that relation.

6 Discussion

This chapter reflects on the validity and the results of this study. Finally, its limitations and suggestions for future research are presented.

6.1 External validity

Initially the study does not pursue a high external validity, because its purpose is to gain understanding of a business problem within the context of a buying firm. Although there is no aim for a high external validity, it does not mean the external reliability is not present. The results of the study can very likely be used by firms working within the same or similar supply chains. However, an important condition is that the firm pursues a cooperative relation with its suppliers to deliver value in the supply chain. The hinderers and enablers as found are believed to influence cooperation, knowledge sharing and ultimately satisfaction in a long lasting relation and in which critical resources span firm boundaries (Dyer & Singh, 1998). Another condition for external validity would likely be a similarity for the global region and the cultures within both firms.

6.2 Research results

The results of the study find the presence of trust as an enabler and thus an important contributor to relation success, specifically for buyers. This is in line with earlier studies, where trust is found a strong antecedent for relationship success (Ambrose et al., 2010; Mohr & Spekman, 1994; Zaheer et al., 2008). For the suppliers assessed as good performers, also trust was found as an enabler. Extant research shows a high correlation between performance and a supplier's trust in the buyer (Terpend & Ashenbaum, 2012). Aspects related to trust were not found for the interviewees of poorly performing suppliers. The reason this was not mentioned could be that their dependence on the buying firm is too small for trust to be important to them.

Commitment was found as a relational enabler for good performers by both the buyers and the suppliers. Ambrose et al. (2010) find that specifically suppliers emphasize commitment as a driver for relationship success and not buyers. Other studies do also find commitment as a driver for buyers (Angeles & Nath, 2001; Palmatier, Dant, & Grewal, 2007), which is in line with the results of this study. In the context of this study, the earlier mentioned standardization of products by customers could lead to a buyer that values commitment as a result of a dependence for those products on a certain supplier.

Jonsson and Zineldin (2003) find that it is possible to achieve high levels of satisfaction in a relationship, even when trust and commitment are lacking. This study did not find this result, due to the chosen research strategy to identify enablers and hinderers by evaluating good and poor performing suppliers.

Upfront the study, the expectation was that the factor communication would be important in any of the relations, but specifically for the good performers (Monczka et al., 1995). Language is the vehicle for sharing thoughts and information. Absence of communication could also lead to conflict (Firat et al., 1974 as cited in Nielson, 1998) and thus an unsatisfied business partner. Lack of communication was observed in the interviews within the poor performing quadrants of the matrix. This study confirms the importance of good communication in the dyad.

Beside the concepts from the Relational View, also the transaction cost economical elements adaptation and uncertainty were observed during the analysis. The buyer for a good performance supplier mentioned to appreciate adaptation of products for the buying company. This study therefore could suggest a complementarity between transaction cost economics and the Relational View (Ambrose et al., 2010; Cao & Lumineau, 2015; Poppo & Zenger, 2002). However, the complementarity of these theories have also been disputed in the literature (Barney, 1986; Dyer & Singh, 1998; Williamson, 1975). When seen through the lens of the Relational View, an adaptation by the supplier could very well be interpreted as a commitment to the buyer.

Uncertainty was mentioned for the poor performing left quadrant, which is seen as an element of transaction cost economics (Williamson, 1975). The opposite, reduction of uncertainty, was not specifically mentioned for the good performers' right quadrants, which can be explained as a result of good communication. The presence of uncertainty combined with the results from the evaluated contracts could indicate that the poor performing relations have more characteristics of transaction cost economics, while relations with good performers are stronger linked to the Relational View.

One of the conclusions is that the assessment of the suppliers by the buyers does not seem to be based on the outcome of the relation, but on the process prior to the outcome. When pursuing the Relational View, the process that precedes the outcome is one of mutual effort and commitment (Dwyer et al., 1987). The supplier and the buyer work closely together and they share information with the intention to attain benefits for both parties in the relation (Jap, 1999). In case the results are not satisfactory, both parties carry a certain responsibility. Steps for improvement will likely be initiated if they are committed to the relationship and willing to invest for the long term. The members of the relation will thus be more inclined to assess the relation based on the other party's efforts rather than the outcome. Seen through the lens of Transaction Cost Economics, the outcome of a transaction is the only aspect that actually matters (Williamson, 1975). An adverse outcome will thus lead to one or more unsatisfied parties, independent of the effort that was put into making it a success. An unsatisfied member will likely assess the relationship as poor performing, possibly resulting in termination of the relation.

The present study also confirms the complementarity of contracts with the Relational View (Das & Teng, 1989; Poppo & Zenger, 2002). The contract in place however, should be in context with the relationship's development between the parties (Woolthuis et al., 2005). One of the cases also confirms that a relationship could replace a contract (Dyer & Singh, 1998).

Contribution to science

The presence of psychological safety (Edmondson, 1999) was observed with buyers and suppliers of the good performers as a contributor to relational satisfaction. A contribution to science is that this study confirms a relation between psychological safety and relational performance for firms that work closely together in an inter-organizational context. Limited research is done on this subject in the past within this context (Knoppen & Sáenz, 2017).

This study also confirms the complementarity of psychological safety and trust (Edmondson, 2003). Psychological safety does not replace trust, and it cannot exist in a relation without a certain level of trust.

6.3 Limitations

The first and most prominent limitation of this study is that it is conducted by one person and the double role of that person as a researcher and employee for the focal company. First, this possibly has consequences for the actual information that, specifically suppliers assessed as poor performing, are willing to share. Secondly, this double role most certainly results in a stakeholder bias. It's virtually impossible to strictly separate the activity of researching relations with the same suppliers that also pop up in every day's work. Further, this research is conducted by one person and therefore the analysis is biased for the interpretation of that person.

The second limitation is in the data that was used for the analysis. This is a selection of the good and poor performers as assessed by the buyers. Their performance data and replies to interview invitations were used, but not all the relationships were included in the interviews. A part of the qualitative data of these relationships is missing. This applies specifically to the suppliers that were assessed as poor performing, for which less interviews were conducted.

The group of poor performers also tends to be reluctant in sharing information about hinderers, while they potentially could provide the most interesting information about this subject. Therefore, the results of this study very likely represent the views of the buyers better than that of the suppliers.

The use of “informant’s words and terms” from different languages spoken by stakeholders, leave room for interpretation by translation. The specific words were used as much as possible in the interview data and only translated to English for the final analysis and reporting. Also, not all interviewees have the same command of the English language, just like the researcher who is not a native English speaker.

6.4 Future research

The suppliers assessed as good performers have shown a similar operational performance as the poor performers, according to the ERP data. This could indicate that excessive trust is in place for good performers, leading to complacency, blind spots and favoritism (Stevens et al., 2015). It would be valuable to know if this plays a role in any of the relationships.

Suppliers that have improved in their relationships’ satisfaction for the buyer over time, might be willing to share information about how they experienced the development of that relationship. Such a study could provide valuable information about the hinderers these suppliers experienced in the past, and increase the understanding how relationships with poor performing suppliers can be improved in the future.

The present study suggests that psychological safety has a positive effect on the relational satisfaction in a buyer-supplier relationship. Little research is done in the past for the role of psychological safety within inter-organizational teams. By conducting a quantitative study related to the effect of psychological safety on relational satisfaction, more valuable insights can be derived about its role within the Relational View.

7 Managerial implications

Being aware of relational enablers and hinderers between a buyer and its suppliers can be valuable to build stronger relations in the future. The knowledge of the relational enablers for buyers can help them and incentive suppliers to improve, while the relational hinderers can assist to avoid relations to deteriorate.

Being knowledgeable about what the other party values in a relationship, can assist the buyer and the supplier to foresee in it. In can be helpful to emphasize those aspects, in case the other party has not recognized them immediately.

The results of this research suggest that satisfaction in a relation for the buyers is not necessarily based on the outcome of that relation, but on the process prior to the outcome. Through the lens of the Relational View, this can be a logical conclusion. Pursuing a relational approach, a buyer-supplier relation is one of mutual effort and long-term investments in which no immediate return should be expected. Seen through the lens of Transaction Cost Economics, the outcome is the only thing that actually matters. If the outcome does not meet the expectations, the supplier does not foresee in what the buying company requires. This underscores the need for the buyer and the supplier to share and match their relational ambition.

A contract can give direction to that ambition. A non-explicit contract that foresees in incentives to communicate on a regular basis, could lead to improvement of the relationship. After relational development however, an evaluation of the contract should take place to assess its appropriateness.

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Appendix 1: Exploring interview questions

A potential business problem related to supplier performance and the effect on the delivered value can possibly be revealed by interviewing these stakeholders, since they are together involved in the strategic, tactical and operational side of the business and decision making. Therefore, the following basic questions guided these explorative interviews:

- Does Teesing measure how value is delivered to its customers?
- Does Teesing know which factors affect the value delivered?
- What is the impact of suppliers on the value delivered to customers?
- How are suppliers selected by Teesing and what methods are available to control and improve their performance?
- What is the role of the relationship on the performance of that supplier?

Appendix 2: Exploring interview transcripts

Fred Lamb, CEO

Working for the company almost 35 years within different disciplines, of which the last ten years as CEO, Fred emphasizes the importance of aligning expectations with both customers and suppliers. Misalignment leads to misunderstanding, frustration and eventually unhappy customers and suppliers. The value delivered to customers is measured but it lacks thorough and structural analysis of the results. A certain brand, G1, is represented by Teesing for more than 40 years already and he uses it as an example to emphasize the benefits of having a good relationship with suppliers. His remark is that this depends to a large extend on the people involved, the personal relationship is the driving force is his experience.

Teesing's selection of new suppliers is driven by customers. In the first instance value should be delivered that cannot easily be replicated and therefore specialized companies make up for a big part of Teesing's supply chain. This makes it difficult to influence or control their performance in a different way than keeping a good relation.

René Roozen, corporate operations manager (COM)

As corporate operations manager, René is responsible for the translation of the company's strategy to the departments purchase, logistics and customer care. He works for Teesing ten years of which the last three years in his present position. All his three departments are involved in the daily operation, and together they represent the link of the company in the daily operation of the supply chain. According to him, Teesing measures the value delivered but has a reactive approach. In case of complaints, data will be analyzed to find root causes, but there are no structural performance metrics in place.

The value delivered to customers depends on many factors among which are forecasts, the order process, agreements in place, the physical distance between the locations involved as well as the cultural difference. Also, the role in the supply chain and the synchronization of lead times play a role. The impact of a supplier can be huge, and the relation maintained is a substantial factor together with the level of integration by means of for example data sharing, or data links between the companies. How companies become part of Teesing's supply base is not formalized, it is customer driven. Manufacturers working with Teesing are selected based upon what customers require for technology, and there is no policy in place to improve on the value delivered. The biggest forty suppliers are being monitored in terms of turnover and volume via the companies ERP software. In case of complaints about low performance and non-conformities, these are reported to the supplier involved. This approach is not effective enough in René's opinion. Suppliers have a big impact on the performance of Teesing, transparency and openness are key to cooperate and perform well. Long lasting relations are the target for the company. Many suppliers are unique in the market which practically means that Teesing can bite, but only without teeth.

André van Genderen, logistics manager (LM)

Relatively new in the company with three months of employment, André brings a fresh view on the performance of suppliers. He is experienced as a logistics manager working for a previous employer and is therefore in the possibility to assess the situation. Whether the performance and value delivered to customer is measured, he does not know. With his logistical experience he does mention that, when incoming shipments are not planned in timing and quantity, it is nearly impossible to meet commitment to the customers of a timely, complete and correct delivery. This results in a planning problem for the logistical department. For the incoming quality inspection, it is not always clear what needs to be checked, and the process very much depends on the person involved in the task at hand. There is a supplier dependence when it comes to the value delivered, and factors of influence are the batch sizes that sometimes vary, as well as level of automation in the process. He also mentions that communication of late shipments from suppliers lacks sometimes, this results in unpleasant surprises for the logistical planning on a frequent basis. André is not aware of the existence of a selection and improvement process for suppliers. He does have the opinion that a respectful and constructive treatment of suppliers, and clear communication, have a positive effect on the cooperation and the performance.

Albert Plukker, senior buyer (SB)

Albert works for 8 years on this position now and acts as group leader for the buyer group. He mentions an immature way of measuring supply chain performance to customers, is aware of the need to professionalize, and knows about ongoing initiatives to give insight and eventually improve. In his perception, the goal is to achieve a reliability performance of more than 90%, but this is just from informal conversation. Factors of influence are initially the agreements with the customers, where realistic agreements need to be made. Then supplier lead times play an important role, much influenced by order processing times through the whole supply chain. Albert's general impression is that the performance to Teesing customers is relatively high. He estimates that the performance of the suppliers solely exceeds 99%. From the 1 % non-conformities, about half is caused by suppliers, the other half by Teesing's internal performance.

Improvement of a supplier's performance can be attained by being clearer and more specific about expectations: communication and cooperation are key. Many suppliers are unique and can't easily be replaced.

Methods to improve, award or punish are not in use by Teesing. He knows it from previous experience though, where he mentions the "STEP" model that guided parties to become a preferred supplier. The role of relationship is the most important factor when it comes to cooperation and performance, and Albert thinks that is sense making. Relationship and performance are closely related is his experience, and it enables cooperation which leads to better performance.

Appendix 3: Invitation and reply to e-mail for supplier interviews

Invitation

Dear [name supplier contact],

Working with Teesing for 14 years in various functions, I'm presently occupied as manager engineering and quality within the organization. Beside the work for Teesing I did a part-time study business administration in the past two years, for which I'm now writing my final thesis. In my role as Teesing's quality manager and as a part-time student, I would like to ask your support to provide data I require for this thesis.

I'm looking for an opportunity to conduct an **interview with you about quality and performance in the supply chain.** In consultation with Teesing's purchase department we selected you as the representative of [supplier company name] with the broadest experience and knowledge about the relation between both companies.

My intention is to conduct the interview in **week 23 or 24** and I expect to require about **30 to 45 minutes of your time** for it. To your convenience we can use either Skype, telephone or other conference call software.

I sincerely hope that you're in the opportunity and would very much appreciate your support. Could you please let me know whether you're available in either week 23 or 24?

Met vriendelijke groet/Kind regards/Mit freundlichen Grüßen,

Mark van Bronswijk

Corporate Manager Engineering & Quality

Reply to invitation

I.d.	Good performance
G1	Sorry for the late reply. For me Friday 14th would work best; between 12:00 and 17:00.
G2	I will be very honored to help you for your thesis. I will be available on week 23 only. 4th or 5th of June (at your convenience) would be perfect for me.
G3	Sure. Can we do this Friday at 8 am eastern US time?
G4	I will not be available until 11.June. 2019, because of holidays. My e-mails will not be read. (automated)
G5	Of course I will help you. I feel privileged to contribute.

I.d.	Poor performance
P5	I´m the next two weeks on holiday. This week is already fully booked. (Accepted after asking and explaining again)
P4	Please contact P4@P4.com for quality in supply chain questions. Many thanks and I wish you all the best for your MBA. (No reply after a second attempt.)
P3	Unfortunately the weeks proposed by you are not possible for me as I´m next week enormously busy due to many meetings and the week afterwards I will be travelling in Spain.
P2	Our company is now under process to be sold. We will come back to you when the situation will be cleared. (It should be done by end of the year).
P1	I don't know if I can help you with this. For me it's no problem to reserve time for an interview. (The final reaction per phone was somewhat hesitating.)

Appendix 4: Buyer and supplier interview questions

Questions: Interview protocol buyers for the selected suppliers.
What is your general impression of the supplier in doing business?
How would you describe the supplier for dealing with Teesing's interests?
What is your experience with the supplier in day-to-day contact?
How do you experience the ties between both companies?
Are there examples of specific needs this supplier foresee in for Teesing?
Do you see initiatives or developments with this supplier that Teesing would like to follow or be part of?
How does the business with the supplier affect Teesing?
What are your thoughts for new business initiatives with this supplier?
What are the differences and commonalities between this supplier and other suppliers?
How would you comment on the performance of this supplier when it comes to their: • Order accuracy expectations • Order conditions expectations • Productivity standards • On-time delivery standards • Customer's requests • Order status information expectations
Which aspects haven't we talked about yet, but are relevant for this subject and should be mentioned? (Successes, failures, likes, dislikes, habits, improvement ideas, etc…)

Question: Interview protocol representatives for the selected suppliers.
What is your general impression of Teesing in doing business?
How would you describe Teesing for dealing with your interests?
What is your experience with Teesing in day-to-day contact?
How do you experience the ties between the companies?
Are there examples of specific needs you foresee in for Teesing?
Do you see initiatives or developments at Teesing that you would like to follow or be part of?
How does the business with Teesing affect your company?
What are your thoughts for new business initiatives from Teesing?
What are the differences and commonalities between Teesing and your other customers?
How would you comment on the performance to Teesing when it comes to: • Order accuracy expectations • Order conditions expectations • Productivity standards • On-time delivery standards • Customer’s requests • Order status information expectations
Which aspects haven’t we talked about yet, but are relevant for this subject and should be mentioned? (Successes, failures, likes, dislikes, habits, improvement ideas, etc…)