Practices, Success Factors and Barriers in Supplier Development based on Buyer-Supplier Dyads in Tobacco Industry
Buyer and Supplier Perspectives

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Abstract

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Title: Practices, Success Factors and Barriers in Supplier Development based on Buyer-Supplier dyads in Tobacco Industry, buyer and supplier perspectives

Background: Since the performance of the buying firm is impacted by that of its suppliers, improvement in supplier performance can take place within the unique exchange relationships developed between the buyer and its supplying firms. This improvement in supplier performance should enable the buying firm to reap benefits from its SD efforts. This explains why there is a growing interest in SD by businesses and scholars.

Purpose: The purpose of this research is to identify and possibly explain the practices of SD in buyer-supplier dyads as well as the success factors and barriers to the SD program in the buying and supplying firms.

Method: This research is based on the philosophy of interpretivism. A deductive approach and qualitative method have been used followed by multiple-case study where four companies in Sweden Skruf AB (buying firm) Modulpac AB, Rotakett AB and Distributor AB (suppliers) have been interviewed. Analysis methods used in this research are within-case, cross-case and pattern matching. Quality research “truth criteria” consists of trustworthiness and authenticity.

Result, conclusion: It is revealed that there have been several of various practices related to SD program in the three studied dyads. Competitive pressure, site visit and direct investment in a supplier are some of these SD practices. It has also been found that there are factors such as long-term strategic objectives, to-and-fro communication and trust among other success factors which lead to a successful SD program. Based on the perspectives of both buying firm and its three main suppliers, it has been found that there are barriers to SD program. Some of these barriers are change of ownership, price and quality. However, there are both similarities and differences among these three dyads.
Key words: Supplier development, Tobacco industry, success factors, barriers, practices
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Abbreviations

This section underlines all the abbreviations and specific terms used in this study.

**BRC**: British Retail Council

**EDI**: Electronic Data Interchange

**ERP**: Enterprise Resource Planning

**ISO**: International Standards Organization

**NPD**: New Product Development

**POS**: Point of Sales

**R&D**: Research and Development

**SC**: Supply Chain

**SCM**: Supply Chain Management

**SD**: Supplier Development

**SM**: Supplier Management

**SRM**: Supplier Relationship Management

**TQM**: Total Quality Management
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1. Introduction

The introduction chapter gives an overview of the subject and the motivation for this thesis. It starts with a brief explanation about buyer-supplier relationships in supply chain management and specifically the supplier development concept from buyer and supplier perspectives. Furthermore, the problem statement gives an overall insight to the practice of supplier development between the studied firms, its success factors and barriers which are the issues being investigated.

1.1. Background

Companies have been faced with economic and industrial changes in the past two decades such as organization reengineering, downsizing, and thus focus on core competence has reformed supply chain (SC) structure (Yeh, 2008). Organizations have realized that they are a part of a larger system (Hau, 2010; New 2010) and delivering customer value at lowest cost is not only related to the activities, functions and processes within the organization itself but also to the entire SC (Koçoğlu et al., 2011; Wu et al., 2011; Hartley and Choi, 1996).

In this respect, Chan (2003, p. 534) emphasizes that “[t]he supply chain […] is a network of companies which influence each other”. Companies (buyers) seek continuously to reduce the cost of supplies from suppliers upstream and increase customer value to consumers downstream (Chima, 2007) thereby gaining competitive edge which ensures their existence on the global market (Carlin and Dowling, 1994).

1.1.1. Buyer – Supplier Relationship

In the last decades a strong development in outsourcing could be observed (Janda et al., 2002). American multinationals outsourced their production to Asian countries and were imitated by European multinationals – Wall Mart, Mattel, Esquel, Addidas and Siemens (Hau, 2010). The globalization of the market situation and competition,
demanding customers, rapid technological changes, low prices and decreasing product life cycles have forced organizations to focus on what they can do best while outsourcing other activities that are better performed by other firms (Arroyo-López et al., 2012; Wu et al., 2011; Wagner, 2006a; Handfield et al., 2000; Krause et al., 1998; Hartley and Choi, 1996).

The performance of suppliers has a great impact on the products of the buying firm (manufacturing or outsourcing firm) (Krause et al., 1998) so manufacturing firms are becoming more aware of working closely with suppliers (Talluri et al., 2010; Lawrence, 2004; Monczka et al., 1993).

Buying firms understand that they cannot limit themselves to their firm boundaries anymore as Wagner et al. (2011, p. 29) outline in their study that “The concept of fostering relational bonds leading to reliable repeat business has evolved to a concept of building long-term relationships among partners in a supply network”.

Consequently, to meet the ever-increasing market competition (Krause and Ellram, 1997a) and remain competitive, (Monczka et al., 1993) companies depend on the capabilities and performance of their suppliers (Arroyo-López et al., 2012; Talluri et al., 2010; Wagner 2010; Wagner, 2006a; Krause et al., 2000; Krause et al., 1998; Krause and Ellram, 1997a,b; Hartley and Choi, 1996). This dependence manifests the necessity of an effective management of the SCs (Carr and Kaynak, 2007; Krause et al., 1998).

It is worth noting that for each dollar a company earns on the sale of a product, it spends about 50% on purchase of raw material, components and services for the manufacturing of that product (Krause et al., 1998; Galt and Dale, 1991; Lascelles and Dale, 1990) and this percentage is likely to rise due to the continuous outsourcing (Handfield et al., 2000). Therefore, much attention should be given to suppliers whose performances add to the competitive advantage of buying companies. Gadde and Snehota, (2000) as cited in Moeller et al. (2006, p. 71), point out: “Suppliers can do much more than delivering reasonable priced items on request”. As a result, enterprises seek to manage, develop as well as maintain their interactions with their suppliers i.e. buyer–supplier relationships. These relationships have to be in a cooperative mode
which Kraues and Ellram (1997a) refer to as working jointly with suppliers in order to realize performance improvements and long-term mutual benefits (Li et al., 2012; Wagner and Krause, 2009; Wagner, 2000).

1.1.2. Supplier Development

Achieving cooperative inter-organizational relationship is a challenge for enterprises within the SC to meet the buying firm’s competitive needs (Krause et al., 1998). Shifting from transactional trade-off (Goffin et al., 2006) to cooperative-oriented purchasing between suppliers and buyers (Sánchez Rodríguez, 2009; Wagner, 2000; Krause et al., 1998) is a gateway to create and deliver value for customers (Moeller et al., 2006) and requires establishing supplier relationship.

In 1997, Global Business Study survey of North American firms mentioned that the companies seek for the better management of their supplier structures and almost 500 CEOs of large organizations consider supplier relationship management (SRM) as “most critically important” for the success of their company (Wagner, 2000, p. 21). The goal of SRM is to make the relationships between a buying firm and its suppliers more effective (Ferreira and Borenstein, 2012; Croxton et al., 2001) in order to optimize the portfolio of the suppliers (Moeller et al., 2006).

According to Wagner (2000), supplier management (SM) is one of the appropriate methods to reinforce SRM i.e. get the maximum benefit of potential advantages in buyer and supplier relationships. SM can be regarded as “the practice of planning, implementing, developing, and monitoring company relationships with current and potential suppliers” (Ibid, p. 21) or “organizing the optimal flow of high-quality, value-for-money materials or components to manufacturing companies from a suitable set of innovative suppliers” (Goffin, Szwejczewski and New, 1997 cited in Wagner, 2003) in order to meet sustainable competitive advantage.

As Arroyo-López et al. (2012, p. 681) point out; a crucial phase of SM considers the “potential [of] gradually changing the features or properties of the suppliers which can establish the supplier base, also called supplier development (SD)” . As supply chain management (SCM) focuses on generating and delivering customer value through the
management of the relationships of a focal company and its suppliers as well as its customers (Christopher, 2005), SD can be regarded as one of the basic and critical concept in SCM (Bai and Sarkis, 2012; Mortensen and Arlbjørn, 2012). This is because an effective SCM synchronizes the flow of materials, components, products and information along the SC (Krajewski and Ritzman, 2004 cited in Carr and Kaynak, 2007).

Most SD definitions consist of “supplier(s)’ capabilities and performance improvement” (Praxmarer-Carus et al., 2013; Arroyo-López et al., 2012; Li et al., 2012; Mortensen and Arlbjørn, 2012; Ghijsen et al., 2010; Sánchez-Rodríguez, 2009; Li et al., 2007; Handfield et al., 2000; Krause et al., 1998; Krause and Ellram, 1997 a,b; Hartley and Choi, 1996). Two outstanding definitions of SD that have influenced the work of most researchers are stated below and serve as the basis of this research.

“Any effort of a buying firm with its supplier(s) to increase the performance and/or capabilities of the supplier and meet the buying firm's short- and/or long-term supply needs” (Krause and Ellram, 1997b, p. 21). However, Krause et al. (1998, p. 40) define SD a little more differently as “any set of activities undertaken by a buying firm to identify, measure and improve supplier performance and facilitate the continuous improvement of the overall value of goods and services supplied to the buying company’s business unit”.

Li et al. (2007) argue the above-mentioned improvement in supplier performance can take place within the unique exchange relationships developed between the buyer and its supplying firm(s). Since the performance of the buying firm is impacted by that of its suppliers (Krause et al., 1998) as stated above, this improvement in supplier performance should enable the buying firm to reap benefits from its SD efforts (Li et al., 2007). This explains why there is a growing interest in SD by businesses and scholars (Li et al., 2012).

1.1.3. Generic Visualization of the Study Object

SD might be implemented on a one-to-one basis between a buying firm and one or more of its suppliers (a dyadic relationship) or it may be a more ‘global’ effort that takes
place between a large customer firm and a group of its immediate suppliers i.e. supplier associations (Krause and Ellram, 1997b). According to Mortensen and Arlbjørn (2012), an inter-organizational perspective of SD indicates that content, process and structure are developed from a dyadic perspective i.e. buyer and supplier´s views. In this regard, SD is examined in this thesis in buyer-supplier dyads i.e. the perspectives of a buying firm and its main and immediate suppliers. Figure 1.1 below illustrates the portion of SC that is in focus in this thesis.

![Figure 1-1: Focused Perspective in Generic Supply Chain](image)

Source: Own Creation

### 1.2. Problem Discussion

As buying firms become more aware of the necessity to work with suppliers to improve their performance and gain competitive advantage (Proxmarer-Carus et al., 2013; Ghijsen et al., 2010; Li et al., 2007; Goffin et al., 2006; Krause et al., 1998; Krause and Ellram, 1997a, b), they are motivated to invest assets and resources in SD programs (Krause et al., 1998). These investments can possibly lead to identifying suppliers for strategic partnerships. Consequently, SD programs are selective strategic investment
processes requiring sustained commitment of the buying firm for the long-term in order to see any positive results (Talluri et al., 2010).

Many manufacturing companies recognize the possibility of the strategic and long-term benefits of SD (Wagner, 2010). However, it is difficult for buying firms to find organized suppliers to satisfy their requirements (Carr & Kaynak, 2007; Krause and Ellram, 1997a). Consequently, buying firms turn to develop their suppliers through SD as one of the ways to enable the suppliers to improve their capabilities and capacities (Carr and Kaynak, 2007; Krause et al., 1998; Hartley and Choi, 1996). Buying firms as well as their respective suppliers that engage in an SD program are in a dyadic relationship in which they express their views as shown below.

Figure 1-2: Buyer and Supplier Perspectives in SD context
Source: Own creation

1.2.1. The Practice of Supplier Development

Effective competition of a company on the global market requires it to have a network of competent suppliers. By establishing a SD program, such a network can be achieved and sustained for the long-term as it improves the capabilities of the suppliers to respond positively to the always changing and increasing competitive demands of the buying firms (Hahn et al., 1990).
The necessity of SD to be sustained for the long-term in order to reap its benefits (Talluri et al., 2010; Wagner, 2010) requires collaboration of the buyer and its supplier in the dyadic relation from the inception to the long-term. Consequently, both buying firm and supplying firm must evolve together to satisfy the ever changing requirements of the buying firm. The practice of SD between these partners i.e. the application of SD activities between them with time is important to attain such benefits. Thus, it is good to know the story of what buyer and supplier have been doing in relation to SD (Terpend et al., 2008).

However, to the best of this researcher’s knowledge, there is little research literature available on the practice of SD between firms especially from a dyadic perspective. Terpend et al. (2008) found in their research that only 6 articles of 151 reviewed treated the dyadic perspective of SD with buying firm and supplier responding to the concerns of SD. Thus, this research adds to the available literature on dyadic buyer-supplier investigations in SD. Furthermore, there is minimal attention to supplier’s standpoint in SD literature. This is supported by Nagati and Rebolledo (2013) and Mortensen and Arlbjørn (2012) who explain that most attention is devoted to the buying firms’ point of view, a perspective that can add valuable insight. According to investigations by Mortensen and Arlbjørn (2012) as well as Wouters et al. (2007), the existing literature review in respect of SD is mostly done based on surveys and questionnaires. Therefore, the above mentioned issues give the motivation to write the story of the practice of SD at least based on the buyer-supplier dyads of the companies in this research.

### 1.2.2. The Success Factors of Supplier Development

The purchasing function has an important role towards the operations strategy of a firm as it must ensure that the performance and capabilities of the suppliers are in line with the competitive strategies of the buying firm (Wagner, 2000; Krause et al., 1998). In this respect, SD is a good tool to adjust any deficiencies of the supplier (Krause et al., 1998).

Li et al. (2012), Krause et al. (2000), Hartley and Choi (1996) and Hahn et al. (1990) state an increasing acknowledgement and consensus that SD is important and has a
decisive role in improving the performance of buyers and suppliers. Thus, it has a strategic contribution to the effectiveness of buyer-supplier dyads.

However, it is necessary that the buying firm should consider the interest and viewpoint of suppliers so that the latter can be willing to participate in the SD activities. Thus, the buying firm has a higher possibility to motivate the supplier through development activities by also involving the suppliers’ views and motivations so as to increase the potential value of the buyer-supplier relationship (Mortensen and Arlbjørn, 2012).

These measures are good for overcoming suppliers’ reluctance to engage in these programs and assure a long-term perspective to the programs. This means that buying firms create and deliver customer value through realignment with their suppliers’ performance, capabilities and responsiveness in order to match the buyers’ requirements (Krause and Ellram, 1997a). Consequently, Sánchez-Rodríguez (2009), Nagati and Rebolledo (2013) as well as Li et al. (2012) declare, that both buyers and suppliers play a vital role to meet their overall goals and gain competitive advantage in the market.

The result of using SD programs is the high availability of products, better delivery speed or on-time delivery, reliability and cooperation in product design (Carr and Kaynak, 2007; Krause et al., 1998; Hartley and Choi, 1996). This reduces uncertainty in the operations of buying firms thereby decreasing long-term transaction cost. Buyer-supplier long-term partnerships built in SD programs and business dealings discourage opportunistic supplier behaviors (Li et al., 2012).

Since buyer and supplier play important roles to meet their overall goals through SD programs that result in success and benefits to the dyads, the arising problem is to identify and explain the factors that contribute to the success of such a program in the buyer supplier dyads under study.

1.2.3. The Barriers to Supplier Development

Krause and Ellram (1997a) as well as Mortensen and Arlbjørn (2012) first suggest that firms that are satisfied in their SD commitment seem to be those that communicate more effectively with suppliers and invest the necessary resources and willingness in
SD activities that include supplier evaluation, supplier training and supplier award programs. However, they also emphasize that deficiency in effective communication is a barrier to SD as well as the lack of buying firm credibility.

Lawrence, (2005) as cited in Praxmarer-Carus et al. (2013), observes that buyers do not usually incorporate the expectations of the suppliers in deciding on SD programs or seek the feedback from them even though supplier satisfaction is a major determinant of a profound and quality relationship that contributes to the buyers’ performance.

Krause and Ellram (1997a) state that the lack of buying firm power (percentage of suppliers output purchased by the buying firm) constitutes a serious reason why suppliers are reluctant to engage in SD efforts. According to Talluri et al. (2010), buying firms are usually reluctant to invest in SD for the following reasons:

i. Lack of immediate return from the investment.

ii. For an unsuccessful buyer-supplier relationship, the benefits may not counterbalance the incurred expenses.

iii. SD programs are useful depending on the already acquired capabilities of the suppliers and the buyers’ effectiveness in financing the programs. This means that returns from the programs may vary from one supplier to the other leading to risk arising from uncertain returns.

Ghijsen et al. (2010) summarize that implementing a SD program does not necessarily bring successful results to the buyer-supplier dyads. Thus, the difficulties that can bring failure in SD in the studied dyads need to be identified to enable the search for solutions.

All the above problems make it interesting to study and understand the practice, the success factors and the barriers to SD programs in the studied firms from the buyers and suppliers’ perspectives. These dyadic (buyer and supplier) stories and views of SD in the case companies constitute the main specificity and contribution of this study.
1.3. Research Questions (RQ)

In view of the above explanations and problems, it is important to investigate the link or influence of SD to the success or outcomes for the supplier and buying company.

- **RQ 1.** What are the practices of supplier development from the buyer and supplier’s perspectives?

- **RQ 2.** What factors lead to a successful supplier development program from buyer and supplier’s perspectives?

- **RQ 3.** What are the barriers to supplier development from buyer and supplier’s perspectives?

1.4. Purpose

Following the problem statement and research questions above, the purpose of this research is to identify and explain the practices of SD in buyer-supplier dyads as well as the success factors and barriers to the SD program in the buying and supplying firms. This dyadic case study approach contributes to the uniqueness of this research. The goal is to contribute to a better understanding of the SD from a dyadic standpoint.
1.5. **Disposition of the Research**

- **Introduction**: This chapter introduces and describes the background of the supplier development from both buyer and supplier perspectives respectively as well as it discusses the problem statement which subsequently leads into research questions. The chapter ends with the formulation of the research purpose and disposition.

- **Methodology**: This chapter describes different research philosophies and tradition. Important aspects such as research strategies, approaches, design, empirical data collection and the research elements such as trustworthiness and authenticity will be explained. The importance and the selection of the aspects described are motivated by the author’s explanation.

- **Theoretical Framework**: Since this paper has relied on a deductive approach, it is seen appropriate to explain all parts of the literature review first before the empirical data collection. This section presents the relevant theory gained from the scientific articles associated with the purpose and research questions.

- **Empirical Data**: In this chapter Skruf AB (Focal Company), Modulpac AB, Rotakett AB and Distributor AB (Suppliers to Skruf AB) have been interviewed based on the existence of SD efforts within their relationship. This chapter starts with a brief company presentation, which is followed by a presentation of all the collected data for each company.

- **Analysis**: This chapter consists of two main parts, within-case analysis that compares Skruf AB with its suppliers in each of the dyads as well as cross-case and pattern matching analysis to compare the dyads against each other together with the developed theoretical framework.

- **Conclusion**: This concluding chapter answers to the three research questions of this study. It also presents other sections such as contribution, recommendations, limitations, own reflections and suggestions for future research.

*Figure 1-3: Deposition of the Research*
2. Methodology

This chapter deals with the general ideas that govern every research. It is concerned with the philosophy of the research, the research strategy, the approach, the design, the sampling method, the data collection, data analysis and the research quality. It also shows how each of these is applied or respected in this research in relation to supplier development. The justification for the use of any strategy approach or method in this research is also given in this chapter. A map showing the systematic flow of ideas closes the chapter.

2.1. Research Philosophy

Research is a building block in understanding and taking decisions on important and even basic everyday phenomena and issues (Ghauri and Grønhaug, 2005). In this regard, Saunders et al. (2009, p. 5) define research as “something that people undertake in order to find out things in a systematic way, thereby increasing their knowledge”. Thus, research philosophy can be regarded as a tool that is used to make the link between the development of knowledge and the nature of that knowledge in a specific field. In other words, the researcher’s view point in terms of the relationship between knowledge and the process of its development affects the philosophy that the researcher tends to choose (Ibid).

The nature of knowledge and its development are based on the ontological and epistemological assumptions we make of it (Saunders et al., 2009). Ontology is the assumptions we make about the way the world works i.e. assumptions about the nature of reality or the truth while epistemology refers to what we consider as acceptable knowledge in a particular field of study or what knowledge we have of the realities in the world. Consequently, research philosophy enhances the researcher’s understanding of his or her research approach and framework in a particular fieldwork (Ibid). According to Bryman and Bell (2011) there are two research philosophies in respect of epistemological considerations which are positivism and interpretivism.
2.1.1. Positivism

According to Durkheim (1964), as cited in May (1997) as well as Bryman and Bell (2011), the positivist perspective studies the social reality in the same way as natural scientists e.g. the physicist, chemist or physiologist. The term objectivity is defined by positivism i.e. positivists observe and explain natural science and social life objectively in the same way as natural phenomena (May, 1997). They exclude themselves from the topic, describe and anticipate behavior of the phenomena based on empirical data collection on the social environment, and “produce a set of true, precise and wide-ranging laws” (Ibid, p. 10). He describes that in this process, positivists explain human behavior in terms of cause and effect.

2.1.2. Interpretivism

According to Bryman and Bell (2011, p. 17) interpretivism is “an alternative to the positivist orthodoxy”. They mention that studying people and their institutions is different from natural science and demands a kind of logic to explain the distinctiveness of humans. Interpretivism argues that the social worlds of business and management are more complex to put them in generalized principles like physical science. Interpretation is shaped according to the researcher’s set of meanings that he or she gives to the world. Furthermore, some authors claim that the interpretivism perspective is appropriate in business and management research (Saunders et al., 2009).

Prassad (2005) defines five interpretive traditions; Symbolic Interactionism (searching for self and meaning), Hermeneutics (the interpretation of texts), Dramaturgy and Dramatism (social life as theater and stage), ethnomethodology (the accomplishment of ordinary lives) and ethnography (cultural understandings of natives). The tradition in interpretivism used in this research is hermeneutics.

The linguistic root of Hermeneutics is from the Greek word hermeneutikos, meaning “the process of clarifying and explaining, with the intent of making the obscure more obvious” (Bauman, 1978 cited in Prasad, 2005, p. 31). According to Bryman and Bell (2011) the term Hermeneutics in social science can be regarded as a method for interpreting human actions. Further, Prasad (2005, p. 38) mentions that “hermeneutics
is centrally concerned with texts, over and above human action and conversation”. In this respect, she asserts that the philosophy of hermeneutics considers text and interpretation through the central concepts in this tradition which are the hermeneutic circle (the part can be understood from the whole and vice versa), layers of texts (go beyond the text’s obvious meaning and get its hidden meaning), relating to text (make a relationship between text and interpreters) and authors intentionality (a text is more than its author’s voice). In shorts, “hermeneutics is the study of understanding especially the task of understanding texts” (Palmer, 1988. p. 8).

2.1.3. Motivation for using the Hermeneutic Tradition of the Interpretive Philosophy

In studying SD in this research, it is necessary to observe the buying firm and its immediate and critical supplier(s) collaboration from their perspectives. In order to investigate the success factors and barriers in SD, it is essential to understand the meaning of SD through the interpretive lens. The intention is to describe and interpret the meaning given to SD by the actors involved i.e. the buyer and its supplier(s). This is supported by Williams (2000, p. 210) who considers interpretivism in order to interpret “the meaning and actions of actors according to their own subjective frame of reference”. Given that this research contributes to the knowledge on SD, the relationship between buyer and its supplier(s) has to be taken into consideration.

According to the hermeneutics tradition, the two types of texts for consideration are text as an actual text and text as a metaphor. In contemporary social science, an actual text can be regarded as an electronic mail, financial statements, minutes of meetings, agendas of official letter, instruction, etc. Text as a metaphor can for instance relate to a ballet performance, a picture, a marketing presentation or a meeting in an organization etc. which could be treated and analyzed as if they were texts (Prasad, 2005). In this respect, Bryman and Bell (2011) assert that hermeneutics can be regarded as a strategy that establishes a relationship between texts as documents and social actions and other non–documentary phenomena. It is vital to consider the relationship between understanding the text from its author’s perspective and the social and historical context of its production (Ibid).
It is noticeable that there is no precise framework that Prasad (2005, p. 39) named as “sets of formulas and protocols”. It means that each researcher can have his or her own unique path in analyzing and interpreting according to the nature of the text and its context. Thus, researchers using this tradition have an open role while solving their research problems. This tradition also implies that the researcher gets closer to the research object based on the understanding of the actors where thoughts, impressions and knowledge of the researcher is considered as an asset in order to interpret and understand the research problem (Ibid). These facts constitute the motivation for using hermeneutics in studying SD in the studied dyads. This means that the views of buyer and suppliers in dyadic relations as the actors in SD are registered as text while this researcher applies the freedom from hermeneutics to analyze and interpret these views.

2.2. Research Strategies: Quantitative and Qualitative Research

In doing research, a researcher should decide what kind of data and information collection strategies can be appropriate in order to answer the research questions in a particular research area and purpose. Thus, method selection depends on research problem, research questions as well as the researcher’s judgment (Saunders et al., 2009). Bryman and Bell (2011), define two main strategies in terms of broad orientation to business and management research: qualitative and quantitative. It is noticeable that these two methods can be mixed in order to reinforce their strengths and offset the weaknesses to some extent. However, such integration is not acceptable for all writers in research method (Ibid). Saunders et al. (2009) consider research strategy as data collection techniques and data analysis procedures.

2.2.1. Quantitative Strategy

According to Bryman and Bell (2011), quantitative research refers to quantification in the data collection and the relevant analysis as well as measurement engagement. It consists of a deductive approach in order to reveal a relationship between research and theory and testing that theory. Using quantitative data and applying statistical criteria provides hypotheses test with objectivity since numbers are not influenced by the researcher’s opinion i.e. there is no interpretation (Hair et al., 2003). Moreover, it has
mostly positivistic perspective and includes norms of the natural science model with view of social reality as an external aspect (Bryman and Bell, 2011).

2.2.2. Qualitative Strategy

Qualitative research refers to descriptive data such as interviews, documents and participant observation to understand and explain social phenomena (Meyers, 1997). In other words, the qualitative method emphasizes on social processes and not social structures and refers to a “mixture of the rational, explorative and intuitive where the skills and experience of the researcher play an important role in the analysis of data” (Ghauri and Grønhaug, 2005, p. 110). It is worth noting that subjective that the opinion of researcher is engaged in qualitative study in order to “resolve any ambiguous meaning” (Hair et al., 2003, p.74).

Qualitative research mostly focuses on the inductive approach to make the relationship between research and theory as well as the generation of theories (Bryman and Bell, 2011). Moreover, it emphasizes on meaningfulness of the study and thus is not impressionistic (Taylor and Bogdan, 1998). It is a way to find out how individuals perceive their social world and consists of “viewing social reality as a constantly shifting emergent property of individuals’ creation” (Bryman and Bell, 2011, p. 27). This means that a researcher in this strategy mostly looks at the social world through the eyes of people and interprets it from the perspective of people being studied.

As foreshadowed briefly, qualitative methods tend to generate theory rather than testing it (Ibid). However, Silverman (1993), as cited in Bryman and Bell (2011), argues that recently the qualitative research strategy is used in testing theories which reflects the growing maturity of this strategy. The differences between quantitative and qualitative strategies are shown in the table below:
<table>
<thead>
<tr>
<th>Qualitative Methods</th>
<th>Quantitative Methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Emphasis on understanding</td>
<td>• Emphasis on testing and verification</td>
</tr>
<tr>
<td>• Focus on understanding from interviewee's/information's point of view</td>
<td>• Focus on facts and/or reasons for social events/Point of view of researcher</td>
</tr>
<tr>
<td>/Point of view of participants</td>
<td></td>
</tr>
<tr>
<td>• Observations and measurements in natural settings (Words)</td>
<td>• Controlled measurement (Numbers)</td>
</tr>
<tr>
<td>• Subjective 'insider view' and closeness to data (Researcher close)</td>
<td>• Objective 'outsider view' distant from data (Researcher distance)</td>
</tr>
<tr>
<td>• Process oriented</td>
<td>• Result oriented (Static)</td>
</tr>
<tr>
<td>• Explorative orientation</td>
<td>• Hypothetical–deductive, focus on hypothesis testing</td>
</tr>
<tr>
<td>• Holistic perspective</td>
<td>• Particularistic and analytical</td>
</tr>
<tr>
<td>• Generalization by comparison of properties and contexts of individual organism</td>
<td>• Generalization by population membership</td>
</tr>
<tr>
<td>(Contextual understanding)</td>
<td></td>
</tr>
<tr>
<td>• Rich, deep data</td>
<td>• Hard, reliable data</td>
</tr>
<tr>
<td>• Micro (small–scale aspects of social reality)</td>
<td>• Macro (large–scale aspects of social trends)</td>
</tr>
<tr>
<td>• Unstructured</td>
<td>• Structured</td>
</tr>
<tr>
<td>• Meaning of action</td>
<td>• Behavior of people</td>
</tr>
<tr>
<td>• Natural settings</td>
<td>• Artificial settings</td>
</tr>
<tr>
<td>• More useful to discover</td>
<td>• More useful to test</td>
</tr>
<tr>
<td>• Results subjective</td>
<td>• Result objectives</td>
</tr>
<tr>
<td>• Small sample (1–50)</td>
<td>• Large sample (over 50)</td>
</tr>
</tbody>
</table>

Table 2-1: Differences between Qualitative and Quantitative Strategies
Source: Ghauri and Grønhaug (2005, p. 110); Bryman and Bell (2011, p. 410); (Hair et al., 2003, p. 76)

2.2.3. Motivation for doing a Qualitative Research

The qualitative approach can be used when a researcher tends to uncover and understand a phenomenon in which knowledge about the field is not ample. Additionally, qualitative research is done due to previous experience and skills of the
researcher and for context discovery (Ghauri and Grønhaug, 2005). Moreover, according to Strauss and Corbin (1990), as cited in Ghauri and Grønhaug (2005), qualitative method is highly appropriate for studying organizations, groups and individuals. In respect of this view, qualitative method is applied in this research to study SD in buying firms and their supplying firms in a dyadic manner. Prasad (2005, p. 31) affirms that “with the growing interest in qualitative and other naturalistic forms of inquiry, hermeneutics has begun to exert a strong influence on the social science”.

Furthermore, the qualitative approach in this research allows for deep and rich descriptive data in order to identify and present the success factors and the barriers in SD which is a view supported by Bryman and Bell (2011). In this respect, Hair et al. (2003) also state that qualitative methods are suitable for a deeper understanding in order to discover hidden motivation, values and information on a few characteristics. In addition, Taylor and Bogdan (1998, p. 10) assert that qualitative research is a “craft”. It refers to unique and non-standardized nature of research that allows the researcher to be flexible about conducting the studies. This research makes use of such flexibility in interviews to carefully craft and map out the practices, success factors and barriers of SD in the studied dyads.

Betti (n.d.) as cited in Palmer (1988) asserts that individual parts structure the whole i.e. in order to catch the whole meaning of the context as in hermeneutics, it is vital to deeply understand the individual’s meaning. Schleiermacher, (n.d.) as cited in Palmer (1988) gives the hermeneutical circle which illustrates the reciprocal interaction between the meaning of every individual part and the meaning of the context i.e. the whole. For this reason, the success factors and barriers of SD in each dyad are investigated by questioning the individual partners i.e. the buying firm and the first tier suppliers. The combined views provide the situation of SD in the context of the dyad.

Hermeneutical practice does not see the context as separate from the interpreter’s horizon. The relationship between understanding and lived experience is important in human studies (Palmer, 1988). The explanation here is that it is not possible for the interpreter to see itself apart from its own pre-understanding of the study and fieldwork
thus, the initial understanding of this researcher on SD plays a role on the interpretation of the collected data.

2.3. **Research Approach Theory: Inductive vs. Deductive**

According to Bryman and Bell (2011), there is an important factor in terms of the relationship between theory and research. Ghauri and Grønhaug (2005) mention that the two main ways of establishing what is true or false and to draw conclusions are induction and deduction.

2.3.1. **Induction– Building Theory**

The emphasis in the inductive approach is on generating theories from collected empirical observation and as evidence in improving existing theories (Ghauri and Grønhaug, 2005) i.e. theory is the outcome of research (Bryman and Bell, 2011). The process starts from assumptions to conclusions as follows: observations ➔ findings ➔ theory building/formulation i.e. theory follows data (Bryman and Bell, 2011; Ghauri and Grønhaug, 2005; Saunders *et al.*, 2009). However, Ghauri and Grønhaug (2005) discuss that researchers cannot be 100 per cent sure in respect of inductive conclusions, e.g. election result.

2.3.2. **Deduction – Testing Theory**

According to Bryman and Bell (2011), deductive theory is the most common relationship between research and theory. Deduction refers to achieving the conclusion through logical reasoning i.e. “it needs not be true in reality, but it is logical” (Ghauri and Grønhaug, 2005, p. 15). Deduction is concerned with testing and developing theory rather than building or generating it and tends to explain the relationship between variables (Saunders *et al.*, 2009) which means: theory ➔ observations ➔ findings case (Bryman and Bell, 2011). Deduction involves several steps with a clear and logical sequence. However, the last step of this process i.e. revision of theory, can involve induction (Ibid).
It is noticeable that deductive approach is mostly used in quantitative research through quantitative data collection and inductive approach is applied in qualitative research. However, Sanders et al. (2009, p. 124) believe that “such labeling is potentially misleading and of no real practical value” and thus, both approaches can be used in quantitative or qualitative methods. Further, Bryman and Bell (2011, p. 14) argue that there is no clear distinction between deduction and induction and that it is a matter of tendency rather than a “hard–and–fast distinction” due to the relationship between the nature of theory and research in terms of the research topic or area. The Table below reveals the main differences between deductive and inductive research approaches.

<table>
<thead>
<tr>
<th>Deduction emphasis</th>
<th>Induction emphasis</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Scientific principles</td>
<td>• Gaining an understanding of the meanings humans attach to events</td>
</tr>
<tr>
<td>• Moving from theory to data</td>
<td>• A close understanding of the research context</td>
</tr>
<tr>
<td>• The collection of quantitative data</td>
<td>• The collection of qualitative data</td>
</tr>
<tr>
<td>• The application of controls to ensure validity of data</td>
<td>• A more flexible structure to permit changes of research emphasis as the research progresses</td>
</tr>
<tr>
<td>• The operationalization of concepts to ensure clarity of definition</td>
<td>• A realization that the researcher is part of the research process</td>
</tr>
<tr>
<td>• A highly structured research</td>
<td>• Less concern with the need to generalize</td>
</tr>
<tr>
<td>• Researcher independence of what is being researched</td>
<td></td>
</tr>
<tr>
<td>• The necessity to select samples of sufficient in order to generalize conclusion</td>
<td></td>
</tr>
</tbody>
</table>

**Table 2-2: Major Differences between Deductive and Inductive Research Approaches**

**Source:** Saunders et al. (2009, p. 127)

### 2.3.3. Motivation for using a Deductive Approach

This research is followed mainly a deductive tendency i.e. the theory of the research is constructed from existing research literature on SD derived from scientific articles and then tested by collecting empirical data from buyer and its supplier(s) in the area of SD. This is supported by Bryman and Bell (2011, p. 13) who argue that “… not only does
much qualitative research not generate theory, but also theory is often used as a background to qualitative investigations”.

2.4. Research Design

Bryman and Bell (2011) identifies the following research designs: experimental, cross-sectional or social survey, longitudinal design, case study and comparative design. This research is a qualitative case–study design with a perspective of both buying firms and its first tier and key supplier(s). Case study can be regarded as a research strategy on a particular phenomenon in real life based on empirical investigation (Robson, 2002 cited in Saunders et al., 2009) which in this research is SD. This is very common in business research (Eisenhardt and Graebner, 2007 cited in Bryman and Bell, 2011). Case study strategy also provides a deep understanding of the context of a research. It focuses on existing events and gives answers to the “how” and “why” research questions (Yin, 2012).

In this respect, Yin (2009, p. 18) presents the following definition of case study as a research design: “A case study is an inquiry that investigates a contemporary phenomenon in depth and within its real–life context, especially when the boundaries between phenomenon and context are not clearly evident”. Therefore, case study investigates the context and complexity of the cases in order to achieve a better understanding of the condition (Ibid). The case can consist of organizations, individuals, processes, programs, institutions, events, etc. (Yin, 2012).

According to Yin (2009, p. 46), there are four types of case study designs: single–case holistic, multiple–case holistic, single–case embedded and multiple–case embedded as shown in the figure below.
2.4.1. Motivation for doing a Multiple-Case Study Research

For a better description of SD practices and in-depth understanding of the success factors and barriers of SD, this research focuses on holistic multiple-case study research design from the standpoint of a buying firm as well as its immediate and main suppliers which form the case dyads. This enables a good analysis because multiple-case study
provides more data than single-case study. Consequently, the more data collected from the real world situation the better the analysis for a reliable conclusion. In studying SD in dyadic relations, the different companies have different explanations of the success factors and barriers thus, revealing diverse reasons for success or failure of SD programs as supported by Bryman and Bell (2011). It is worth noting that each case in this research consists of a dyad made up of the buying firm and each of its main suppliers.

Hermeneutics’ emphasizes on history and true meaning i.e. authentic message and context as a whole (Prasad, 2005). As a result, the design of this research is sensitive to the historical activities and experiences that the cases have in terms of the SD. According to Gadamer’s (n.d.) hermeneutics as cited in Palmer (1988), the history is not finished and the past is a stream of facts through which we achieve our understanding. Context enables answers to what factors lead companies to have a perfect collaboration with their main suppliers or what kind of weaknesses hinder such collaboration. Context also means the real world collaboration of buyers and their suppliers.

2.5. Sampling

The problem to be solved in a business research is given an answer by collecting data. Such data collection requires contacting the people who have ample knowledge about the research topic. In this regard, touching all the knowledgeable people (total of all the elements with common characteristics) may not be possible in terms of cost and time. Thus, sampling design is a part of the research process which facilitates investigating a small subset of the population to derive conclusions about the characteristics of the population (Hair et al., 2003).

2.5.1. Types of Sampling

According to Bryman and Bell (2011), there are two main types of sampling: probability and non–probability sampling methods. The probability sampling refers to a random selection from the population and thus, a researcher has the opportunity to generalize the findings derived from the random sample of the population. In other
words, the researcher gives equal chance to each sample unit to be selected for further investigation (Bryman and Bell, 2011; Ghauri and Grønhaug, 2005). The non-probability sampling is “an umbrella term to capture all forms of sampling that is not conducted according to the canons of probability sampling” (Bryman and Bell, 2011, p. 190). In this case, the researcher makes a judgment in the selection process in order to pick up a unit of sample (member of the population) with a higher chance compared with others (Hair et al., 2003). This research employs the non-probability sampling type since probability sampling is not fit qualitative research especially if it is based on interviews (Bryman and Bell, 2011).

2.5.2. Non–probability Sampling Types

Bryman and Bell (2011, p. 190) categorize the non–probability sampling into four types: the convenience sample, the snowball sample, the quota sample and the Purposive sampling.

Convenience sampling is the most common and important sampling in business and management research. Convenience sampling can be used due to its availability and accessibility in terms of sample elements that can provide the required information (Bryman and Bell, 2011; Hair et al., 2003).

Snowball sampling is a kind of convenience sampling and is more appropriate in qualitative strategy than in quantitative with statistical sampling. In this kind of sampling, a researcher makes an initial contact with a small group of relevant people in order to establish a connection with others (Bryman and Bell, 2011). Furthermore, there is no accurate extent of the population in this kind of sampling and thus “there is no accessible sampling frame for the population from which the sample is to be taken” (Ibid, p. 193).

Quota sampling is mostly used in marketing and commercial research. It provides with a reflection of a population in terms of the relative proportion of people in different categories e.g. gender, age groups and ethnicity. Thus, the research population is divided into different categories and a researcher determines the number of people in
each group as well as the number in each category who should be interviewed (Bryman and Bell, 2011).

*Purposive sampling* refers to choosing sample intentionally in a strategic way by a researcher. This kind of sampling is used specifically in qualitative research. Since, the researcher might seek to a particular characteristic in his or her cases/participants and relevant to research topic as well as research questions. The researcher is sensitive to his or her purpose and thus, the selection is conducted by purpose. It is north worthy that strategic sampling differs from convenience sampling since researcher touches a convenience sample through chance. It should be borne in mind that snowball sampling and theoretical samplings are “examples of purposive sampling in qualitative research” (Bryman and Bell, 2011, p. 442).

2.5.3. **Motivation for doing a Non-Probability Sampling**

This research employs the non–probability sampling type because it deals with a few specific buyer-supplier dyads which does not allow for generalization as with the probability sampling.

Specifically, the research uses convenience sampling combined with snowball sampling. The major difficulty in this research is to find buying firms that have SD programs and which are ready to participate in the research. Another difficulty is that for a buying firm that is willing to participate in the research, at least one or more of her suppliers should also be willing to participate in order to have a researchable dyad. Consequently, this researcher is obliged to use convenience sampling with respect to the buyer and supplier perspectives that have an SD program and that are willing to simultaneously take part in the research.

It is also important to work with buying firms that have some form of SD with their suppliers so as to ease the investigation of describing SD practice as well as identifying respective success factors and barriers based on dyads’ perspectives. Based on the author’s understanding of SD and the possibility for the researcher to use his judgment in the selection process (Hair *et al*., 2003), the departments or personnel that deal with purchasing for the buying firm and sales for the supplier firm(s) as well as senior
management are most appropriate for the interviews because according to Bryman and Bell (2011), the respondents should have a general and comprehensive knowledge and information. The role of snowball sampling in this research is that the buying firms with SD programs will give the contact of their suppliers.

The selection has been mainly built around the choice of companies that fit into the research questions of this study regardless of their size and type of industry. Therefore a focal company and its three main suppliers have been chosen out among other contacted companies. The selected companies which have been interviewed are (see appendix 1-2) Skruf AB (Buying firm acting in Tobacco Industry) Modulpac AB, Rotakett AB and Distributor AB (Suppliers to Skruf AB). The names of these suppliers were obtained from the focal company during the first visit to the company to present the idea of the research. This first visit was intended to determine the existence of any SD collaboration between Skruf AB and its main suppliers. The existence of this collaboration between Skruf AB and these suppliers places them within the scope of this research due to the fact that there have been SD efforts between Skruf AB as well as its three suppliers for a long time. Thus, the chosen companies are adequate to the research area in this study.

2.6. Data collection in Qualitative Strategy

It is crucial that the researcher understands the problem and the research question before the start of data and information collection and then decides on the appropriate data collection approach to use in the study. It is not always clear to the researcher, which approach to use. For this reason, the researcher must pay extra attention regarding the selection of an approach. The reliability of the chosen approach is often questionable, thus, specific reasons are given on the assortment of the following categories of data collections (Patel and Davidson, 2003).

2.6.1. Primary and Secondary Data/Sources

Primary data is produced as a direct record of an event or process by a witness or subject involved in it while a primary source is a document or object written or created during the production of primary data. Research articles published by academic and
research journals are examples of this type of source (Cohen et al., 2011; Creswell, 2011).

Secondary data is data that is taken from primary source documents. Secondary source literature is literature which summarizes primary sources. It is not the direct material published by the original researcher or the creator of the idea. Examples of secondary sources are handbooks, encyclopedias and selected journals that summarize research such as the review of the educational research. An easy approach to obtain secondary data and save time is to physically search in an academic library or access computerized databases. Literature reviews often contain both primary and secondary source materials (Creswell, 2011).

2.6.2. Motivation for using primary and secondary data/source

The lack of literature on SD between the studied dyads necessitates the collection of primary data. This research reports primary data in the empirical section which gives the original ideas and present the viewpoints of the actors in SD. The primary data is received through interviews that were conducted with the companies in each of the three dyads (Skruf AB and its main three suppliers). Primary sources such as scientific articles also provide the details in the literature review. In addition, primary sources and secondary data are used to explain the practices of SD in the studied dyads.

2.6.3. Interview

According to Bryman and Bell (2011) and Ghauri and Grønhaug (2005), interview is the most common and attractive method to collect qualitative data. Interview requires interaction between the researcher and the respondent (Ghauri and Grønhaug, 2005). Bryman and Bell (2011) outline different types of interview which are associated with qualitative research. However, two types of interview in qualitative research are dominant: Semi–structured interview, unstructured interview.

Semi–structured interview refers to a list and themes of questions that should cover the research topic (interview guide) that might differ from interview to interview (Bryman and Bell, 2011; Saunders et al., 2009). Depending on interview’s atmosphere and
interviewee’s response, some questions can be omitted, varied and even added by the interviewer during the interview i.e. the flexibility of interview process (Bryman and Bell, 2011). It should be noted that this kind of interview is suitable for a clear focus on the research topic rather than being general and therefore more precise and specific issues should be examined (Ibid).

Unstructured interview is somehow similar in character to a conversation (Burgess, 1984 cited in Bryman and Bell, 2011) and is informal (Saunders et al., 2009). It means that a researcher presents a question (a clear idea) or limited questions in respect of the topic and the interviewee answers freely about events, behavior and beliefs on the particular issue and respective aspects of it (Bryman and Bell, 2011; Saunders et al., 2009, Ghauri and Grønhaug, 2005). Further, the interviewer leads the questioning and records the answers in order to later understand the “how and why” questions (Ghauri and Grønhaug, 2005). In this respect, unstructured interview is a helpful method for context discovery (Ghauri and Grønhaug, 2005). Bryman and Bell (2011, p. 472) point out that this method is appropriate for gaining “a genuine understanding of the world views of members of a social setting or of people sharing common attributes”.

2.6.4. Motivation for using the Semi-structured Interview

This research is conducted based on semi–structured interviews with a buying firm and its direct and critical suppliers (Skruf AB and its three suppliers) for the sake of focusing on the topic rather than being general. This gives the opportunity to explore precise and specific issues regarding the topic (Bryman and Bell, 2011). This method is also appropriate for a multiple-case study research especially in this situation of dyadic relations as it permits each respondent to state its view while follow up questions lead to greater insight of the issues on the topic (Saunders et al., 2009; Bryman and Bell, 2011). It equally permits the researcher to compare issues across the cases (Bryman and Bell, 2011). From the perspective of hermeneutics, it is essential to be a good listener during the interviews and recognize what is not said (Palmer, 1988) to understand insight nature of the context (Prasad, 1995).

The main topic of this research (SD) has been discussed with all involved respondents either by visiting them at their plants or through phone calls to ensure that they
understand what the researcher expects. In this regard, the interview guide has been sent to the respondents well in advance. The interview voices have been transcribed and translated into English after the interviews.

2.7. Data Analysis Methods

The qualitative data collected from interviews should always be summarized and categorized or restructured as a narrative to use for analysis (Saunders et al., 2009). The interpretation of the data is based on the participants’ definitions of the researched phenomenon (Cohen et al., 2011). They also indicate that there is no standardized rule for analyzing qualitative data. Furthermore, Yin (2012) emphasizes that in spite of statistical analysis, there are no formulated tools or cookbook recipes for analyzing case study data and mostly it depends on a researcher’s style of empirical thinking.

2.7.1. General Analytic Strategy

Yin (2009) regards all empirical research studies including case studies as a story, which embraces collected data and so has a beginning, body and an end. He views the general analytic strategy as a guide to craft the story and conduct a case study analysis. In this regard, he presents four strategies, which enable researchers to treat the evidence fairly and produce convenient analytic conclusion. These include relying on theoretical proposition, developing a case description, using both qualitative and quantitative data and examining rival explanations. This research employs theoretical proposition strategy for the reason explained below.

The choice of this strategy is directed by the fact that the original objectives and design of the case study are based on theoretical propositions, which shape the data collection plan. Such proposition can be seen in the research questions and literature review (Yin, 2009).

Since this research is conducted on a deductive approach, the author uses theory as a framework for organizing the data collection and for the analysis. Yin (2012 & 2009) note that relying on theoretical propositions focuses on specific data which in this context of SD is practices, success factors and barriers from the viewpoints of buying
firms and their suppliers thereby ignoring other irrelevant data. This helps the researcher to organize the entire case study and determine alternative interpretations.

2.7.2. Analytic Techniques

Analytic techniques underlie (support) analytic strategies because a strategy eases the proceedings of a case study analysis thus analytic techniques reinforce a researcher’s abilities to analyze. Five analytic techniques for case study analysis have been identified (Yin, 2009) and explained below.

Pattern Matching compares an empirically based pattern with a predicted one. If the patterns match, then the result reinforces internal validity of the case study. In explanatory cases, the pattern is related to the dependent or the independent variable or both. In descriptive cases, the predicted pattern of certain variables should be defined before data collection in order to do pattern matching (Ibid).

Explanation Building is a special type of pattern matching. However, its procedure is more difficult as it requires the building of an explanation (mostly in narrative form) about the case. Since narratives might not be accurate, case studies are better with explanations that reflect some theoretically significant propositions (Ibid).

Time-Series Analysis is analogous to the time-series analysis conducted in experiments and quasi-experiments. This technique follows intricate patterns especially in experimental and clinical psychology textbooks with single subjects. The logic here is based on the match between the empirical trend and a theoretically significant trend specified before the onset of the research or some rival trend (Ibid).

Logic Model is a match between theoretically predicted events and empirically observed events in sequential stages. This means that the events are staged in repeated cause-effect-cause-effect patterns (Ibid).

Cross-Case Synthesis is mostly applied for multiple case study analysis and is likely to be easier for multiple cases rather than a single case. Furthermore, it strengthens the findings if the cases are more than two. This technique treats the cases as separate throughout the study and finally aggregates the findings across the individual studies.
Consequently, it is advisable to make tables that will lead to cross-case conclusions according to some uniform framework and so enable a strong and deep analysis rather than simply analyzing single features. This technique permits the researcher to have an in-depth overview of the cases on a case-by-case basis in order to probe whether different cases tend to share similar results (Yin, 2012; Yin, 2003).

2.7.3. Motivation for the Analytic Techniques Used in this Research

Cross-case synthesis and the pattern matching technique are applied in this research to analyze the empirical data. Within each dyad, the views of the buying firm and its supplier are combined to form the SD perspective of that dyad which is within-case analysis. A cross-case analysis is then performed by comparing the SD perspectives of the three dyads. Cross-case synthesis is suitable in this research because the research is dealing with three case dyads and this is supported by Yin (2012).

Furthermore, the logic of the cross-case technique aims at revealing whether the findings from these case dyads support any broader pattern of conclusions (Ibid) in the context of SD and whether the different cases dyads have some similarities in terms of practices, success factors and barriers (Yin, 2009). Moreover, the cross-case synthesis is strongly based on argumentative interpretations and not on numeric tallies (Ibid). Thus, the researcher has the freedom of interpreting in the analysis which is the main frame of the Hermeneutics tradition that is observed in this research. Pattern matching is then applied by matching the dyadic views on SD with the theoretical framework in this research.

2.8. Research Quality

Bryman and Bell (2011) discuss about two main useful criteria – validity and reliability in order to evaluate the quality of business and management research. Further, they assert that the above mentioned criteria are mostly associated with quantitative research than qualitative research. However, there is a discussion between qualitative researchers on the logic the relevance between validity or credibility and qualitative research. In this regard, LeCompte and Goetz (1982), as cited in Bryman and Bell (2011) give expanded terms in respect of reliability and validity i.e. external reliability, internal
reliability, internal validity and external validity. Therefore, the terms reliability and validity might be employed in a similar way to quantitative research in order to assess a research.

Nevertheless, there is another stance concerning reliability and validity in which Lincoln and Guba (1985) and Guba and Lincoln (1994), as cited in Bryman and Bell (2011) argue that such criteria and terms should be specified in qualitative research. In other words, there should be an alternative to reliability and validity since they believe that there is not a “single absolute account of social reality feasible” (Bryman and Bell, 2011, p. 395). They propose two main criteria – trustworthiness and authenticity.

This research follows Guba and Lincoln’s approach to assess and describe the quality of the research. Reliability and validity are considered as mainly associated with quantitative research and thus, it is better to evaluate this research through labeling that are more appropriate for qualitative approach.

2.8.1. Trustworthiness

According to Bryman and Bell (2011), trustworthiness consists of four criteria: credibility as internal validity, transferability as external validity, dependability as reliability and confirmability as objectivity.

2.8.1.1. Credibility

According to Bryman and Bell (2011), there might be several accounts of an aspect of social reality. Thus, credibility will reveal that the researcher’s findings can be acceptable for others or not. In this respect, respondent validation and triangulation can be regarded as two techniques of credibility that can be applied along with good research process (Ibid). It means a researcher should arrive at the findings according to the principles of good practice.

*Triangulation technique* entails different sources of data, theoretical perspectives, multiple observers and methodologies but is not used in this research. *Respondent validation technique* refers to a process whereby a researcher provides an account of the
In order to follow good practice, credibility in this research starts with a comprehensive interview guide that covers all the research questions followed by the use of respondent validation. After each interview, the feedback, impression, findings, own ideas and experiments are shared with the personnel in order to see if the explanation of SD practice, success factors and barriers was understood and well written (see appendix 2). Amendments are done if necessary. This is to ensure the validation of the interviews.

In this respect, there is another alternative technique—communicative validity for achieving truth that researcher may claim (Sandberg, 2005). This criterion emphasizes on intersubjectivity judgment through three ways: i) establishing initial introduction session in order to clarify the aim of research and further interview and presenting follow up question in interview process. ii) Analyzing empirical material through coherent interpretations i.e. compare the empirical parts with the particular interpretation in order to achieve more coherence and iii) share the findings with other researchers, colleagues and professionals in order to investigate the interpretation (Ibid). From hermeneutics’ point of view, the dialogue is an essential part in order to assure a researcher’s interpretation. Thus, talking with people (interviewees) in respect of previous interviews, follow up questions and sharing the interpretation and impression in terms of studied material enhance the interpretation (Palmer, 1998).

The aforementioned techniques have the same aims and thus, they are in the same line. However, in communicative validity technique there is a deep investigation in respect of validity compared with respondent validation technique. Thus, there is no conflict to conduct both in order to achieve high validity of this research.

2.8.1.2. Transferability

Transferability refers to the possibility of using the research findings as a database to other “milieux” (Bryman and Bell, 2011, p.398). As the intention of this research is to investigate, identify and describe the practice, success factors and barriers between
buying firms and their main suppliers (in dyadic relations), transferability of the research findings is possible and justified.

In this respect, it is essential to refer to one aspect of hermeneutics that Palmer (1988) regards as translation of the language. In this view, it does not only consider finding an appropriate synonym, but it is engaged in finding an appropriate passage i.e. an intermediate to translate the meanings and knowledge into suitable ones that can fit in another situation or context.

2.8.1.3. Dependability

Dependability is another criterion of trustworthiness that refers to auditing all procedures and phases that the researcher takes during his/her or research that should be kept and accessible in a reasonable mode. It can consist of problem formulation, selection of research participants, fieldwork notes, interview transcript, data analysis decisions etc. However, it has been suggested that the researcher’s colleagues play a role of auditor to keep track of all phases (Bryman and Bell, 2011). Moreover, it is noteworthy that auditing is very demanding due to problems e.g. large datasets according to the nature of qualitative research. Accordingly, the examiner, tutor and opponent of this research are the auditors and thus, through their auditing, the dependability of this research is achieved (Sandberg, 1995).

2.8.1.4. Confirmability

Confirmability refers to objectivity of the research and “recognizing that complete objectivity is impossible in business research” (Bryman and Bell, 2011, p. 398). In this regard, the researcher should act in an honest way to assure others to judge the research and relevant outcomes without interfering with the researcher’s personal values. Further, Guba and Lincoln (n.d.), as cited in Bryman and Bell (2011), emphasize the auditor’s role in confirmability of the research. Since this research is personal work, conformability is achieved through the examiner, tutor and opponent group during research procedure.
2.8.2. Authenticity

The second main criterion in evaluation of qualitative research that is suggested by Guba and Lincoln (n.d.) are authenticity which refers to a wider political impact on research. Fairness refers to presenting all viewpoints that exist in the social setting. Ontological authenticity refers to helping the members of the social setting to have a better understanding of their social situation. Educative authenticity considers if members realize the perspectives of others (Bryman and Bell, 2011).

To achieve the authenticity of this research, the interviews are carried out with the departments or personnel that are directly responsible for the SD program in the respective buying and supplying firms as given by the firms. This ensures that those with a better understanding of the SD framework give the explanations related to the practice of SD over time, its success factors as well as what they see as barriers to the SD program. Ontological and educative authenticity are achieved through the follow-up questions during the semi–structured interviews. This means that the follow-up questions help the interviewees to better explain and understand what is examined in SD as well as help them to realize the perspective of their partner in the buyer-supplier dyadic relation. If the possibility is given, then senior management is also interviewed to have a corporate view of the SD program.
2.9. Methodology Map of the Research

Figure below reveals the methodological choices for this research.

- **Research Philosophy**
  - Interpretivism
    - Hermeneutic Tradition

- **Research Strategy**
  - Qualitative

- **Research Theory**
  - Deduction

- **Research Design**
  - Holistic Multiple-case Study

- **Sampling**
  - Non-Probability
    - Snowball & Convenience Sampling

- **Data Collection**
  - Primary
  - Secondary

- **Data Analysis**
  - Cross-Case
  - Pattern Matching

- **Research Quality**
  - Trustworthiness
  - Authenticity

*Figure 2-2: Methodology Map*
*Source: Own Creation*
3. Theoretical Framework

This chapter is concerned with the theoretical framework related to the research questions. It narrates the story of the practices of SD in academia and in enterprises as well as its categorization over time. Furthermore, the different influential factors that could lead a SD program to be successful are explained. The last section in this chapter examines the possible barriers that a SD program could face.

In the last three decades, there has been a growing interest by researchers on inter-firm relationships (Nagati and Rebollo, 2013; Caniels et al., 2010; Janda et al., 2002) thus including buyer-supplier relations (Saccani and Perona, 2007). The efforts put in by many organizations to form supplier partnerships are rooted in SD (Lawrence, 2004). Previous studies have shown that buying firms use various SD practices in their relations with suppliers (Sánchez-Rodríguez, 2009; Wagner and Krause, 2009; Li et al., 2007; Sánchez-Rodríguez, 2005; Krause et al., 2000; Krause et al., 1998; Krause and Ellarm, 1997a). SD initiated by buying firms is often intended to improve the competence of the current supplier base when the suppliers fail to meet the short and long-term requirements of the buyer (Ghijsen et al., 2010). Competence is viewed as purposefully combining firm-specific assets (resources) in order to accomplish a given task by a firm and can be divided into market knowledge competence, production or operational competence and technological competence (Wu et al., 2011).

In modern business, managing a supplier base known as SD is important to a firm due to its strategic value (Arroyo-López et al., 2012; Hernández-Esparlardo et al., 2010; Terpend et al., 2008). Developing deficient suppliers through SD can support the buying firm’s differentiation and/or cost leadership strategy, which contribute to its competitive advantage (Wagner, 2006a). Improving suppliers operations is the most obvious benefits of SD, which eventually improves the products and services given to the customer firm thus increasing the efficiency of the supply chain (Shokri et al., 2012). On the whole, achieving competitive advantage (i.e. differentiation and cost
leadership) requires superior management of the buyer-supplier relationship that is realizable through SD (Wagner, 2006a).

De Toni and Nassimbeni, (2000) as well as Sánchez-Rodríguez et al. (2005) emphasize that SD practices have a positive contribution to strategic purchasing performance and to supply chain performance. The buying firm’s strategic orientation of its supply management activities towards accomplishing the firm’s main goals/objectives/strategies is known as strategic purchasing (Carr and Pearson, 1999 cited in Sánchez-Rodríguez, 2009).

SD is challenging to both buyer and supplier firms (Shokri et al., 2012; Handfield et al., 2000) because apart from the human and capital investments, they have to share sensitive information and find effective methods of measuring performance. Thus, the executive of the buyer should be convinced that their investment in the supplier is a necessary risk while that of the supplier should see the need to accept assistance from the customer (Chidambaranathan et al., 2009; Handfield et al., 2000). Wagner and Krause, (2009) state that firms are aware of the two dimensions of goals in the definition of SD which are supplier product and delivery improvement as well as supplier capability improvement.

Giving that SD is challenging to the partners involved and that investing in a supplier carries some risks, it is worthwhile to have clear objectives on how to evolve in such a program, understand the factors that will enable it to succeed as well as strive to avoid any possible pitfalls or difficulties in order to reduce the risk and ensure its success. This study examines the possible evolution of an SD program, its success factors and barriers based on the general model illustrated below. To be able to follow the model throughout the research, different colors have been selected. These different colors simplify the understanding of the various tables and figures used in the various sections of this research. Green = success factors, Blue = practices and Red = barriers in the model.
Figure 3-1: Success Factors, Barriers and Practices of a Buyer-supplier Dyad in a SD Program
Source: Own creation
3.1. *The Story of the Practices of Supplier Development*

Typically, when a buying firm is not satisfied with its suppliers’ performance or is faced with deficient suppliers in terms of their capabilities (Wagner, 2010) regarding technical, manufacturing, quality, delivery, financial, or managerial as well as supplier’s sources such as product, process, or operating systems (Hahn *et al.*, 1990), the firm’s decision can be one of these options:

i) invest assets, resources and time in the present supplier’s organization to improve its performance and / or capabilities; ii) manufacture the item / component by itself instead of buying; iii) make use of other suppliers or a combination of any of above-mentioned alternatives (Krause *et al.*, 2000; Handfield *et al.*, 2000; Krause *et al.*, 1998).

The first option is becoming increasingly important since buyers tend to improve supplier’s performance and capabilities while at the same time, reducing the costs of supplied materials and parts (Krause *et al.*, 1998). Moreover, the other alternatives might not be feasible due to manufacturing costs and investment, alternative suppliers’ unavailability and high switching costs (Gunther and Wagner, 2012). Further, conflicts might be taken place associated with the buying firm’ intentions and core competencies by choosing last two options (Wagner, 2006b). Consequently, SD efforts can be regarded as the building block of managing key suppliers in order to provide selected suppliers with opportunities to strengthen their capabilities (Nagati and Rebolledo, 2013).

The basic philosophy of SD can be traced back to ancient time’s consumer and military buying aspects (Leenders, 1966 cited in Wagner, 2006b). The practice of SD was seen in the US automobile industry through Ford’s efforts to improve its suppliers’ capacity and performance in the early 1900s (Seltzer, 1928 cited in Krause *et al.*, 2007). Hence, firms in the automotive industry were the pioneers in SD practices (Praxmarer Carus *et al.*, 2013; Shokri *et al.*, 2012; Wagner, 2006b).

During this period, theorists in organizational behavior stated that industries that deal in complex products tend to be interdependent between the component makers and the focal firms as in the automobiles, aircraft, electronics, heavy machinery and machine
tools etc. industries. In the last decade they acknowledge that investment in relation-specific assets and knowledge sharing is needed to coordinate non-routine reciprocally interdependent activities (Krause et al., 2007).

SD was also used during and after World War II. Toyota initiated the use of SD in the automobile industry through a supplier improvement association to improve productivity of subcontractors (Ibid). SD groups formed in the 1990s by other companies include *Best Practice, Best Process and Best Performance* (BP) at Honda, *Purchased Input Concept Optimization with Suppliers* (PICOS) at GM/Opel, *Drive For Leadership* (DFL) at Ford, *Process Optimization of Supplier Parts* (POZ) at BMW and *Continuing Improvement Process* (KVP2) at Volkswagen (Praxmarer-Carus et al., 2013, p. 2).

Other examples of firms that have implemented SD practices are Quick response manufacturing at John Deere (Golden, 1999), Toyota and Honda (Shokri et al., 2012), Harley-Davidson and Motorola (Wagner, 2006b). The efforts deployed by producers to have many viable suppliers and to improve suppliers’ performance were called SD by Leenders (1966).

Ghijsen et al. (2010, pp. 18-19) state that the description of the SD process from 1991 onwards has been similar in researches and give the following as practices of the SD terminology in respective researches *that could be regarded as its evolution*: promises of increased and future businesses (Giunipero, 1990), supplier evaluation (Krause and Ellram, 1997a), buying from alternative suppliers (Krause and Ellram, 1997), supplier certification (Krause, 1999), supplier reward and recognition as well as training and education of suppliers (Krause et al., 2000), technical assistance (Forker and Hershauer, 2000), site visits to suppliers and inviting suppliers to the buyer’s site (Humphreys et al., 2004), providing equipment, tools and capital (Humphreys et al., 2004; Wagner, 2006), collaboration with suppliers in improving their parts and materials as well as supplier involvement in the buyer’s new product design and development (Sánchez-Rodríguez et al., 2005).
3.1.1. The Story of the Origins of Supplier Development Practices

Bai and Sarkis (2011) demonstrate that most of the primary SD programs emphasized on reaction to crises from basic performance requirements. In the early 1980s, the necessity of supplier improvement had not been seen but enterprises have now realized that it is fundamental to manage their suppliers when they expect fewer defects (New and Burnes, 1998). Therefore, organizations have started to develop their suppliers’ practices to create value associated with required products (Bai and Sarkis, 2011).

Hahn et al. (1990) outline that the traditional purchasing functions have emphasized on the development of a network of competent suppliers to achieve acceptable quality at a reasonable cost, and in a timely manner. However, if such a competent supplier network has not been formed, the firm’s competitive edge would have been hindered. Hence, an uninterrupted flow of required materials in terms of quality, cost and delivery time is the basic objective of the procurement functions. In this regard, traditional SD decisions were involved in the purchasing function with little customer inputs as long as the products met customer specifications (Hartley and Choi, 1996) since the purchasing personnel were supposed to be the best for decision making (Hahn et al., 1990).

Procurement’s emphasis has shifted towards long-term optimization of supplier portfolios (Wagner, 2000) to build a bound buyer-supplier relationship through SD efforts. This enables the achievement of long-term mutual benefits (Yeh, 2008) in respect of tangible or intangible (Hartley and Choi, 1996), direct or indirect (Wagner, 2010), short- or long-term (Krause and Ellram, 1997b) benefits and outcomes such as improvements in the suppliers’ operational and financial performance in the short-term as well as indirect benefits in the long-term due to continuous development of the suppliers’ fixed assets and intangible assets (Arroyo- López et al., 2012).

3.1.2. The Story of Supplier Development Practices in Research

According to the analysis of the academic literature, the term “Supplier Development” can be seen in the work of Leenders (1966) who sees it as a tool for manufacturers to increase the number of qualified suppliers and as the effort to improve supplier performance (Mortensen and Arlbjørn, 2012; Krause et al., 2007; Wagner, 2006b).
Later, activities were reported in Canadian industrial firms (Wagner, 2006b). As Krause \textit{et al.}, (1998) and Wagner (2006b) mention, SD efforts were concerned with quality management issues and thus, the “\textit{first wave}” of SD research (1989-1991) started with in the quality management field (Wagner, 2006b).

In this respect, Terpend \textit{et al.} (2008) reviewed the studies of mutual buyer–supplier relationships published in four prominent U.S.-based academic journals between 1986 and 2005. They conclude that researchers between 1986 and 1991 focused primarily on operational performance as well as supplier evaluation, supplier selection, supply base reduction and SD. Limited research in SD suggests an initial interest in these topics. Between 1992 and 1995, scholars emphasized communication, improvement of information sharing, supplier evaluation, supplier selection and SD. SD practices were reported and found to be more prevalent than generally believed or reported. The main goal of SD reported by buyers was product improvement.

The “\textit{second wave}” can be regarded as the period when researchers focused on relationship management issues (since 1995). The researches emphasized on SD practices exclusively associated with large scale empirical studies (Carr & Kaynak, 2007) specifically in United States of America than in Europe (Wagner, 2006b).

According to Terpend \textit{et al.} (2008), it can be noted that between 1996 and 2000, communication and information sharing continued to attract the attention of researchers but studies that included trust greatly increased. During this time period, three studies focused on SD. The researches on SD investigated the factors that promote SD activities (Krause, 1999), the performance outcomes of SD (Krause, 1997) and identified two types of SD approaches: the strategic and the reactive approach (Krause \textit{et al.}, 1998). Between 2001 and 2005, communication, information sharing and trust practices remained the most dominant issues and studies on supplier evaluation, contractual clauses, supplier selection, supply chain reduction and SD were still few in mutual buyer and supplier relationships.

Thus, many more manufacturing firms now realize the vital role of the performance of their suppliers associated with their competitive advantage. Consequently, more focus is
put on SD programs by scholars in order to study how SD initiatives impact on buyer and supplier performance (Li et al., 2007).

3.1.3. Categorization of Supplier Development

Sánchez-Rodríguez et al. (2005) categorize the SD practices into three sets of practices according to the level of firm involvement and implementation complexity:

i. **Basic SD** which considers those practices that demand limited buying firm involvement and minimum investment of the company’s resources i.e. personnel, time, and capital. Buying firms usually implement such practices first in order to improve supplier performance and/or capabilities such as measures of evaluating supplier performance and providing feedback to suppliers, sourcing from a limited number of suppliers per purchased item, parts standardization, and supplier qualification.

ii. **Moderate SD** which refers to practices that are characterized by moderate levels of buyer involvement. These types of practices are more demanding in terms of buying firm’s resources compare to the previous one. Thus, moderate SD practices include measures of visiting suppliers to assess their facilities, rewarding and recognizing supplier’s performance improvements, collaborating with suppliers in materials improvement and certification of suppliers through ISO 9000.

iii. **Advanced SD** is concerned with the practices that require maximum levels of buying firm involvement with suppliers and thus needs a greater use of the buying firm’s resources. It requires a more cooperative atmosphere than the previous two types and contains measures of training provided to suppliers, supplier’s involvement in the buyer’s new product design process, sharing of accounting information with the supplier, and sharing of cost and quality information with the supplier.

Another categorization is direct (internalized) and indirect (externalized) SD (Wagner, 2010; Wagner 2006b; Krause et al., 2000; Monczka et al., 1993). The investment of no or limited resources in a particular supplying firm for improvement is regarded as indirect SD (Wagner, 2010) such as competitive pressure, supplier assessment and supplier incentives (Krause et al., 2000). Indirect SD concerns to the communication of
the buying firm by setting of targets (goals), measurement of goal attainment and feedback of goal attainment to the suppliers (Wagner, 2010).

Direct SD is the investment of human and capital resources of the buying firm by playing an active role in a supplier firm (Ibid) such as providing capital, machines and equipment, technology, or temporarily assignment of support personnel to a supplier’s facility and education of the suppliers’ staff (Krause et al., 2000; Monczka et al., 1993). Direct SD refers to qualification and knowledge transfer to the supplier’s organization through activities such as on-site consultation, inviting supplier’s personnel to the buying firm in order to improve the supplier’s capabilities as well as to develop, produce, and deliver products more efficiently (Wagner, 2010).

It is suggested that the buying firms should first engage in indirect SD activities such as evaluation and certification before starting direct SD activities such as knowledge transfer with the supplier. When the goals are clearly set and specified by buying firm, it is sure to avoid misunderstanding by the supplier and this enhances the better results (Ibid).

The SD literature also refers to another categorization that has been done by Hahn et al., (1990) which is similar to direct or indirect SD approaches i.e. the broad and narrow perspectives. The latter perspective refers to passive and periodic involvement and is involved in generating new sources of supply as well as supplier evaluation and selection while the broad perspective is much more complex and proactive i.e. the SD’s focus is on long-term mutual benefits by upgrading existing suppliers’ capabilities.

One more categorization approach is based on buying firms attitude in SD efforts. Krause and Ellram (1997a) assert that buying firms might follow a proactive philosophy in terms of the level of involvement in suppliers’ problems, improvement of suppliers and the importance of suppliers’ performance to the buying firm’s success with a long-term view of the relationship. In this regard, proactive firms expect higher levels of quality i.e. raising performance expectation (Krause, 1997) from their suppliers rather than accepting what they receive and tend to work jointly with suppliers to achieve the specified levels.
Through further research in qualitative analysis, Krause et al. (1998) distinguish SD processes that are implemented by buying firms into two distinct approaches; reactive (remedial) and strategic (systematic) efforts. The former approach refers to those activities and efforts that increase the selected suppliers’ performance in an ad hoc manner to eliminate a specific supplier’s deficiencies only after a problem actually occurs i.e. poor performance of selected supplier is realized as a threat for the buying firms’ ability to deliver satisfactory value to its own customer. Thus, the reactive firms are less systematic in supplier performance evaluations.

The latter approach is similar to the proactive philosophy of Krause and Ellram (1997a). It concerns the efforts that increase the entire supply base’s capabilities for long-term competitive advantage through allocating organizational resources and using a combination of SD activities (Wouters et al., 2007) by buying firms. This means that SD efforts are highly demanding in terms of joint improvements by both parties and there must be bilateral deployment of resources (Krause et al., 1998).

3.1.4. Summary of the Practices of Supplier Development

The academic literature has categorized SD practices in a number of SD constructs which have been explained above briefly (Sánchez-Rodríguez et al., 2005). In summary, according to the aforementioned categorizations and types, SD practices are sorted in ascending order of the buyer’s involvement intensity as shown in the table below.
<table>
<thead>
<tr>
<th>SD Practices</th>
<th>Selected Literature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buying from alternative suppliers to provide competition for current suppliers (Competitive pressure)</td>
<td>Hahn et al. (1990); Krause (1997); Forker et al. (1999); Krause et al. (2000)</td>
</tr>
<tr>
<td>Formal/informal evaluation of supplier performance (Supplier evaluation)</td>
<td>Hahn et al. (1990); Krause (1997); Krause and Ellram (1997b); Krause et al. (1998); Krause et al. (2000); Sánchez-Rodríguez et al. (2005); Modi and Mabert (2007); Wagner and Krause (2009); Wagner (2010); Li et al. (2012)</td>
</tr>
<tr>
<td>Buying from a limited number of suppliers per purchased item</td>
<td>Krause (1997); Krause (1999); Krause et al. (2000); Sánchez-Rodríguez et al. (2005);</td>
</tr>
<tr>
<td>Raising performance expectations</td>
<td>Monczka et al. (1993); Krause (1997)</td>
</tr>
<tr>
<td>Communication and feedback</td>
<td>Lascelles and Dale (1990); Krause (1997); Krause and Ellram (1997a); Krause et al. (1998); Forker et al. (1999); Lawrence, (2004); Sánchez-Rodríguez et al. (2005); Narasimhan et al.(2008); Wagner and Krause (2009); Bai and Sarkis (2011)</td>
</tr>
<tr>
<td>Knowledge transfer</td>
<td>Krause (1999); Dyer and Hatch (2006); ; Modi and Mabert (2007); Wagner and Krause (2009); Wagner (2010); Bai and Sarkis (2011)</td>
</tr>
<tr>
<td>Recognition</td>
<td>Galt and Dale (1991); Krause (1997); Krause and Ellram (1997a); Krause (1999); Krause et al. (2000); Sánchez-Rodríguez et al. (2005)</td>
</tr>
<tr>
<td>Promises of increased current and/or future business if supplier performance improves (Supplier incentives)</td>
<td>Monczka et al. (1993); Krause (1997); Krause et al. (2000)</td>
</tr>
<tr>
<td>Site visit</td>
<td>Hartley and Choi (1996); Krause (1997); Krause and Ellram (1997a); Krause et al., (2000); Humphreys et al., 2004, Sánchez-Rodríguez et al. (2005); Modi and Mabert (2007); Nagati and Rebolledo (2013)</td>
</tr>
<tr>
<td>Long-term contract</td>
<td>Galt and Dale (1991); Hartley and Choi (1996); Forker et al. (1999);</td>
</tr>
<tr>
<td>Technical assistance in improving suppliers’ parts and materials</td>
<td>Forker et al. (1999); Sánchez-Rodríguez et al. (2005)</td>
</tr>
<tr>
<td>Expectation of supplier certification</td>
<td>Galt and Dale (1991); Krause (1997); Krause (1999); Sánchez-Rodríguez et al. (2005); Wagner (2010)</td>
</tr>
<tr>
<td>Intensive information sharing</td>
<td>Sánchez-Rodríguez et al. (2005); Krause (1999); Dyer and Hatch (2006); Modi and Mabert (2007); Wagner and Krause (2009)</td>
</tr>
<tr>
<td>Training and education of a supplier’s personnel</td>
<td>Galt and Dale (1991); Monczka et al. (1993); Krause (1997); Krause and Ellram (1997a); Krause et al. (1998); Forker et al. (1999); Krause et al. (2000); Sánchez-Rodríguez et al. (2005); Modi and Mabert (2007)</td>
</tr>
<tr>
<td>Exchange of personnel between the two firms</td>
<td>Krause (1997); Li et al. (2007); Modi and Mabert (2007)</td>
</tr>
<tr>
<td>Supplier involvement in the buyer’s new product design and development</td>
<td>Sánchez-Rodríguez et al. (2005)</td>
</tr>
<tr>
<td>Direct investment in a supplier by the buying firm</td>
<td>Galt and Dale (1991); Monczka et al. (1993); Krause (1997); Krause et al. (1998); Krause et al. (2000); Humphreys et al. (2004); Wagner (2000a,b)</td>
</tr>
</tbody>
</table>

**Table 3-1: Summary of SD Practices**  
**Source:** Own Creation
Based on the research literature stated in Table 3.1 above, the SD practices identified in this research are operationalized in the table below. This operationalization gives the possible indicators for each SD practice.

<table>
<thead>
<tr>
<th><strong>SD Practices</strong></th>
<th><strong>Indicators</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Buying from alternative suppliers to provide competition for current suppliers (Competitive pressure)</td>
<td>Bidding, Short-term Contract</td>
</tr>
<tr>
<td>Formal/informal evaluation of supplier performance (Supplier evaluation)</td>
<td>Quality standards, Delivery time, Number of received defected products, Precision of delivered quantity, Random testing of delivered products</td>
</tr>
<tr>
<td>Buying from a limited number of suppliers per purchased item</td>
<td>How many other supplies supply the same product?</td>
</tr>
<tr>
<td>Raising performance expectations</td>
<td>No defect delivery, Short lead times, Frequent deliveries, Cost reduction</td>
</tr>
<tr>
<td>Communication and feedback</td>
<td>Communication methods, Frequency of communication, Feedback meetings return inwards, Sending feedback of evaluation</td>
</tr>
<tr>
<td>Knowledge transfer</td>
<td>Learning seminars, Working together, On-site consultation, Inviting Supplier’s personnel</td>
</tr>
<tr>
<td>Recognition</td>
<td>Company news letter, Business dinners, Supplier council meeting, Banquets</td>
</tr>
<tr>
<td>Promises of increased current and/or future business if supplier performance improves (Supplier incentives)</td>
<td>Priority for future business, Higher order volumes, promise for extended contract, recommendations</td>
</tr>
<tr>
<td>Site visit</td>
<td>Inspection</td>
</tr>
<tr>
<td>Long-term contract</td>
<td>5 years, 10 years or open contracts etc…</td>
</tr>
<tr>
<td>Technical assistance in improving suppliers’ parts and materials</td>
<td>Visiting engineers</td>
</tr>
<tr>
<td>Expectation of supplier certification</td>
<td>Certification by buyer, Certifying organization,</td>
</tr>
<tr>
<td>Intensive information sharing</td>
<td>POS, EDI, Accounting and financial data, Cost quality levels information, Technical and procedural information exchange</td>
</tr>
<tr>
<td>Training and education of a supplier’s personnel</td>
<td>Organized training sessions, Temporary personnel transfer</td>
</tr>
<tr>
<td>Exchange of personnel between the two firms</td>
<td>On-site verifier or collocation of staff</td>
</tr>
<tr>
<td>Supplier involvement in the buyer’s new product design and development</td>
<td>Product design evaluation meetings</td>
</tr>
<tr>
<td>Direct investment in a supplier by the buying firm</td>
<td>Purchase of required machines, tools and casting, Improving machines, Specialized training of suppliers personnel</td>
</tr>
</tbody>
</table>

**Table 3-2:** Operationalization of SD Practices  
**Source:** Own Creation
The table above is represented below by the stepwise model with low buyer involvement in an SD program at the bottom and the highest buyer involvement at the top. The buyer’s involvement activities are grouped into low, moderate and high involvements.

Figure 3-2: Stepwise model of SD Practices
Source: Own Creation
3.2. Success Factors of a Supplier Development Program

SD practices are the elements for building a strong supply management thus form the main success factors of effective SD programs in many researches. Buying firms make use of SD as a reaction to poor performing suppliers but it becomes important to the strategy of the buying firm as the performance and capabilities of the suppliers increase (see Figure 3.2 above). After correcting the suppliers’ performance difficulties, buying firms can use the supply base in their strategy by investing in SD depending on the potential for competitive advantage (Krause et al., 1998).

3.2.1. Supplier-Specific Success Factors

These success factors are initiated by a supplier and require its deep involvement that leads to a successful SD, which is beneficial to the supplier.

3.2.1.1. Supplier’s Expectations in its Strategic Objectives

SD is a mutual program that necessitates a joint recognition by the buying firm and supplier firm. When a supplier by itself hunts for further improvements of its performance and capabilities and hopes to grow by dealing with a buying firm, a close philosophical and strategic match could exist between the buying firm and the supplier firm’s managements thereby improving the chances of success in the alliance (Humphreys et al., 2004; Li et al., 2012). The supplier’s expectation of future growth and shared cooperation is considered by the buying firm when selecting a supplier to develop (Monczka et al., 1993).

3.2.1.2. Conformity of Supplier’s Capabilities

On the one hand, a supplier could effectively meet up with the requirements of its customers (buyers) by focusing on each customer firm in its strategy and ensuring that its capabilities conform to the buying priorities of the customer. On the other hand, the supply management activities of a buyer should be directed towards its overall goals in its strategy. Thus, it is logical to say that the buyer’s efforts to realign the supplier’s capabilities with the buyer’s needs should be included in the strategic purchasing plan.
of the buyer so that they can contribute towards achieving the overall goals of the buyer. In this respect, strategic purchasing should precede the application of supply management practices/activities including supplier development (Sánchez- Rodríguez, 2009).

3.2.1.3. Supplier Commitment

Ghijsen et al. (2010, p. 20) defines commitment as “supplier’s desire to maintain and to strengthen the valued relationship and represents a long-term orientation to the relationship”.

In effect, it would appear that buyers assist those suppliers who show a willingness or commitment in the long-term to develop their manufacturing and technical capabilities. It is only when such a commitment is apparent that buying firms provide their own resources in developing suppliers (Humphreys et al., 2011). Long-term commitment induces the supplier to be more innovative with respect to improving performance (Prahinski and Benton, 2004; De Toni and Nassimbeni, 2000). The supplier’s commitment in terms of loyalty, cooperation and longevity in the relationship with the buying firm contributes to successful SD efforts associated with operational performance measures (Prahinski and Benton, 2004).

3.2.1.4. Supplier-specific Adaptations

This is characteristic of long-term buyer-supplier relationships. It involves partners adapting to each other and arises from previous events, activities and decisions thus enhancing the feeling of doing future business together due to similar experiences. It leads to sharing of resources or gives access to the partner’s resources as well as prevents any competitor from replacing one of the partners (Walter, 2003).

Supplier-specific adaptations are investments of a buying firm in its suppliers’ knowledge, structure and processes to utilize its resources e.g. buy a special machine, change product design, use new technologies, and understand the production and planning systems to estimate the capabilities of a supplier (Ibid).
Furthermore, by fast innovation strategy is meant the adaptation with chosen suppliers in processes and procedures such as electronic data interchange (EDI) and total quality management (TQM). As concerns information exchange, supplier-specific adaptation such as first providing partial information for a subsystem increases coordination and integration of the activities of suppliers in new product development (NPD) processes. In this way, a supplier can contribute good ideas on products, technology and equipment (Ibid).

3.2.2. Buyer-Specific Success Factors

These success factors are initiated and executed by a buyer or require a buyer’s effort for their realization with the cooperation of the supplier.

3.2.2.1. Long-term Strategic Goals

The clarity of long-term strategic goals determines the effectiveness of SD (Humphreys et al., 2004). According to Watts and Hahn, (1993) as cited in Humphreys et al., (2011), buyers SD efforts should concentrate on developing suppliers’ future capabilities in technology and product development rather than on current quality and cost. They emphasized that developing supplier capability and flexibility would be the key to the success of SD (Li et al., 2012; Humphreys et al., 2011; Humphreys et al., 2004).

In the short-term, buying firms usually measure the success of SD programs based on the outcomes which are generally their requirements such as cost reduction, short delivery time, quality materials and components but viewing SD as a process may make it more effective in building capabilities which enhance permanent improvements. This is because the buyer-supplier dyad gets benefits from partnership relations involving mutual learning and complementary capabilities than from corrections given by the buyer. With the long-term view, operational knowledge transfer is facilitated by the interaction between firms to integrate the specialized knowledge of the employees in problem solving (Arroyo-López et al., 2012).
3.2.2.2. Top Management Support

According to Krause (1999), without the awareness of top management of the competitive benefits that can be derived from effective supplier management, it is unlikely that the buying firm will devote sufficient resources and have the willingness to manage supplier performance. Consequently, top management has been found to be an important enabler in initiating a SD program based upon the buying firm’s competitive strategy (Humphreys et al., 2004). The purchasing department requires the encouragement and support from top management to use the buying firm’s resources within a supplier’s operation (Li et al., 2012; Humphreys et al., 2004).

The need for the implementation of a SD program may be derived from top-level managers, because they are most aware of the firm's strategic imperatives to remain competitive in the marketplace (Hahn et al., 1990). Thus, top management may initiate the SD program (Krause and Ellram, 1997b).

3.2.2.3. Power Influence Strategy in Supplier Development

Ghijsen et al. (2010, p. 18) explain power influence strategy as “the structure and content of the communication with which a firm (source) tries to control or change the behavior of another firm (target)”. In this study, the buying firm (source) tries to change the performance of the supplier (target). Influence strategies can be divided into indirect strategies (information exchange and recommendation) and direct strategies (request, promises, threats and legalistic pleas). Wagner (2010) also applies the same influence strategies as used in marketing channels into SD in industrial buyer-supplier relationships.

For information exchange, the source gives information to the target with no specific action required from the target. For recommendation, the source specifies the action expected from the target in order for the latter to achieve the desired positive results. As concerns request, the source demands action from the target without indicating any subsequent positive or negative sanctions. When using promise, the source proposes a specific compensation to the target in the situation where the target fulfills the requirements and desires of the source. For threat, the target is informed by the source
that failure to comply will lead to negative sanctions. In the case of legalistic plea, the source contends that a formal agreement or contract requires and necessitates the target to comply (Ghijsen et al., 2010; Wagner, 2010).

It is obvious that indirect strategies try to change the view of the target as to the desirability of an action such that a change in behavior can bring desired results such as improved performance or avoid adverse ones. On the contrary, direct strategies try to change behavior by giving little consideration to the view of the target through the use of explicit or implicit rewards or sanctions (Ghijsen et al., 2010).

Influence strategies indicate that the buying firm is not actively involved but uses power or its position to execute the SD program rather than collaborative joint actions with the suppliers. Consequently, influence factors help the buying firms in upgrading the suppliers’ products, delivery performance and capabilities in SD programs (Wagner, 2010).

3.2.2.4. Buyer Commitment

Krause et al., (2007) state that commitment causes performance goals establishment, competitive advantage (Prahinski and Benton, 2004) as well as value creation for the buying firm. The buying firm, should exhibit its commitment to supplier through active engagement, investment and relationship development (Wu et al., 2011). Some buyers say that long-term contracts ranging from three to five years show commitment, which means a long-term perspective but this commitment always has elements of genuine risks if it has to be sustainable (Krause and Ellram 1997b).

When a buying firm involves its supplier in product development, the commitment in the buyer-supplier relationship increases because the supplier deems the relationship as important, wants it to continue and hopes for future benefits. This attached importance motivates the supplier to apply maximum effort in the SD program to meet and even exceed the buyers’ requirements thereby making commitment to be beneficial to the relationship (Ghijsen et al., 2010).
3.2.3. Buyer-Supplier Interface Success Factors

These factors or activities require the attention and deep involvement of both the buyer and the supplier firms for their effectiveness.

3.2.3.1. Knowledge Sharing and Transfer

From the knowledge based view of a firm, knowledge is regarded as a major and strategic resource that is the base of competitive advantage (Wagner, 2010). Thus, SD programs have been conceived as processes intended to transfer and inculcate knowledge and capabilities from the customer to the supplier (Wagner, 2006) through activities of knowledge transfer that range from electronic transmission of codified (explicit) knowledge to the transfer of the tacit (un-coded or ambiguous) knowledge using collocation of employees (Arroyo-López et al., 2012; Wagner, 2010; Modi and Mabert, 2007). Knowledge transferred to supplier firms such as manufacturing or technological knowledge (Wagner and Krause, 2009) enables them to develop, produce and distribute superior products efficiently as it improves suppliers’ production or upgrade its technology, logistics and other capabilities in the long-term (Ibid).

Capabilities are a firm’s ability to assemble, integrate and deploy resources to realize benefits (Barney et al., 2001 cited in Arroyo-López et al., 2012). In SD, these capabilities go from basic skills for performance to continuous improvement and innovation abilities and are transferred through multiple activities and routines that facilitate the interaction, information interchange and integration. This intensifies the quality of knowledge being transferred (Arroyo-López et al., 2012). Consequently, SD is a kind of cooperation (Li et al., 2012) between a buyer and a supplier.

Knowledge transfer activities include multidisciplinary and inter-firm, training of the supplier’s personnel, temporary personnel transfer, inviting supplier’s personnel and “on-site” technical assistance and consultation (Arroyo-López et al., 2012; Wagner, 2010). These activities improve the economic performance of the supplier (Hernández-Esparlardo et al., 2010) as well as the suppliers’ capabilities to manufacture, manage, design, use new technology and create intellectual capital which lead to competitive advantage of the buyer-supplier dyad (Arroyo-López et al., 2012).
Buyer-supplier collaboration enhances the efficiency of the flow of knowledge to increase the effectiveness of SD activities and the firms’ ability to innovate (Arroyo-López et al., 2012). The lack of know-how and resources to improve performance pushes suppliers to welcome support and collaboration from the buying firms, especially small supplier companies. Thus, resource investment activities bring learning benefits to supplier and help them to understand the desires and requirements of the buyers in order to produce quality goods above competitors (Ghijsen et al., 2010).

Since knowledge may be an important source of coordination, sharing it in a SC is necessary especially in the case where sharing of knowledge with suppliers is part of SD programs. This is compatible with previous academic studies which demonstrate that SD activities cause exchange of knowledge between firms (Nagati and Rebolledo, 2013; Modi & Mabert, 2007; Krause, 1999). Knowledge transfer is intended to increase suppliers’ competence as well as a network of competent suppliers in a straightforward way to improve purchasing performance (Hernández-Espallardo, 2010; Sánchez-Rodríguez et al., 2005).

In collaborative product development, Littler et al., (1995) as cited in Hernández-Espallardo, (2010) found that only 33 per cent of respondents were concerned about giving proprietary information, which may comprise all or part of the firm’s unique contribution to its competitive position as the major risk in this type of collaboration. They also found that only another 11 per cent of respondents mentioned the risk that of collaborators becoming competitors. These figures show that a high percentage of companies accept that collaborative product development is a good factor for a successful buyer-supplier relationship.

This reveals the existence of a paradox in inter-firm learning which can lead to success but may also act as a hindrance to SD. Mohr and Sengupta, (2002) as cited in Hernández-Espallardo, (2010, p. 103) support this view by stating that “while one wants to learn as much as possible from one’s partners in order to maximize the effectiveness and efficiency of the partnership, one also must limit transparency and leakage of information in the partnership so as not to dilute the firm’s sources of competitive advantage”.

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3.2.3.2. Trust

Trust is considered as a central organizing construct in buyer–supplier relationships (Shokri et al., 2012; Wagner, 2011). It builds up slowly from experience as the relationship progresses and dies out as the firms seek to leave the relationship. Firms in buyer-supplier relationships are more willing to work with those firms that they can trust (Wagner, 2011). Bagchi and Skjoett-Larsen (2003) also emphasize on trust between the partners in a buyer-supplier relationship in order to promote collaboration, decision delegation and reduce irrational behavior.

Trust is considered and identified as a building block in buyer-supplier relationships literature. However, it is also mentioned that the operationalization of this concept is not simple (Goffin et al., 2006; Smeltzer, 1997; Kumar et al., 1995). In this regard, trust is explained by Arrow, (1974) as cited in Smeltzer, (1997, p. 41) as follow:

“Trust and similar values, loyalty, or truth telling are examples of what an economist would call “externalities.” They are goods; they are commodities; they have real practical value; they increase the efficiency of the system, enable you to produce more goods or more of whatever values you hold in high esteem. But they are not commodities for which trade on the open market is technically possible or even meaningful”.

When trust grows and prevails, the buyer-supplier relationship is likely to move towards a partnership orientation (Lawrence, 2004) and employees involved in SD activities will be more open without hesitation, even to knowledge sharing with the employees of the other party (Wu et al., 2011; Ryu et al. 2009; Wagner, 2011; Hernández-Espallardo et al., 2010). Tomkins (2001) emphasizes this partial trade-off between trust and knowledge sharing i.e. as trust increases between the firms, more knowledge can be shared freely.

Terpend et al. (2008) consider that the extent of information sharing depends on the degree of mutual trust that has been shaped between the buyer and the supplier. Interestingly, Zhang et al. (2011) argue that communication directly increases a supplier’s trust in the buying firm. Furthermore, a climate of trust can cause a firm to be
more committed to what they agree to do since trust raises the level and intensity of committed behavior in a buyer-supplier relationship (Nagati and Rebolledo, 2013; Ryu et al., 2009).

It has also been argued that trust is a more effective and less costly means of safeguarding specialized investments. It is suggested that buying firm’s trust in the supplier would enhance the effect of buyer asset specificity on joint action in buyer–supplier relations (Li et al., 2012; Humphreys et al., 2004). Trust could also create an environment that prohibits opportunistic behavior between the parties to an exchange as well as induces desirable behavior and thus lower the transaction costs required to achieve investments in specialization (Humphreys et al., 2011; Ryu et al., 2009).

Trust plays an important role in successful business-to-business relationships because it reduces the costs of conflict and other transaction costs and it is more efficient than other governance mechanisms in allowing the relationship to find and develop their potential synergies. Therefore, the outcome of SD activities in trust-based and reliable relationships will be more positive (Hernández-Espallardo, 2010; Wagner, 2011). In short, trust is vital in creating enthusiasm for both parties to participate in SD activities (Nagati and Rebolledo, 2013).

3.2.3.3. Communication Methods and Effective Communication

An important factor in an effective SD program is the communication method or medium for communicating information and knowledge between the buyer and the supplier (Shokri et al., 2012). Communication methods are classified into traditional communication methods (telephone, fax, e-mail, written and face-to-face discussions) and advanced communication methods (computer to computer, EDI and enterprise resource planning - ERP) but are used in a combined manner (Carr and Kaynak, 2007).

These methods are used for information sharing between the buying firm and supplier. By information sharing is meant the communication of information that is detailed frequent and timely between buyer and major suppliers to meet the buyers’ requirement. There is an indirect but positive relation between communication and firm performance. Communication methods have a straightforward or direct effect on information sharing.
i.e. they are technologies that enable and enhance the sharing of information. Information sharing within a firm clarifies employees on important issues with suppliers (Carr and Kanyak, 2007). These considerations make communication methods and information sharing to be important for a successful SD.

Effective, two-way communication is characterized as an essential successful factor to buyer and supplier performance (Wagner, 2010; Prahinski and Benton, 2004; Vijver et al., 2001) and specifically in SD efforts (Krause and Ellram, 1997b). According to Li et al., (2012), open and frequent communication between the buying firm’s personnel and its suppliers is an excellent approach in motivating suppliers. This leads towards achieving a sustainable buyer-supplier relationship (Krause et al., 1998).

Involvement in an early phase and open channels of communication increase understanding between the buying firm and the supplier firm as well as enable conflict resolution between both parties (Humphreys et al., 2004). The success of good communication lies in the frequency, information sharing, personal involvement of the buying firm and its related personnel, develop a relationship-specific memory and the genuineness of the efforts (Li et al., 2012; Hernández-Espallardo et al., 2010; Humphreys et al., 2004).

Krause and Ellram, (1997b) argue that when communication occurs among design, engineering, quality control and other functions between buying firms and supplier firms, in addition to the purchasing-sales interface [parallel communication (Forslund and Jonsson, 2009)], the suppliers’ quality performance becomes greater than what it was when only the buying firm’s purchasing department and suppliers’ sales department [serial communication (Forslund and Jonsson, 2009)] act as the inter-firm information channel. Gait and Dale (1991) as cited in Krause and Ellram (1997b) emphasize the importance of two-way communication between buyer and suppliers and its potential positive effect on the buying firm's competitiveness. Humphreys et al. (2011) note that effective communication enhances synergistic benefits which in turn result in a greater commitment and proactivity from suppliers.

Prahinski and Benton (2004) divide effective communication into four main parts: the effect of indirect influence communication strategy, which represents the supplier’s
perception and the effect of indirect influence strategy differently than the buying firm. The supplier does not perceive that the buying firm’s indirect influence strategy directly affects the supplier’s performance. The *effect of formality*, which represents the positive perception of supplier firms regarding the standardized procedures and formal channels of communicating the supplier evaluations. However, for the buying firm, it is not an easy task to think that establishing a SD program such as a formal evaluation program will improve the supplier’s performance and capabilities. An improved supplier’s performance rather requires the coordination of factors that are outside of the buying firm’s area of control.

The next part of effective communication is: *The effect of feedback* which deals with the enhancement of buyer–supplier relationship. It means that the buying firm executive needs to pay special attention to their suppliers’ suggestions for performance improvement and to clarify the buying firm’s objectives, evaluation procedures and evaluation results. This feedback opportunity enhances the supplier’s perceptions of the buying firm’s cooperation and commitment to the supplier (Ibid).

Lastly, effective communication means *the effect of collaborative communication*, which stands for the positive influence of buyer–supplier relationship regarding the buying firm’s commitment and cooperation. A buying firm that intends to implement a SD program should use indirect influence communication strategy, formality in program structure and feedback as seen above with its most critical suppliers. All of these three effective communication parts/strategies used together are more powerful in their influence of a buyer–supplier relationship than any one strategy used in isolation (Ibid).

Communication involves different aspect such as communication quality, participation, and information sharing. The quality of communication is measured by its timeliness, accuracy, adequacy, completeness, and credibility (Vijver *et al.*, 2001).

### 3.2.3.4. Long-term Commitment

The majority of buying firms involved in SD perceive their suppliers as partners (Krause and Ellram *et al.*, 1997b). In agreeing to adopt a partnership strategy, this
means that a buying firm is ready to pursue a long-term relationship with the suppliers and this necessitates of commitment (Humphreys et al., 2004). Morgan and Hunt, (1994) as cited in Ryu et al. (2009, p. 499) define commitment as “the belief of an exchange partner in an ongoing relationship and that committed behavior ensures maximum efforts at maintaining the relationship”.

The commitment of both parties is regarded as a key component in the success of SD (Mortensen and Arlbjørn, 2012; Wouters et al., 2007; Wagner and Krause, 2009; Handfield et al., 2000; Krause and Ellram, 1997a,b; Hartley and Choi, 1996). However, buying firms affirm that gaining the commitment of suppliers’ top management is the most important success factor for an SD program because management sets objectives, provides resources, removes barriers and rewards change (Hartley and Choi, 1996).

Commitment evolves with time and is enhanced by communication. Hence, the structure and content of communication as an influence strategy of the buying firm used to change the behavior or performance of the supplier enhances commitment (Ghijsen et al., 2010). It is worth noting that, SD efforts is highly demanding in respect of long-term commitment in order to achieve desired outcomes (Talluri et al., 2010).
3.2.4. Summary of the Success Factors of Supplier Development

Refer to above-mentioned issues, the buyer- and supplier-specific as well as interface success factors between buyers and suppliers are revealed in the Figure below.

Figure 3-3: Summary of SD Success Factors  
Source: Own creation

3.3. Barriers of a Supplier Development

SD programs are not always successful i.e. even if both the buyer and its supplier agree that SD can be regarded as a cornerstone for achieving mutual benefits, success is not always a foregone conclusion (Handfield et al., 2000). This is why it is important to understand what kind of barriers might hinder the success of a SD program so as to possibly avoid them. Krause et al. (1999) and Handfield et al. (2000) demonstrate the potential barriers related to buying firms, their suppliers as well as the interface pitfalls that SD efforts might face.
3.3.1. Supplier-specific Barriers

Handfield et al. (2000) report that usually, more than half of the identified pitfalls in SD lie within the supplier-specific category.

3.3.1.1. The Supplier’s Lack of Commitment

Previous studies illustrate that there is a link between SD initiatives and supplier's commitment (Nagati and Rebolledo, 2013; Krause, 1999). Lack of supplier’s commitment in terms of loyalty, seeking for a long-term alliance, resource investment, patience with buyers in difficulty (Krause, 1999), expectations of relationship continuity (Prahinski and Benton, 2004) and lack of total quality commitment by suppliers (Handfield et al. 2000) hinder the buying firm’s willingness in SD efforts with that supplier (Krause, 1999). Hence, the buying firm may be unable to meet its business objectives (Prahinski and Benton, 2004; Handfield et al. 2000).

Further, it is asserted by Handfield et al. (2000) that a supplier’s commitment is assessed through the buying firms’ perception of whether the supplier takes the feedback seriously, the supplier’ failure in training sessions or realizing significant operational results as requested. This is supported by Krause (1999) who assert that the buying firm must perceive evidence associated with some level of supplier’s commitment to the relationship as well as SD efforts in order to reduce and eliminate the uncertainty about relationship continuity and long-term benefits. Otherwise, the buyer itself might be reluctant to be committed to its supplier.

3.3.1.2. Insufficient Supplier Resource

Shortage in supplier resource such as engineering resources, equipment, information systems, and employee skills is another pitfall to SD efforts (Handfield et al. 2000) which hinder competence and competitiveness of the supplier (Krause et al., 1999). The buying firm depends on its supplier’s abilities to provide a competitive product or service, hence the supplying firm must be competitive to some extent e.g. in quality or lead times. This barrier usually is seen in small supplier in terms of annual sales volume and the percentage of the suppliers’ sales to the customer firm than larger one (Krause
Furthermore, the efficacy of SD efforts relies on existing capabilities of a supplier (Talluri et al., 2010) therefore; insufficient resources of the supplier might affect the SD programs success.

3.3.1.3. The Supplier Complacency

Lascelles and Dale (1990) studied about 300 suppliers who claimed to know the measurement relating to their customer’s (buying firms) satisfaction associated with the quality of the product/services i.e. what factors really sell their products in terms of quality, price and delivery time. However, according to the analysis they were mostly subjective and did not have quantitative or proactive measure (e.g. market research activity and advanced quality planning carried out in conjunction with customers and competitive bench-marking) of their customer satisfaction. In other words, *no news is good news* (Ibid, p. 49) for them and thus, suppliers did not think what their customer really think and need. It can be noticed that this kind of attitude by supplier can hinder the buying firm satisfaction and willingness to involve in SD efforts effectively (Galt and Dale, 1991).

3.3.1.4. The Supplier’s Reluctance to Supplier Development

Unwillingness of suppliers to join in SD efforts is another major pitfall in SD which may take place through different reasons. The lack of freedom that a supplier might experience during its involvement in SD might reduce enthusiasm to tie itself to the buying firm and consequently does not follow SD program completely (Galt and Dale, 1991). The success of a SD can be threatened if supplier cannot perceive a tangible evidence for support from the buying firm with matched resources (Krause et al., 1998).

The difficulty for suppliers’ top management to accept other ways of doing things may be a serious hindrance to implement SD. This is obvious when a supplier manager taking part in a research said “to agree to participate in SD, you have to eat your pride” (Hartley and Choi, 1996, p. 38).
3.3.2. Buyer-specific Barriers

The second area of barriers in SD efforts concerns the buying firm. The barriers originating from a buying firm can examined in six domains.

3.3.2.1. Lack of Buyer’s Top Management Support

The need for a SD program must first be recognized and accepted by the top managers of the buying firm who determine to improve the firm's competitive position (Hahn et al., 1990). In this regard, top managers should have a better understand of SD programs (Smeltzer, 1997) and must focus on their SD program implementation efforts (Prahinski and Benton, 2004) so the buying firm’s commitment can be perceived by the supplier.

Without top management support and willingness, the buying firm is vulnerable failure in allocating ample resource in SD efforts (Humphreys et al., 2011; Handfield et al. 2000), supplier’s commitment will be hindered and supplier’ top management green light to cooperate effectively might be lost (Handfield et al., 2000) and thus achieving competitive benefits that can be derived from effective SD will be in danger (Krause, 1999).

3.3.2.2. The Buying Firm’s Credibility to its Supplier

Receiving product/service in a good quality is an integral part of purchasing practices and quality management issue is observed as an inevitable part of SD efforts (Wagner, 2006b) therefore, the supplier need to be convinced that the buying firm is sensitive about quality improvement which contributes to building the buying firm’s credibility.

To do so, the buying firm should transfer its quality expectation through its behavior and attitudes i.e. purchasing strategy, supply management practices, the quantity of return product report due to poor quality, production schedules as well as engineering design/production/supplier liaison.

The buying firm’s acceptance of non-conforming items over a long period of time and criticism of its vendor, last minute changes to schedules, poor purchasing, and frequent switches from one supplier to another lead to the credibility gap in the buyer-supplier relationship. Thus, supplier is likely to question the adequacy of the purchaser's quality.
assurance system in detecting non-conforming product and thus the buying firm’s credibility is undermined in the eyes of the supplier (Lascelles and Dale, 1990).

3.3.2.3. Bias-related Barriers

This pitfall usually occurs when the supplier is a small company (based on the definition by Krause et al., (1999)) compared with other large suppliers in the network. In this regard, the buying firm is likely to present more strong corporate commitment to large suppliers. Therefore, the small supplier will be more vulnerable to miss the benefits of SD efforts than large ones. Additionally, it is difficult for the small supplier to expand the level of business with its buyer due to existence of “old-boy network” (Krause et al., 1999, p. 39). This bias against the small suppliers (less percentage sales to buyer) is a pitfall of SD with such suppliers.

Furthermore, Li et al. (2012) assert that without a buying firm’s commitment, the suppliers may be reluctant to make changes in their operations to justify the requirements of that specific buying firm. Hence, it is considerable that those suppliers with less percentage of the sales to the buying firm are less dependent on the buyers than their high percentage counterparts (Krause et al., 1999) and this could be regarded as a hindrance to SD efforts.

3.3.2.4. The Buying Firm’s Effectiveness

Krause et al. (1999) report that supplying firms generally indicate that SD efforts do not reduce their obstacles in doing business with buying firms. Thus, the suppliers question the effectiveness of SD programs as well as the associated buying firms in helping them to survive, grow and be profitable.

3.3.2.5. Misguided Supplier Development Objectives

Buying firms often do not realize the true meaning of SD programs associated with its demands as well as outcomes respectively. For instance, according to suppliers’ standpoint, the buying firms do not understand the basics of TQM. As Lascelles and
Dale (1990, p. 49) assert that “Many [buyers] have formal vendor audit programs but no clear SD objectives”.

### 3.3.2.6. The Buyer’s Reluctance to Supplier Development

The buyer’s reluctance to put an effort and commit to the SD efforts is seen as a barrier in SD’s success which may occur when obvious potential benefits cannot be realized or SD practices may not justify small-quantity purchases from numerous suppliers. Moreover, the buyer might concern the specific supplier not important enough for the SD investment and thus its willingness to SD decreases (Handfield et al., 2000) or the supplier does not have compatible strategic objectives with its customer i.e. the buying firm (Humphreys et al., 2011). Lofty expectations that go unrealized (Handfield et al., 2000) as well as lack of immediate return (Talluri et al., 2010) may lessen the buyer’s readiness for SD efforts.

### 3.3.3. Buyer-Supplier Interface Barriers

The final type of barriers of SD efforts can be occurred in the interface between buyers and suppliers areas.

#### 3.3.3.1. Lack of Trust

In the previous section—success factors to SD programs, it has been discussed that trust is a cornerstone of any kind of relationship between the buyer and the supplier. It promotes commitment in exchanges between partners i.e. better communication and information and knowledge sharing and thus improves participation in SD as well as minimizes opportunistic behaviors (Nagati and Rebolledo, 2013; Zahng et al. 2011; Wu et al., 2011; Wagner, 2011; Hernández-Espallardo et al., 2010; Ryu et al. 2009).

Lack of trust is a big challenge in SD efforts (Handfield et al., 2000). Tomkins, (2001) considers the use of information in inter-firm relationships associated with two concepts; information and trust. In this regard, as Terpend et al. (2008) mention, the extent of information sharing depends on the degree of mutual trust. Interestingly, Handfiled et al. (2000) argue that the relationship between information sharing and trust
is a two-way highway. Inter-organizational relationship demand partner’s selective information promulgated via explicit or implicit methods (Ryu et al, 2009). When suppliers prevent to release sensitive and confidential information e.g. regarding costs, processes and operations etc. to the buyers which is necessity for SD practices, the success of SD will be in danger. Ambiguous or intimidating legal issues and ineffective lines of communication also are considered as constraints in trust building and successful SD efforts.

The supplier and buyer’s wrong perception in different aspects such as fear of competitors acknowledgement in the SC and using the information exchanged opportunistically, arm's length relationships and ineffective purchasing strategies lead them not to be open to each other (Nagati and Rebolledo, 2013; Handfield et al., 2000). As Wagner et al. (2011, p. 42) assert “A supplier can have a great reputation and a promising future with a buyer but if the buyer loses confidence in the supplier’s trustworthiness during a specific project, the future of the relationship could be in jeopardy”.

3.3.3.2. Poor Alignment of Organizational Cultures

When any condition in buyer-supplier relationship is changed, the existing successful SD approach might be no longer feasible and viable. Changes might be taken place in the SC nature, new supplier entrance, shift in geographical location and expectation changes etc. consequently, some misunderstanding could occur for supplier due condition changes, hence it would be necessary to spend considerable time communicating with suppliers and showing them what is needed (Handfield et al. 2000).

3.3.3.3. Insufficient Inducements to the Supplier

Supplier incentives can be considered as a mechanism, which stimulates SD practices and focuses on the supplier’s improvements and great achievements (Wagner 2010, Krause et al., 2000; De Toni and Nassimbeni, 2000). In this regard, ineffective methods and insufficient communication regarding potential benefits of SD efforts might reduce
3.3.3.4. Poor Communication and Feedback

Many scholars declare that poor communication and feedback in the interface between the buying firm and the supplier act as a barrier which defeats the SD process and hinders supplier performance improvement (Humphreys et al., 2011; Lawrence, 2004; Handfield et al. 2000; Krause et al. 1999; Krause and Ellram, 1997a; Lascelles and Dale, 1990). The need for effective communication encourages the use of maximum communication but does not guarantee a good functioning of buyer-supplier relationship. Rather too much communication may lead to information overload that can possibly act as a barrier and bring adverse results. Thus, an acceptable level of communication should be used which minimizes ambiguity in messages in order to be effective and efficient (Hoegl and Wagner, 2005 cited in Ghijsen et al., 2010).

On the one hand, Lascelles and Dale (1990) exemplify most dissatisfied supplier do not share their dissatisfaction to the buyer and vice versa due to the partners’ inability to communicate clearly their requirements or due to lacking of appropriate opportunity which is raised from another party in order to communicate effectively. On the other hand, Lawrence, (2004) discuss that the perception of partners never being the same in terms of their demands and expectation (specific or general). This misguides partners to portrait an accurate picture of another one in terms of demands and requirements thus leads to non-response feedback.

Furthermore, evidence demonstrates that usually a buying firm shares its expectations and asks its supplier for performance improvement and process. However, revers information sharing and feedback is least and a supplier is seldom asked for expectations and feedback of the buyer’s performance. This limited view that most buyers take to communication i.e. information sharing creates the perception gaps and hamper partnership development as well as SD’s success (Lawrence, 2004). This is supported by Krause et al. (1999) who reveal that suppliers specially smaller ones have communication problems in the areas of advertising to the customer, obtaining bidding
information, and being known by the customer firm’s buyers or claim the buying firm knows very little about them.

Interestingly, Dyer and Hatch, (2006) point out, poor information and knowledge transfers might because of unreliable knowledge source (e.g. lack of motivation, lack of credibility), problems in the recipient of knowledge (lack of absorptive capacity, lack of motivation), or attributes of the knowledge itself (causal ambiguity).

Regardless what are the reasons behind poor communication and transferring of information and knowledge, the relationship between partners might ruin and not be unsuccessful; the SD benefits would not be ample for further investments (Talluri et al., 2010).

3.3.3.5. Power Related Issues

Power dependence (Krause’s et al., 1999) and purchasing power (Lascelles and Dale, 1990) are recognized as SD barrier associated with power issue (Mortensen and Arlbjørn, 2012).

Regardless of how the sample was split in terms of size, annual sales or partnership period in the study by Krause et al. (1999), it reveals that usually suppliers have problem with their buying firms in obtaining favorable terms during negotiations i.e. the buying firms have more power than their suppliers. It is more significant in small suppliers when they complain about the buying firms only placed small orders with their firms.

The lack of success in SD program associated with supplier quality performance improvement may result in lack of buying firm’s power in terms of purchasing which has a major influence on buyer-supplier relationship. Purchasing power enables suppliers to improve the quality of their products-performance without necessarily helping them to develop a company-wide approach to quality management (Lascelles and Dale, 1990).
3.3.3.6. Lack of Profitability

Both buyer and supplier should perceive their commitment and investment in SD is profitable in terms of tangible or intangible (Hartley and Choi, 1996), direct or indirect (Wagner, 2010), short- or long-term (Krause and Ellram, 1997b). Otherwise, the motivation for engaging in SD is in considerable danger which is more apparent specifically for suppliers who illustrate “doing business with this buyer is not very profitable for the firm” (Krause et al., 1999, p. 37). As a result, it might lead to misunderstanding in terms of who pays and who gains more (New and Burnes, 1998).

3.3.3.7. Risk of Losses

Buying firms should pay special attention to direct development efforts in SD because they include transaction-specific investments in the supplier by the buying firms. In the long-term, direct involvement investments may reduce the buying firms’ transaction costs and uncertainty regarding important manufacturing inputs. However, it may also include a risk to the buying firm because these investments are nontransferable and the payback of the SD investment are unrecoverable for the buying firm if the relationship breaks up in an early phase between a buying firm and its supplier (Krause et al., 2000).

The use of knowledge-sharing routines is considered to be both costly and risky because a great deal of time and resources may be required to support the transfer. Moreover, these investments are relationship-specific and create a lock-in condition which brings vulnerability because the buying firm cannot leave the relationship with the supplier firm without incurring economic losses (Wathne and Heide, 2000 cited in Hernández-Espallardo, 2010).
3.3.4. Summary of the Barriers of Supplier Development

Figure below summarizes aforementioned pitfalls in terms of buyer-, supplier-specific as well as interface barriers between buyers and suppliers.

Figure 3-4: Summary of SD Barriers
Source: Own Creation
4. Empirical Findings

The previous chapter has highlighted this research’s problem from a theoretical point of view and will thus contribute to the formulation of empirical data. This chapter presents empirical data through the collection of data from interviews with companies that are concerned with the research questions and the purpose of this research. Four companies which cooperated have been interviewed based on the existence of SD efforts within their relationship. This chapter starts with a brief company presentation, which is followed by a presentation of all the collected data for each company. This chapter then becomes a tool for the next chapter where theoretical data together with empirical findings will be analyzed.

4.1. Skruf Snus AB (Buying firm)

This focal company deals with three main suppliers which are Rotakett AB, Modulpac AB and Distributor AB thus, forming three dyads in this research. The names of these suppliers were obtained from the focal company during the first visit to the company to present the idea of the research. This first visit was intended to determine the existence any collaboration between Skruf AB and its main suppliers. The existence of this collaboration between Skruf AB and these suppliers places them within the scope of this research. The data from these suppliers are treated in 4.2, 4.3 and 4.4.

The respondents' positions in these four companies could to some extent affect the SD efforts and therefore their participation and answers are considered relevant to the topic of this research. All interviews with the respondents took place in their workplaces which makes misinterpretations to be minimized. The figure below shows the geographical location of the focal company and its three main suppliers in Sweden.
4.1.1. Company Background

Skruf AB was founded in 2002 by two lifelong friends (Jonas Engwall and Adam Gillberg) who saw the opportunity to make a big future for a small product called “snus” in Swedish (i.e. snuff) and derived from tobacco. In spring 2004, they launched in Norway and were featured on Norwegian primetime. The very next day, 1 million Norwegians were hunting down the products of Skruf AB. Market share increased from 0% to 4% overnight. After their successful entry into the Norwegian market, international players began to take notice of them (Skruf, 2013).

Figure 4-1: Geographical locations of the four companies
Source: Own creation
Today Skruf AB is owned by Imperial Tobacco, the world’s 4th largest tobacco company with a total of more than 10 million cans of snuff per year in Scandinavia. With the merger between Skruf AB and Imperial Tobacco, the portfolio was greatly extended. In addition to snuff, Skruf AB now also offers international cigarette brands. In 2011, Skruf AB had 150 employees and a turnover of more than SEK 422 million (Skruf, 2013; Affarsdata, 2013).

Skruf AB is represented by Kristina Johansson and Rikard Almström in these interviews who are both salespersons in the firm. Johansson has been working in Skruf AB for more than 4 years and is in charge of placing orders for different articles or items. Apart from being a salesperson, Almström works as an investment coordinator in the firm i.e. he is responsible for the contracts in different products as well as all investments in the company. He has been in service for less than one year.

4.1.2. Practices of Supplier Development at Skruf AB

The firm has a few meetings with its suppliers each year regarding the quality of the products from them. According to Johansson, Rotakett AB and Modulpac AB have been supplying to Skruf AB from the founding of the firm while Distributor AB has been collaborating with Skruf AB officially from 2004. Within this time the collaboration with these suppliers has been ongoing. Skruf AB has ongoing projects with Rotakett AB and Modulpac AB in terms of product design. These suppliers have been maintained by Skruf AB because they meet the needs of Skruf AB as it grows.

For the low involvement buyer’s activities, Skruf AB pressurizes its main suppliers by letting them know what other random suppliers can offer. According to Johansson “we very well know what is going on in the market and we think that our main suppliers should be aware of that”. This demonstrates competitive pressure from Skruf AB on these three suppliers. Furthermore, Skruf AB evaluates its suppliers’ performance based on quality, delivery time and defective products and they will do so much more in the future because its new owner requires this. It buys from few suppliers given that snuff is like food thus must be food-approved as explained by Johansson.
Skruf AB’s expectation of high performance from suppliers brings about collaboration with the suppliers. Such expectations and improvements are first examined internally to ensure the specific need before working with the suppliers to make them better. It also communicates feedback to enable the supplier improve as to what is acceptable or not given that Skruf AB wants it right. However, it understands a supplier cannot have it 100% right.

For moderate involvement of Skruf AB, the firm allows its main suppliers to understand its plant during site visits and in the case of a problem with the production, the suppliers can look at what went wrong in order to improve their supplies. Skruf AB has no long-term contracts with its suppliers but has a medium-term contract of about two years with Modulpac AB that ends in December 2014. The other suppliers simply give a price for a period and Skruf AB decides whether to buy or not based on the quality compared to the price. The issue of quality is more important than contracts affirms Johansson. All suppliers to Skruf AB must be certified by an organization but Skruf AB also evaluates suppliers with respect to the certifications.

On high involvement of buyer, Skruf AB has no direct access to its suppliers’ computer systems but at the moment it is changing the internal business system such that this could be an option in the future as emphasized by Almström. Consequently, there is no extensive information exchange. Skruf AB does not also train or educate the suppliers’ personnel because it believes that they are good in what they do. It is involved with Rotakett AB in product design to ensure that the products can run through the machines. As concerns investment in suppliers, Skruf AB has some of its tools in Modulpac AB but no other investment in the other two suppliers.
The summary table below is based on the viewpoints of Skruf AB regarding the SD practices which it has with its three suppliers. It also shows specifically and separately the types of practices in the SD collaboration between Skruf AB and each of the suppliers by the green check marks.

<table>
<thead>
<tr>
<th>SD Practices (Skruf AB)</th>
<th>Modupac AB</th>
<th>Rotakett AB</th>
<th>Distributor AB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitive pressure</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Supplier evaluation</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Buying from limited suppliers</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Raising performance expectations</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Communication and feedback</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Site visit</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Long-term contract</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Supplier’s certification</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Suppliers involvement in new product design</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Direct investment in a supplier</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 4.1: Summary of the SD practices between Skruf AB and its three suppliers

Source: Own creation

4.1.3. Success Factors of Supplier Development at Skruf AB

As expressed by Johansson, Skruf AB is generally satisfied with the performance of these three main suppliers though it feels that they have a long way to go together in making the relationship better. It works more with its strategic suppliers in order to develop different aspects of the relationship by having agreements and trying to make improvements. It has plans with Rotakett AB, Modupac AB and Distributor AB.

The top management of Skruf AB supports every activity that simplifies the method of working with suppliers especially on placing orders and receiving deliveries. On the
issue of influencing the suppliers, Skruf AB insists on quality such that everything they do or buy must be AGP-approved as required by Imperial Tobacco. In this way, these suppliers are indirectly influenced to provide the right quality of products.

Trust plays an important role in strengthening the relationship between Skruf AB and these three main suppliers. This is demonstrated by the fact that Skruf AB does not keep high stock. Because they trust the suppliers to deliver at any time an order is placed. According to Johansson, the suppliers are truthful enough to inform Skruf AB if they cannot deliver an order completely at once in which case they seek the opinion of Skruf AB on which products are required for urgent delivery.

According to Johansson and Almström, there is to-and-fro communication between Skruf AB and these three suppliers. This occurs through emails, telephone calls and even meetings at the premises of Skruf AB where they plan and attend to any difficulties. The open communication between Skruf AB and its suppliers permits it to clearly state any dissatisfaction with each supplier. It also enables them to improve the products e.g. Skruf AB has a lot of discussions with Modulpac AB on quality issues. Satisfaction is mostly expressed by silence as stated by Johansson, “our perception is that if everything is quite then we are satisfied but if we are not satisfied, they will surely hear that from us because we are free to express ourselves to them”.

Skruf AB views the investments done by these suppliers in their respective firms to meet with its demands and to solve specific difficulties as the engagement and collaboration of these suppliers with Skruf AB. As an example, Johansson explains that “Modulpac AB has bought new machines recently and is fully equipped for the production of the big and small lids of the snuff cans and to meet with requested volumes of supplies”.

The summary table below is based on the perspective of Skruf AB concerning the SD success factors regarding the three main suppliers in the SD collaboration.
### Table 4-2: Summary table of success factors based on the viewpoints of Skruf AB

<table>
<thead>
<tr>
<th>SD Success Factors (Skruf AB)</th>
<th>Modulpac AB</th>
<th>Rotakett AB</th>
<th>Distributor AB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term Strategic Goals</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Top Management Support</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Influencing Suppliers to Follow SD Program</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Trust</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>To-and-fro Communication</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Investments Done by Suppliers to Meet Buyer’s Demands</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Own creation

#### 4.1.4. Barriers to Supplier Development at Skruf AB

Skruf AB has a 100% dependence on Modulpac AB for the snuff cans that they use. Since the takeover by Imperial Tobacco, this new owner has requested Skruf AB to have another supplier for can products so that in a scenario where Modulpac AB has any problem, Skruf AB can still have supplies from an alternative supplier. In this way, Skruf AB will have alternative suppliers for the same product.

In terms of risks in the relationship, price and quality are the factors that may force Skruf AB to change suppliers or to bring in more suppliers. This view is more aimed towards Rotakett AB and Distributor AB.

The summary table below is based on the perspective of Skruf AB concerning the SD barriers regarding the three main suppliers in the SD collaboration.
<table>
<thead>
<tr>
<th>SD Barriers (Skruf AB)</th>
<th>Modulpac AB</th>
<th>Rotakett AB</th>
<th>Distributor AB</th>
</tr>
</thead>
<tbody>
<tr>
<td>100% Dependancy on one Supplier</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Price</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Quality</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

**Table 4-3**: Summary table of SD barriers based on the viewpoints of Skruf AB  
**Source**: Own creation

### 4.2. Modulpac AB (First Supplier)

This is the only supplier of snuff cans to Skruf AB thus is a main supplier to it. It forms the first dyad with Skruf AB in this research.

### 4.2.1. Company Background

Modulpac AB was founded in 1983 by Lars and Hill Björck and was located in Vittaryd. On the Easter day in 1984, the entire plant burnt down and shortly afterwards Modulpac AB relocated to its present address, Industrigatan 11, Lagan. Initially, the company focused on selling to the chemicals and food industries and production was highly automated. In 1996, Modulpac AB was acquired by the Pomona Group (Modulpac, 2013).

Towards the end of the 1990s, the company made a lot of investments and focus shifted to include the cosmetics and pharmaceutical industries. Modulpac AB develops the best possible packaging for their customers’ products and gives the product a unique look in terms of shape and color. It is a leading manufacturer of standard and special seals for effective and functional packaging solutions. Modulpac AB had around 30 employees in 2011 and reached a turnover of approximately SEK 76 million in the same year (Modulpac, 2013: Affarsdata, 2013).

The person representing Modulpac AB on this interview is the sales manager called Marie Roshholm Englund who has been working here since seven years. She started as a sales assistant and two years ago was appointed as sales manager.
4.2.2. Practices of Supplier Development at Modulpac AB

Englund explains that the buying firm Skruf AB was bought over in 2005 by Imperial Tobacco so there is a lot of information gotten from the latter. Modulpac AB works with Imperial Tobacco on new designs, shapes and surfaces. The former is specifically involved with the colors, which are influenced by what is desired and demanded by the latter. A sample is prepared and sent to Imperial Tobacco for approval after which production is done by Modulpac AB. When the new design has been decided by Imperial Tobacco and sent to Rotakett AB for labeling, we buy the top label on the snuff cans from Rotakett AB while Skruf AB buys the other label on the cans.

The sales manager is not sure of when this collaboration started but this was before she got employed. Modulpac AB got involved with Skruf AB because the tools maker of the former in Alvesta recommended them to the latter. Modulpac AB took over some of the tools from Skruf AB and adjusted them to produce the cans for Skruf AB though the initial demands were small. Skruf AB has grown since then and Modulpac AB with it.

Modulpac AB experiences some pressure from Skruf AB as observed by the sales manager because there are probably other suppliers who could supply to Skruf AB. However, she adds that choosing another supplier requires high investments of about SEK 8 to 10 million for the production of the small upper lids, the big lids and the cans. Modulpac AB has made this kind of investment over the years. As of now, Englund affirms that Modulpac AB is the only supplier of the cans to Skruf AB in the region but that there is probably another supplier. However, she adds that “we have much experience and since we have grown with Skruf AB, we know much about them and we know what they need”.

Skruf AB evaluates Modulpac AB from the deliveries as it raises its expectation of performance and quality. Modulpac AB may have some faults so any defective product is simply sent back to them and they solve the problem but given the large volumes of supplies, the percentage defects is very low says Englund. As to the lead time, Modulpac AB keeps a safety stock that can run for two weeks such that there is very little lead time. Skruf AB also has a stock that they can use for two weeks. These
measures on both sides are included in the respective plans so that any difficulties or increase in demand can be absorbed.

For large urgent request of supplies required within a week due to increase in demand from consumers, Englund explains that part of the request is first supplied and then she will phone or meet with Johansson of Skruf AB and together they will find ways of solving the problem, may be by first attending to the most urgent needs first. She continues, “For any problem on either side, it is easy to reach the phone and discuss it to try to solve it and most of the times we have it solved. It is also good that both firms are just one hour away from each other by car so it is easy to meet and handle problems”.

Communication is mostly done by phone and emails. Skruf AB places orders by email and the staff at Modulpac AB put the orders into its system. If the order can be satisfied, an order confirmation is sent back by email to Skruf AB that also puts it into its system. Though the two firms do not have seminars or meetings between the sales and purchases departments respectively, their quality departments have a programmed meeting every three months. On other matters, Englund makes phone calls to Skruf AB or Johanson of Skruf AB who lives close to Modulpac AB, drives there on her way to work in the morning to discuss any issue. However, a phone call must be made every week to find out if everything is all right.

To recognize the good services of Modulpac AB, Skruf AB sends them Christmas cards and Englund states that “it is not common that a firm sends a Christmas card to a supplier”.

At present, the firms have a good cooperation and she says that she knows Skruf AB is quite pleased and is working hard to keep Modulpac AB as a supplier because in her view “if everything is working smoothly you do not hear as much but if they are not pleased, I promise you the phone will ring”. For the future, she thinks that Skruf AB will continue with Modulpac AB as their main supplier because the latter has invested in machines and tools that serve the needs of Skruf AB which may require time to obtain with a new supplier though Skruf AB is searching for one.
The staff of Modulpac AB has visited Skruf AB to understand the production line in order to know the possible effect of a fabrication mistake on the cans. Such knowledge is good to be in the minds of the operators in Modulpac AB as explained by Englund.

Modulpac AB hopes to work with Skruf AB for the long-term though there is no contract to this effect but Skruf AB is aware of the investments that have been made by Modulpac AB to meet their needs. Englund says that their second production facility has been planted to solve the increasing product demand of Skruf AB. Modulpac AB even gives technical assistance to Skruf AB in relation to its products and if Skruf AB has a problem, the research and development (R & D) department of Modulpac AB helps Skruf AB to find possible solutions.

Modulpac AB is certified in ISO 9001 and ISO 14002 as well as has a cleanroom (ISO+8) that makes products for the medical industry.

Englund states that the level of information sharing between the two firms is high and intense. She explains that Modulpac AB gets some information directly from Imperial Tobacco and from the marketing department in Hamburg where it gets information on new designs and labels. Thus, sometimes it has more information than Skruf AB but shares this information with the latter. On other times, Johansson of Skruf AB has forecast information, which she forwards to Modulpac AB.

There is no exchange or collocation of personnel between the firms but visits to either firm are intended to see and have some idea of how cans are produced in Modulpac AB and how the cans are used in Skruf AB. However, Modulpac AB is involved in the product design of Skruf AB and also helps them in solving problems through its R & D department.

Finally, in terms of direct investment, Modulpac AB initially took small tools from Skruf AB that it used for production of cans for the latter. As Skruf AB’s demand for supplies increased rapidly, Englund explains that Modulpac AB should invest in new tools and machines with the understanding that the cost of the investment will gradually be included in the detail price of products to Skruf AB so that the latter pays off the investment in the long-term. However, due to some disagreements, Modulpac AB has decided to keep the investments and to buy over the small tools as well to serve
Skruf AB’s high demand for products. In her words “of recent we have decided to buy all the investments and the small tools because their demand has increased a lot so we need to keep up in delivering the volumes they need”.

The summary table below shows the perspective of Modulpac AB concerning the SD practices regarding the SD collaboration with the buying firm Skruf AB.

<table>
<thead>
<tr>
<th>SD Practices (Modulpac AB)</th>
<th>Skruf AB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitive pressure</td>
<td>✓</td>
</tr>
<tr>
<td>Supplier evaluation</td>
<td>✓</td>
</tr>
<tr>
<td>Buying from limited suppliers</td>
<td>✓</td>
</tr>
<tr>
<td>Raising performance expectations</td>
<td>✓</td>
</tr>
<tr>
<td>Communication and feedback</td>
<td>✓</td>
</tr>
<tr>
<td>Recognition</td>
<td>✓</td>
</tr>
<tr>
<td>Supplier Incentives</td>
<td>✓</td>
</tr>
<tr>
<td>Site visit</td>
<td>✓</td>
</tr>
<tr>
<td>Long-term contract</td>
<td>✓</td>
</tr>
<tr>
<td>Technical assistance</td>
<td>✓</td>
</tr>
<tr>
<td>Supplier’s certification</td>
<td>✓</td>
</tr>
<tr>
<td>Intensive information sharing</td>
<td>✓</td>
</tr>
<tr>
<td>Direct investment in a supplier</td>
<td>✓</td>
</tr>
</tbody>
</table>

Table 4-4: Summary table of practices between Modulpac AB and Skruf AB based on the viewpoints of Modulpac AB
Source: Own creation

4.2.3. Success Factors of Supplier Development at Modulpac AB

According to Englund’s understanding, Skruf AB has long-term plans with Modulpac AB because “they see us as an important supplier due to the investments we have made”
and since we started being a supplier to Imperial Tobacco. At first, we were a local supplier to Skruf AB but now we are raised by being a strategic supplier to Imperial Tobacco”.

The top management of Modulpac AB supports the relationship with Skruf AB as well as their strategic plans by showing willingness and investing resources. This is because “we see Skruf AB as a very important customer to us. We do not talk about it but we will follow what Skruf AB and Imperial Tobacco wants us to do for them” comments Englund. She equally thinks that the top management of Skruf AB also supports the relation.

Modulpac AB thinks that Skruf AB is committed to the relationship based on the cooperation they have and as their sole supplier of the snuff cans suggests Englund who also feels that Skruf AB could push the buttons of influential techniques but does not do so because Modulpac AB is conscious of respecting its obligations towards Skruf AB. On its part, Modulpac AB is committed to the relationship by cooperating and being loyal in satisfying the needs and demands of Skruf AB affirms Englund.

Modulpac AB is ready to work with its buyers and in the case of Skruf AB, it plans in order to always meet up with the demands of the latter. “We always plan to have some over capacity so that we can meet up with their increasing demand for products. We always secure deliveries with the right quality to satisfy them even if we have to change some ways of working” says Englund.

Knowledge transfer is at a very low level, which Englund calls a “light version” because both firms do very different products. Visits to Skruf AB are intended to see how the products from Modulpac AB are used so the discussions are on the latter’s products. In this respect, Skruf AB does not know the details of how the snuff cans are produced and Modulpac AB does not know about the production of snuff. However, such simple knowledge on how the latter’s products are used helps it to solve any problems of design.

Modulpac AB trusts Skruf AB and feels that Skruff AB also trusts them because they have very open discussions and they share market information.
There is a two-way communication between the firms and it is open, concise and frequent but it is limited to the use of the telephone and emails. They communicate freely by these methods to solve small business details but for a big issue, they sit together in a meeting to solve it.

For now, there is no interconnection between the information systems of the two firms but Modulpac AB guesses that this may occur in the future given that Skruf AB is changing its business system and Modulpac AB may be doing it too. However, Englund says that there has been no discussion on this yet.

According to Englund, Mdoulpac AB and Skruff AB have a long-term commitment to this relationship given the big investments done in Mdoulpac AB to satisfy the growing product demands of Skruff AB and which the latter knows as well as the difficulty to get a well-equipped supplier for the needs of Skruff AB. However, given the new owner of Skruf AB i.e. Imperial Tobacco, the future remains to be seen.

Englund believes that Imperial Tobacco is a source of strength to Modulpac AB because “they are also raising us to be a strategic supplier which can help us get other businesses from them given that they have some products with only one supplier”.

The summary table below is based on the perspective of Modulpac AB concerning the SD success factors regarding the SD collaboration with the buying firm Skruf AB.

<table>
<thead>
<tr>
<th>SD Success Factors (Modulpac AB)</th>
<th>Skruf AB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skruf AB’s Long-term Strategic Goals</td>
<td>✓</td>
</tr>
<tr>
<td>Skruf AB’s Top Management Support</td>
<td>✓</td>
</tr>
<tr>
<td>Skruf AB’s Commitment to the SD efforts</td>
<td>✓</td>
</tr>
<tr>
<td>ModulpacAB’s Strategic Objectives to Improve the SD Collaboration</td>
<td>✓</td>
</tr>
<tr>
<td>Trust</td>
<td>✓</td>
</tr>
<tr>
<td>To-and-fro Communication</td>
<td>✓</td>
</tr>
<tr>
<td>Long-term Commitment of ModulpacAB</td>
<td>✓</td>
</tr>
</tbody>
</table>

**Table 4-5:** Summary table of success factors based on the viewpoints of Modulpac AB

**Source:** Own creation
4.2.4. Barriers to Supplier Development at Modulpac AB

The goals of Skruf AB in connection to its business relationship with its supplier Modulpac AB is clear and open to the supplier who only knows that the buyer has the desire to grow.

These two firms have a good collaboration but Modulpac AB is cautious since the takeover of Skruf AB by Imperial Tobacco. This is because the latter steers the affairs of Skruf AB and decides on suppliers and the requirements to be met with.

The summary table below is based on the perspective of Modulpac AB concerning the SD barriers regarding the SD collaboration with the buying firm Skruf AB.

<table>
<thead>
<tr>
<th>SD Barriers (Modulpac AB)</th>
<th>Skruf AB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skruf AB’s Long-term Objectives are not Clear to Modulpac AB</td>
<td>√</td>
</tr>
<tr>
<td>Change of Ownership</td>
<td>√</td>
</tr>
</tbody>
</table>

Table 4-6: Summary table of SD barriers based on the viewpoints of Modulpac AB
Source: Own creation

4.3. Rotakett AB (Second Supplier)

This supplier is one of the main suppliers to Skruf AB and they both make up the second buyer-supplier dyad in this research.

4.3.1. Company Background

Rotakett AB was founded in 1991 by Bengt Eliason. Combination printing was the order of the day right from the start. Rotakett AB develops, produces and markets high-quality self-adhesive labels to leading users within the food, drinks, chemico-technical and technical industries. Rotakett AB’s logo, ”We make products into personalities” which simply demonstrates that a product without a label has no personality! The company’s goal is to give every product its own personality so that it stands out and is distinct from other similar products. Rotakett AB's vision is to continue to develop as an
independent company with an unchanged ownership structure. It had 29 employees in 2011 and had sales of about SEK 57 million (Rotakett, 2013: Affarsdata, 2013).

Jim Bågesjö is the respondent of Rotakett and is at service in the firm as sales and marketing manager. He has been working in Rotakett AB for 6 years and is the head contact towards Skruf AB. Any kind of contact from Skruf AB to Rotakett AB is usually gone through Bågesjö.

4.3.2. Practices of Supplier Development at Rotakett AB

Apart from receiving orders and delivering products to Skruf AB, Rotakett AB continuously has discussions with its buyer regarding the available activities in order to improve and develop the collaboration. Since Rotakett AB delivers labels to Skruf AB, Bågesjö states that labels are not a kind of product that is always the same and specified. Rotakett AB has to change and print the labels in different ways on the request of Skruf AB.

They always have discussions where Bågesjö comes up with suggestions about the shape and color of the labels to Skruf AB and Skruf AB either accepts or rejects his suggestion. He explains that there is a lot of consultation between the two firms “with Skruf, there is a lot of development in their products. They have a wider range of products now than they had before, so we have a lot of ongoing projects all the time”.

According to Bågesjö, Rotakett AB was already a supplier to Skruf AB before he started to work in Rotakett AB. They started to collaborate with each other from the foundation of Skruf AB because of the fact that Rotakett AB could provide its customer with the products which they demanded. During all these years, the collaboration has been improving.

Rotakett AB does not feel competitive pressure or other threats from Skruf AB at the moment. This is because of the companies’ good collaboration and their past history. If Skruf AB requires something else from Rotakett AB, it will be fulfilled by Rotakett AB. As Bågesjö argues, “in this stage of collaboration we rather feel like we are solving the problems together with Skruf”.
Regarding the quality standards, delivery time and defective products, Rotakett AB is certain that they have been evaluated by Skruf AB but they are also sure that they are collaborating very good on these issues with Skruf AB. There are no secrets between the two firms regarding the level of stocks in Rotakett AB. In this regard, if there is no stock at Rotakett AB to meet an order, Skruf AB knows of this and normally will not pressurize Rotakett AB without any serious reason as explained by Bågesjö.

According to Bågesjö, the two companies constantly discus about the prices. Rotakett AB is very well aware of the fact that Skruf AB has increased their sales volumes and buys larger volumes from Rotakett AB now compared to the previous years. He also emphasize that sometimes the cost of material for labels goes up for Rotakett AB but they do not increase their price to Skruf AB. This is the sacrifice that Rotakett AB is offering to its relationship with Skruf AB.

Rotakett AB and Skruf AB mostly communicate by email and phone. They also have different kinds of meetings with each other. Rotakett AB has a couple of meeting with Skruf AB every year where they introduce news on both what Rotakett AB can do and even what their suppliers can provide their customers (Skruf AB). Rotakett also has learning seminars with Skruf AB as Bågesjö explains “we have something called label-school where we can talk and tell our customers what we can do for them and what costs money and what is a little bit cheaper. We also inform them what is out there, what we can do better together, both in the way we print labels and also how to deliver them”. During their site visits to Skruf AB, Rotakett AB discusses different issues such as deliveries and qualities. They also observe if the machines are running as they should with their labels.

There is not a written contract between the two firms and this issue of not having contracts does not worry Rotakett AB. They do not consider contracts as a significant aspect in their business with Skruf AB. Rotakett AB rather believes that if they provide good service in terms of delivery times and high quality, that will satisfy Skruf AB and make them continue the relationship with Rotakett AB, other than that even if they have a written contract but if Rotakett is not able to meet the needs and demands of Skruf AB, the relationship will break.
Rotakett AB and Skruf AB are often involved from the very beginning when a new product is produced. Bågesjö explains “we are absolutely part of the product design, the first time we produce a label for Skruf, in 95% of cases there is always someone attending from Skruf which is a good thing”. In this process, both companies make sure that the result of new product is the way they want it to be. After the first production of the new products, Rotakett AB then can easily produce the products with the shape and look according to the agreements. Bågesjö continues “we then just keep our production go on because now we know that Skruf AB will be satisfied and also that the responsibility is on both sides”.

The summary table below shows the perspective of Rotakett AB concerning the SD practices regarding the SD collaboration with the buying firm Skruf AB.

<table>
<thead>
<tr>
<th>SD Practices (Rotakett AB)</th>
<th>Skruf AB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplier evaluation</td>
<td>✓</td>
</tr>
<tr>
<td>Raising performance expectations</td>
<td>✓</td>
</tr>
<tr>
<td>Communication and feedback</td>
<td>✓</td>
</tr>
<tr>
<td>Site visit</td>
<td>✓</td>
</tr>
<tr>
<td>Knowledge transfer</td>
<td>✓</td>
</tr>
<tr>
<td>Supplier’s certification</td>
<td>✓</td>
</tr>
<tr>
<td>Intensive information sharing</td>
<td>✓</td>
</tr>
<tr>
<td>Suppliers involvement in new product design</td>
<td>✓</td>
</tr>
</tbody>
</table>

*Table 4-7: Summary table of SD practices between Rotakett AB and Skruf AB based on the viewpoints of Rotakett AB
Source: Own creation*
4.3.3. Success Factors of Supplier Development at Rotakett AB

Bågesjö believes that Skruf AB has strategic plans to develop the relationship. Rotakett AB is aware of the fact that Skruf AB is expanding and also that Skruf AB has a lot in front to do in its own plant. Skruf AB is considered as the biggest and one of the most important customers to Rotakett AB. He is also certain of the fact that both their own and Skruf AB´s top management support new ideas and aspects which may make them to become closer in their relationship and better in their performance. For Rotakett AB, the top management is always looking for to get better and will not miss such an opportunity with good input if offered by Skruf AB. This also includes learning some lessons from good and bad events as well as working together with Skruf AB to ensure that everyone understands what is good for respective businesses and what is not.

The communication between Rotakett AB and Skruf AB is very clear and open where both companies communicate and get feedback on possible problems. Bågesjö describes “when we talk and communicate with Skruf, we are very straightforward and tell each other if there is any problem, so this is a good thing, because in this way we can solve the possible problems easily”.

Rotakett AB is communicating with Skruf AB mostly through phone, email and meetings but this is not the way Rotakett AB communicates with its other main customers. Rotakett AB has access to some of its important customers´ computer systems where they easily can see the level of these customers´ stocks and produce the needed products in time. In other words, they are not receiving any written orders from these customers and have an agreement to produce the right amount and deliver them to such customers at the right time explains Bågesjö.

He adds that Rotakett AB wants to have the same form of communication with Skruf AB which is not the case today and has discussed the issue with Skruf AB “to have access to their system is a big service from us to them of course, this could be very good for both of us, we could plan our production better and they do less work and don’t have to think about the stock levels”. However, Skruf AB is changing its business system and Rotakett AB hopes that this idea will be included to create better working methods.
Bågesjö concludes that such a system is service they render to their customer who does not need to bother about stock levels and placing of orders. Thus, Rotakett AB accepts the responsibility of replenishment. He also admits that this will help Rotakett AB to be conscious of which articles require urgent attention for replenishment based on their stock levels and monitored consumption rate. This will also solve the problem of satisfying large delivery orders received through mail from Skruf AB that do not indicate the urgent articles thereby, increasing the lead time even for urgently needed articles. Rotakett AB believes that both companies trust each other and the implementation of such system would not be a problem regarding the trust.

Given that the aim of SD efforts is to bring benefits, Bågesjö states that Rotakett AB’s relationship with Skruf AB is profitable to both firms but adds that could be better with improved communication as Rotakett AB proposes.

The summary table below is based upon the viewpoints of Rotakett AB related to the SD success factors regarding the SD collaboration with the buying firm Skruf AB.

<table>
<thead>
<tr>
<th>SD Success Factors (Rotakett AB)</th>
<th>Skruf AB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skruf AB’s Long-term Strategic Goals</td>
<td>✔</td>
</tr>
<tr>
<td>Skruf AB’s Top Management Support</td>
<td>✔</td>
</tr>
<tr>
<td>To-and-fro Communication</td>
<td>✔</td>
</tr>
<tr>
<td>Rotakett AB’s Strategic Objectives to Improve the SD Collaboration</td>
<td>✔</td>
</tr>
<tr>
<td>Trust</td>
<td>✔</td>
</tr>
<tr>
<td>Long-term Commitment of Rotakett AB</td>
<td>✔</td>
</tr>
</tbody>
</table>

**Table 4-8**: Summary table of SD success factors based on the viewpoint of Rotakett AB  
*Source*: Own creation

### 4.3.4. Barriers to Supplier Development at Rotakett AB

According to Bågesjö, since the change of the ownership, Skruf AB has started to evaluate Rotakett AB more than they did before and he believes this is something that Skruf AB may want to work even more with in the future. He also expresses that the
new owner Imperial Tobacco has raised quality expectations required from Rotakett AB.

Bågesjö explains that rapid expansion of Skruf AB has made it slightly difficult to work with them because decision making has become slow, complex and difficult to grasp certain issues “It was a little bit easier to work with them before in the sense that they were not as big as they are now and there were fewer people involved in the process of decisions, so it was easier to grasp things and decision were made quicker”.

An important aspect to Rotakett AB is the absence of discussions on the expectations that Skruf AB has on the market and what level it intends to attain in the future as stated by Bågesjö. He emphasizes that if the two firms had more discussion on this issue, it would have resulted to better performance and it would have even strengthened the relationship. He hopes that by working closely together, nothing will get worse but rather an improvement will be achieved.

The summary table below is based upon the viewpoints of Rotakett AB related to the SD barriers regarding the SD collaboration with the buying firm Skruf AB.

<table>
<thead>
<tr>
<th>SD Barriers (Rotakett AB)</th>
<th>Skruf AB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change of Ownership</td>
<td>✓</td>
</tr>
<tr>
<td>Rapid Expansion and Complexity of that</td>
<td>✓</td>
</tr>
<tr>
<td>Skruf AB’s Long-term Objectives are not Clear to Rotakett AB</td>
<td>✓</td>
</tr>
</tbody>
</table>

**Table 4-9:** Summary table of SD barriers based on the viewpoint of Rotakett AB

**Source:** Own creation

**4.4. Distributor AB (Third Supplier)**

This supplier is one of the main suppliers to Skruf AB and they both make up the third dyad in this research.
4.4.1. Company Background

Distributor AB was founded in 1948 and is the Nordic organization of Distributor AB Group. Distributor AB is the global market leader in full-line chemical distribution. Linking chemical manufacturers and chemical users, Distributor AB provides business-to-business distribution solutions for industrial and specialty chemicals globally. With over 10,000 products and a vast supplier base, Distributor AB offers one-stop shop solutions to more than 150,000 customers. The value-added services include just-in-time delivery, product mixing, formulation, repackaging, inventory management, drum return handling as well as technical services (Distributor, 2013).

Headquartered in Mülheim and der Ruhr, Germany, Distributor AB operates a global network with more than 400 locations in over 60 countries. It can offer more than just the distribution of chemicals. Distributor AB absorbs the large-scale quantities produced by the major chemicals manufacturers and converts them into the product supplies required by its customers. Individual solutions to all kinds of problems with chemicals are also part of its range of services. In 2011, Distributor AB had around 100 employees and reached a turnover of SEK 932 million (Distributor, 2013: Affarsdata, 2013).

Distributor AB is represented by Lina Norrman who is working as a salesperson. She has been working in Distributor AB for almost 15 years and is responsible for sales and purchases where she mostly place orders to customers and buy products from suppliers. Her duty at Distributor AB is also to take care of a few specific customers including Skruf AB.

4.4.2. Practices of Supplier Development at Distributor AB

Norrman explains that Distributor AB’s collaboration with Skruf AB is not only receiving of orders and delivering of products, the two firms do collaborate through other activities too. Distributor AB has meetings with Skruf AB where the two firms discuss many different issues such as quality, price and delivery times. She expresses that there are other important steps that have to be taken before the order is received “we have to deal with prices and see how long it is valid as well as to check if the
products which are demanded are the same as the ones in our warehouse”. Distributor AB buys very big quantities in better prices and keeps them in its stock and as Norrman explains, they then distribute products from their warehouse to Skruf AB equivalent to Skruf AB’s demand.

Distributor AB and Skruf AB started to collaborate officially in 2004. The two companies had some collaboration before that too, but the relationship started to get serious after 2004 as stated by Norrman.

According to Norrman, they feel pressure from Skruf AB because both Distributor AB and Skruf AB know that there are alternative suppliers that can provide the same product to Skruf AB and the fact reveals that the suppliers that have the cheapest products get the market. Norrman continues that since the change of the ownership in Skruf AB, Distributor AB is more pressurized than before because Imperial Tobacco has raised the standards while requesting lower prices from the suppliers. However, she also sees some benefits in this pressure as she states “it is good in some way that the new owner pushes us as it gives us the opportunity to possibly deliver more products to Imperial Tobaccos various departments, if the price is right is right of course. So, we may have the abilities to deliver larger quantities”.

Distributor AB’s performance is evaluated by Skruf AB in terms of quality, deliver time, defective products and price. Norrman is certain about the satisfaction of Skruf AB regarding the evaluation of these measures and assures that she always does her best to meet these requirements. Skruf AB almost always places its orders and informs Distributor AB well in advance and this simplifies the process of planning the deliveries to Skruf AB, but from time to time, Distributor AB provides more frequent deliveries as clarified by Norrman, “it sometimes happens that Johansson at Skruf AB calls me and place an order which she needs for the day after, of course we deliver it but it is more costly for us. On the other hand, we see it as an extra service to them”.

Skruf AB wishes to receive the products more frequent and in smaller batches, but this requirement cannot always be fulfilled by Distributor AB because of environmental aspects and other policies “if we deliver less than normal, it is not environmental friendly and it will also increase our transportation costs” as stated by Norrman.
Distributor AB is always mentioned as an important supplier in the news latter of Skruf AB and Distributor AB believes that they are prioritized for future business by their customer Skruf AB. Distributor AB has the capacity to provide and deliver according to Skruf AB’s future needs and demands. Norrman sees positively to Skruf AB’s expansion and has confidence that even the new owner Imperial Tobacco will continue to develop this collaboration.

The two firms reinforce their collaboration through meetings among other activities. In the course of meetings, they discuss important aspects such as price, quality and delivery time. According to Norrman, holding of these site visits are very important because as she explains “meetings and site visits make the relationship to strengthen and every time we meet each other we know more about each other and how we function”. Distributor AB’s primary objective is to create long-term relationships with its main customers and specifically with Skruf AB. In creating that, Distributor AB believes meeting are required especially when a company like Skruf AB is ongoing expansion and is hunted by other suppliers in the market.

According to Norman, there is no contract between Distributor AB and Skruf AB. The two firms rather have specified roles and agreements. She stresses that having contracts with the customers is obviously appreciated because contracts ensure that Distributor AB will have the customers for a certain period, but she also emphasizes that other important aspects such as price and quality are more crucial in the collaboration than the contracts.

The summary table below shows the perspective of Distributor AB concerning the SD practices regarding the SD collaboration with the buying firm Skruf AB.
Table 4.10: Summary table of practices between Distributor AB and Skruf AB based on the viewpoints of Distributor AB  
Source: Own creation

4.4.3. Success Factors of Supplier Development at Distributor AB

Distributor AB is satisfied with the involvement of Skruf AB in the relationship between the two firms because the top management of Skruf AB demonstrates its attention to the relationship. This is shown by the willingness and encouragement given by Skruf AB´s management through mentioning the cooperation with Distributor AB in the newsletter of Skuf AB.

According to Norrman, Distributor AB is dependent on Skruf AB in terms of sales volume and considers it as an important customer “it is a big customer to us, we have A, B, C and D customers, Skruf is a B customer to us at the moment and we believe it will become soon an A customer”. She also adds that Distributor AB is fully equipped in order to meet the needs of Skrfu AB in the future and deliver according to their demands.

Norrman expresses that phone calls, emails and meetings are the most common methods that Distributor AB uses when they communicate with Skruf AB. She also describes that the communication between the two firms are clear and open i.e. they give feedback to each other regarding different matters. According to her, Distributor
AB had access to other customers’ computer system in the sense that they could see the level of stocks and the responsibility of the replenishment was on Distributor AB. She personally does not appreciate the latter form of communication method and rather prefers the way they collaborate with Skruf AB “we like the way we are communicating with Skruf, because it is easier and we don’t have the responsibility of their stocks on our shoulders. We just need to follow the orders that we receive and that’s very clear”. On the other hand, she admits that if they had access to each other’s computer systems, the two companies would have been more connected.

The trust is there between Distributor AB and Skruf AB. It is demonstrated by their truthfulness and due to the fact that they do different types of activities such as open discussions and also due to their past as stated by Norrman “we do what we promise and we tell each other if we cannot fulfill a need”.

The summary table below is based upon the viewpoints of Distributor AB related to the SD success factors in the SD collaboration with Skruf AB.

<table>
<thead>
<tr>
<th>SD Success Factors (Distributor AB)</th>
<th>Skruf AB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skruf AB’s Top Management Support</td>
<td>✓</td>
</tr>
<tr>
<td>To-and-fro Communication</td>
<td>✓</td>
</tr>
<tr>
<td>Trust</td>
<td>✓</td>
</tr>
</tbody>
</table>

Table 4-11: Summary table of SD success factors based on the viewpoint of Distributor AB
Source: Own creation

4.4.4. Barriers to Supplier Development at Distributor AB

Distributor AB delivers large batches to Skruf AB whereas the latter requires smaller but frequent deliveries. According to Norrman, Distributor AB cannot split batches in its deliveries as it receives them so from its suppliers. So, they suggested Skruf AB to install a tank. In this way, Skruf AB can buy larger quantities at a cheaper price but Skruf AB has expressed reluctance to do this because of the high cost involved in installing a tank.
Norrman stresses that today price is the biggest threat to a relationship between two firms in the business and a possible risk that might even break the relationship down. Thanks to the two firms past as well as the great relationship among the responsible people in the respective firm, they are able to do business with each other today. As she explains, “it’s not an easy task to handle a situation where a much bigger owner comes into the picture and wants the same products at a cheaper price”.

Finally, she emphasizes that as Skruf AB expands, new people come into play in the purchasing department of Skruf AB and this requires a lot of effort on the sales staff of Distributor AB to develop a good relationship. For instance, Norrman has never met Almström who is the new purchase person at Skruf AB and wonders if they will have a good relationship that will help the collaboration between the firms or if Almström will want to bring changes. Norrman emphasizes “I see that Distributor has a job to do, to create trust towards Almström, so that he feels trust in us as a supplier we will definitely work to establish that”.

The summary table below is based upon the viewpoints of Distributor AB related to the SD barriers in the SD collaboration with Skruf AB.

<table>
<thead>
<tr>
<th>SD Barriers (Distributor AB)</th>
<th>Skruf AB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skruf AB is Reluctant to Engage in SD Collaboration (Lack of Immediate Return)</td>
<td>✓</td>
</tr>
<tr>
<td>Change of Ownership</td>
<td>✓</td>
</tr>
<tr>
<td>Rapid Expansion and Complexity of that</td>
<td>✓</td>
</tr>
</tbody>
</table>

Table 4-12: Summary table of SD barriers based on the viewpoint of Distributor AB

Source: Own creation
5. Analysis

This chapter analyzes and discusses the collected material from the three dyads together with theoretical framework. I will assume my own interpretations and perceptions of how theoretical framework relates to the empirical data. The chapter begins with the within-case analysis in the first section followed by the cross-case and pattern matching analysis in the second section. Figures and summary tables are used to clearly demonstrate the result of this chapter.

By the figure below, the aim is to indicate the different steps of the analysis section in this research in relation to research questions and empirical findings as well as to show the parts which are interrelated. This section starts with within-case analysis (I.) which views the combined perspectives of Skruf AB’s and each of its suppliers separately. Furthermore, cross-case analysis in conjunction with pattern matching (II.) are applied so as to firstly compare the SD perspectives of the three dyads whether the three dyads have some similarities/differences in terms of practices, success factors and barriers and lastly to match these dyadic views simultaneously with the theoretical framework.
Figure 5-1: Relation between Research Questions, Empirical data and Theory

Source: Own creation
The model below is the same version of the model that exists in the literature review figure 3-1. In the same manner as shown in the above sections, at this point as well the intention with the different colors in the model is to facilitate the link between research questions and analysis.

Figure 5-2: Success Factors, Barriers and Practices of a Buyer-supplier Dyad in a SD Program
Source: Own creation
5.1.   Within-case Analysis

5.1.1.   First Dyad (Skruf AB & Modulpac AB)

Skruf AB together with its supplier Modulpac AB are analyzed based on within-case analysis below. They both make up the first buyer-supplier dyad in this research.

5.1.1.1.   Practices of supplier development within the first dyad

Skruf AB and Modulpac AB have been collaborating since the foundation of the buying firm Skruf AB which goes back to year 2002. The sales manager at Modulpac AB, who has been at service for more than 8 years, has the same view by stressing that the collaboration between the two firms had started before she got employed. The collaboration between the two firms within this period of time has been ongoing and improved. This can be interpreted as if SD efforts had been started from the very first year of collaboration between the two firms.

Skruf AB pressurizes Modulpac AB by informing them constantly that there are other suppliers in the market which can offer the same product. Despite of the fact that Modulpac AB has much experience in the market, Modulpac AB admits that they feel some kind of pressure from its buyer Skruf AB. Skruf AB uses this practice as a tool to make Modulpac AB aware of what is going on in the market.

Skruf AB evaluates the performance of Modulpac AB based on quality, delivery time and defective products. This view is in line with the view of Modulpac AB which confesses that it is being evaluated by Skruf AB on quality, delivery time and defective products even though there is a very little lead time and also that the amount of defective products are at a minimum level. Evaluation of suppliers by Skruf AB can be interpreted as normal activity that is believed to exist in most businesses’ SD program.

Skruf AB reveals that it buys almost all its needs regarding cans from Modulpac AB because everything related to snuff must be food-approved. Modulpac AB supports this fact and affirms that it is the only supplier which provides the snuff cans to Skruf AB and lives up to all the necessary requirements needed regarding cans.
Skruf AB expects higher performance of Modulpac AB on different matters as it believes that higher expectation strengthens its collaboration with Modulpac AB. Modulpac AB accepts this fact and as a response to this request, it keeps a safety stock that can run for two weeks in order to avoid product shortages at Skruf AB. This obviously raises the cost of Modulpac AB. However, this is perceived as Modulpac AB wants to go beyond and do more than what a regular supplier would do to satisfy Skruf AB.

Skruf AB communicates mostly by phones, e-mails and meetings with Modulpac AB. Skruf AB also gives and receives feedbacks to/from Modulpac AB to empower them to improve and reach a satisfactory level on demands and needs. Modulpac AB has the same view as its buyer regarding communication methods. This is considered as a very important facet in the SD program because it constantly brings improvements.

In terms of supplier recognition and supplier incentives (increased future volumes), Skruf AB and Modulpac AB have different opinions where Modulpac AB is emphasizing on the existence of these two practices in the program but Skruf AB is not. Modulpac AB believes that because of the good service they provide to Skruf AB, Skruf AB acknowledges and mentions them in its newsletter and Modulpac AB is also sure that they will be prioritized by Skruf AB for the future businesses due to investments that Modulpac AB has done in form of machines to meet the needs and demands of Skruf AB. Skruf AB does not reveal any views on these two practices from its perspective.

Regarding possible problems with the production at Skruf AB, Skruf AB gives permission to Modulpac AB to visit its plant in order to understand precisely what has gone wrong and how they together can avoid it in the future. Modulpac AB supports this view and sees this practice significant to the collaboration where it believes that this practice simplifies the process to know the possible effects of the fabrication mistake on the cans.

Skruf AB has entered into a contract with Modulpac AB which extends two years. Modulpac AB also acknowledges the contract which ends at the end of next year and wishes that the two companies will be part of a longer contract in the future. However,
Skruf AB has a different view on long-term contracts where it sees a contract of two years as a long-term one in today’s dynamic business relationships. After the financial crisis, it appears that companies are more cautious when it comes to signing long-term contracts.

The R&D department of Modulpac AB provides technical assistance to Skruf AB regarding its products. The view of Skruf AB on this fact may be slightly different compared to Modulpac AB’s where the former perceives this service as part of Modulpac AB’s responsibility and not as technical assistance.

Skruf AB evaluates Modulpac AB constantly in respect of certifications and puts demand on its supplier to have different types of certifications. This is an important aspect in this industry because snuff is considered as food. The demand is met by Modulpac AB through its various certifications in forms of ISO 9001, ISO 14002 as well as ISO+8.

The two firms have divided opinions on information sharing. Modulpac AB’s perception regarding information sharing with Skruf AB is high and intense due to the fact that the new owner Imperial Tobacco sends information on new designs and labels directly to Modulpac AB. Skruf AB does not have the same view on this aspect and perceives the information sharing at a medium level.

In terms of direct investment, Skruf AB has bought tools for Modulpac AB in order to make them fully equipped and to enable them produce the types of cans which Skruf AB needs. This view is admitted by Modulpac AB which initially received tools from Skruf AB that it used for the production of cans for Skruf AB. This investment can also be interpreted as an indication that the two firms started seriously to put efforts in SD at an early stage.
The table below is derived from and is concentrated on the middle part of the Model above (Blue portion is in focus). The summary table below also shows the dyadic perspectives (similar/different views) of both Skruf AB and its supplier Modulpac AB on SD practices. The check marks for each practice together with the double arrows in the middle indicate the fact that both firms have comparable perspectives regarding that specific SD practice. Cross marks on the other hand indicate the opposite sights and show different views where one firm might believe it does a specific practice in the SD collaboration whereas the other firm denies it or has different views. This explanation applies more or less all the tables under the below sections.

<table>
<thead>
<tr>
<th>SD Practices</th>
<th>Skruf AB</th>
<th>Modulpac AB</th>
<th>SD Practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitive pressure</td>
<td>✓</td>
<td>✓</td>
<td>Competitive pressure</td>
</tr>
<tr>
<td>Supplier evaluation</td>
<td>✓</td>
<td>✓</td>
<td>Supplier evaluation</td>
</tr>
<tr>
<td>Buying from limited suppliers</td>
<td>✓</td>
<td>✓</td>
<td>Buying from limited suppliers</td>
</tr>
<tr>
<td>Raising performance expectations</td>
<td>✓</td>
<td>✓</td>
<td>Raising performance expectations</td>
</tr>
<tr>
<td>Communication and feedback</td>
<td>✓</td>
<td>✓</td>
<td>Communication and feedback</td>
</tr>
<tr>
<td>Recognition</td>
<td>×</td>
<td>✓</td>
<td>Recognition</td>
</tr>
<tr>
<td>Supplier Incentives</td>
<td>×</td>
<td>✓</td>
<td>Supplier Incentives</td>
</tr>
<tr>
<td>Site visit</td>
<td>✓</td>
<td>✓</td>
<td>Site visit</td>
</tr>
<tr>
<td>Long-term contract</td>
<td>✓</td>
<td>✓</td>
<td>Long-term contract</td>
</tr>
<tr>
<td>Technical assistance</td>
<td>×</td>
<td>✓</td>
<td>Technical assistance</td>
</tr>
<tr>
<td>Supplier’s certification</td>
<td>✓</td>
<td>✓</td>
<td>Supplier’s certification</td>
</tr>
<tr>
<td>Intensive information sharing</td>
<td>×</td>
<td>✓</td>
<td>Intensive information sharing</td>
</tr>
<tr>
<td>Direct investment in a supplier</td>
<td>✓</td>
<td>✓</td>
<td>Direct investment in a supplier</td>
</tr>
</tbody>
</table>

Table 5-1: Summary of SD practices based on dyadic perspectives of the first dyad
Source: Own creation

5.1.1.2. Success factors of supplier development within the first dyad

Even though Skruf AB is satisfied with the performance of Modulpac AB, it still feels that the two firms have a long way to go together in making the relationship better. Skruf AB has strategic SD plans with Modulpac AB with the intention of making
further improvements. Modulpac AB also confirms the benefits of these long-term strategic plans from Skruf AB’s side in the relationship and emphasizes that it is ready to work with Skruf AB’s plans in order to always meet up with the demands of the buying firm. Given that the two firms have gone through a lot in their SD program, the above strategies could definitely be interpreted credible and part of their future plans.

Another successful aspect in the collaboration between Skruf AB and Modulpac AB is the support of top management at both sides. Skruf AB’s top management gives 100% in activities that eases the process of working with Modulpac AB in the SD collaboration. Modulpac AB acknowledges this view and shows its top management support by its willingness and investing resources in form of machines which enable to meet the Skruf AB’s needs and demands.

Skruf AB’s ability to influence Modulpac AB on quality and other issues is seen as a success factor from the viewpoint of Skruf AB. Products bought from Modulpac AB must be food-approved and in this way, Modulpac AB is influenced to provide the right quality. Modulpac AB does not give any comments on this issue.

Skruf AB believes that trust plays an important role in the relationship with Modulpac AB. Skruf AB trusts Modulpac AB and it is demonstrated by the fact that Skruf AB never needs to have high stock levels. Truthfulness of Modulpac AB is another fact that shows the trust where it always informs Skruf AB if it cannot deliver an order on time. Modulpac AB supports this view and emphasizes that it both trusts Skruf AB and is trusted by them due to their open discussions as well as the sharing of market information between the two firms. Getting direct information form the new owner Imperial Tobacco explains everything and shows that there is trust between the companies.

Skruf AB has an open to-and-fro communication with Modulpac AB. This open communication between Skruf AB and Modulpac AB is the key to the effective solving of possible problems and dissatisfactions in the collaboration. Modulpac AB accepts this view of Skruf AB about two-way communication and confirms that the communication is open, concise and frequent. This open and clear communication can
be interpreted as an advantage which will probably give further benefits to the business in the future.

From Skruf AB’s point of view, a huge success to the SD collaboration with Modulpac AB is the fact that Modulpac AB has done investments in form of new machines recently, to be able to meet with requested volumes of supplies on big and small lids of snuff cans. This vision is confirmed by Modulpac AB and this also shows its commitment to the relationship by cooperating as well as being loyal in satisfying the needs and demands of Skruf AB.

The summary table below has its focus on the upper part of the Model above (Green part). It shows the dyadic perspectives (similar/different views) of both Skruf AB and its supplier Modulpac AB on SD success factors.

<table>
<thead>
<tr>
<th>SD Success Factors</th>
<th>Skruf AB</th>
<th>Modulpac AB</th>
<th>SD Success Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term Strategic Objectives</td>
<td>✓</td>
<td>✓</td>
<td>Skruf AB’s and Modulpac AB’s Long-term Strategic Objectives</td>
</tr>
<tr>
<td>Top Management Support</td>
<td>✓</td>
<td>✓</td>
<td>Skruf AB’s and Modulpac AB’s Top Management Support</td>
</tr>
<tr>
<td>Influencing ModulpacAB</td>
<td>✓</td>
<td>×</td>
<td>-</td>
</tr>
<tr>
<td>Trust</td>
<td>✓</td>
<td>✓</td>
<td>Trust</td>
</tr>
<tr>
<td>To-and-fro Communication</td>
<td>✓</td>
<td>✓</td>
<td>To-and-fro Communication</td>
</tr>
<tr>
<td>Investments Done by ModulpacAB to meet Skruf AB’s Demand</td>
<td>✓</td>
<td>✓</td>
<td>Long-term Commitment of ModulpacAB</td>
</tr>
</tbody>
</table>

Table 5-2: Summary of SD success factors based on dyadic perspectives of the first dyad  
Source: Own creation

5.1.1.3. Barriers to supplier development within the first dyad

From Skruf AB’s perspective, 100% dependence on Modulpac AB for the snuff cans can be a barrier to the collaboration. Even though Skruf AB is satisfied with overall performance of Modulpac AB, but if a scenario occurs where Modulpac AB gets any problem, it might force Skruf AB to shut down because there are no alternative
suppliers. In this regard, finding an alternative supplier is a desire from the new owner Imperial Tobacco.

On the other hand, Modulpac AB is somewhat concerned since the new owner has bought Skruf AB. This ownership-shift perceives problematic from Modulpac AB´s perspective because Imperial Tobacco is in charge of every single aspect in business and directs it towards its own interest. Briefly can be said that because of the new owner, things are not similar to what they used to be.

5.1.2. Second dyad (Skruf AB & Rotakett AB)

Skruf AB and its supplier Rotakett AB are analyzed based on within-case analysis below. They both make up the second buyer-supplier dyad in this research.

5.1.2.1. Practices of supplier development within the second dyad

Skruf AB reveals that since the establishment of it in 2002 there was some kind of collaboration with Rotakett AB. Rotakett AB confesses the view of its buying firm and adds that Rotakett AB provided supplies to Skruf AB from the foundation of the buying firm and both firms have improved the collaboration during all these years. The collaboration has been improved and gone to a level where Skruf AB and Rotakett AB have ongoing projects in terms of product design.

As the empirical evidence reveals, Skruf AB puts pressure on its main suppliers and Rotakett AB is not an exception. It seems important for Skruf AB to let Rotakett AB know about what other alternative suppliers can offer. Rotakett AB has a totally different view regarding this practice in the SD collaboration and gives emphasis that it does not feel any competitive pressure from its buyer Skruf AB. Rotakett AB feels in this manner because of the two firms´ good collaboration and their past history. Rotakett AB rather feels that they have already passed this phase of the SD collaboration. Another explanation for these diverging views is that Rotakett AB is both larger and more established than Skruf AB.
The performance of Rotakett AB is evaluated by Skruf AB based on Rotakett AB´s quality, delivery time and defective products. This is confirmed by Rotakett AB where it stresses that it is evaluated regarding quality standards by Skruf AB.

However, even though Skruf AB puts pressure on its main suppliers but it still buys from limited suppliers due to the nature of its products. Rotakett AB has the same view regarding this practice.

On the topic of higher performance from Rotakett AB, Skruf AB assesses this practice as an important one and believes it brings the two firms closer to each other. Rotakett AB acknowledges this fact and shows the sacrifices it offers to Skruf AB by keeping the same sales price while its own material cost increases once in a while.

Skruf AB mostly communicates by e-mail, phones and meetings with Rotakett AB. This sight is supported by Rotakett AB where according to them, Rotakett AB and Skruf AB keep a couple of meetings regarding the introduction of new products and other issues which may improve the collaboration.

Site visit is a normal activity between Skruf AB and Rotakett AB. Skruf AB views that the main aim of visiting its plant by Rotakett AB is to make sure that Rotakett AB understands Skruf AB´s machines and to improve the supplies which possibly disrupt the production. Rotakett AB has the same view and adds that besides the observation of Skruf AB´s machines, Rotakett AB also has discussion regarding deliveries and qualities during the site visit at Skruf AB.

Rotakett AB transfers its knowledge to Skruf AB through learning seminars. It is done by its “label-school” where Rotakett AB discusses with Skruf AB on the issues of what it can produce and how the production is done. By this Rotakett AB also teaches how its machineries function. Skruf AB does not have any view on this fact and seems to perceive this service rather as part of the agreements between the two firms.

Skruf AB requires certification from Rotakett AB and sees this factor as an important part in their collaboration based on the nature of the products produced at Skruf AB. Rotakett AB admits this view and informs Skruf AB every time it renews its quality certification and other certifications.
Rotakett AB views that it has high and intense information sharing with Skruf AB. Rotakett AB pushes its buying firm Skruf AB to together with them take the information sharing to an even higher level by letting each other having access to each other’s computer systems. Rotakett AB has discussed this issue with Skruf AB and hopes it will be executed in the close future. Skruf AB does not reveal any detail on this view. However, it is interesting that Rotakett AB as a supplier pressurizes its buyer Skruf AB on an important practice such as this. Normally, these types of actions start from a buying firm.

As revealed by Skruf AB in the empirical findings, it is involved with Rotakett AB in the design of products. Rotakett AB acknowledges this fact and considers this practice as a crucial one in the SD collaboration between the two firms. During the first production of a new product to Skruf AB at Rotakett AB, someone from Skruf AB attends and makes sure that the result of the new design is satisfactory. This practice allocates the responsibility on both Skruf AB and Rotakett AB.

The summary table below is derived from the middle part (blue part) of the Model above and shows the dyadic perspectives (similar/different views) of both Skruf AB and its supplier Rotakett AB on SD practices.
5.1.2.2. Success factors of supplier development within the second dyad

Skruf AB regards Rotakett AB as a strategic supplier thus, it has strategic plans to develop the relationship with Rotakett AB. It is important for Skruf AB to work with Rotakett AB on improving different aspects in the collaboration in order to bring more development. Rotakett AB also sees this factor beneficial to SD collaboration with Skruf AB and accepts that the two firms have enormously ahead due to Skruf AB’s expansion.

Top management of Skruf AB is open to any suggestion that may improve the collaboration and fully supports that. Rotakett AB confirms this view and adds that Rotakett AB’s top management as well supports new ideas and aspects which may make the relationship to become closer. This is shown by the fact that the two firms are in the phase of making the information sharing systems more integrated.

Skruf AB always gives directions to Rotakett AB in following a certain approach based on Skruf AB’s requirements and needs. Skruf AB is able to have some impacts on
Rotakett AB based on the nature of its products and also because the Imperial Tobacco requires it. Rotakett AB is not shedding any lights on this issue.

Skruf AB has a to-and-fro type of communication with Rotakett AB which is mostly done through phone calls, e-mails and meetings. Skruf AB perceives the communication as open where it permits to clearly state any possible problem occurred in the collaboration. Rotakett AB acknowledges the above views by also stating that it receives constantly feedback on possible problems and other issues. However, Rotakett AB wants to take the collaboration to a higher stage so that it easily can see the level of stocks at its buyer Skruf AB. This demonstrates Rotakett AB’s long-term commitment to the SD collaboration in the relationship with Skruf AB and it emphasizes that the collaboration could be better with improved communication systems as Rotakett AB proposes.

Skruf AB trusts Rotakett AB as revealed in the empirical evidence. This view is absolutely confirmed by Rotakett AB as it believes that both Rotakett AB and Skruf AB trust each other and the implementation of the proposed suggestion (integrated computer systems) would not be a problem regarding this factor.

The summary table below has its focus on the upper green part of the Model above. It shows the dyadic perspectives (similar/different views) of both Skruf AB and its supplier Rotakett AB on SD success factors.
5.1.2.3. Barriers to supplier development within the second dyad

Skruf AB considers price and quality as possible barriers in respect of the collaboration with Rotakett AB. Price and quality may force Skruf AB to change supplier or to start cooperate with more suppliers despite of the fact that this risk is very little. Rotakett AB admits these views.

On the other hand, Rotakett AB sees the shift of management in Skruf AB as a possible barrier to the collaboration between these two firms. The new owner’s entrance into Skruf AB has led to a rapid and massive expansion which has caused some difficulties in the collaboration. Rotakett AB reveals that decisions in Skruf AB take longer time to be taken than before and some processes are more difficult and complex to grasp at Skruf AB.

Furthermore, Rotakett AB is slightly worried about the absence of discussions on the expectation that Skruf AB and its new owner have on the market in the future. Rotakett AB feels that the two firms should have more discussions about the future and this may certainly lead to better performance as well as reinforce their collaboration.

This table below has its focus on the red part of the Model above and summarizes the dyadic perspectives of both Skruf AB and Rotakett AB regarding SD barriers.

Table 5-4: Summary of SD success factors based on dyadic perspectives of the second dyad

Source: Own creation

<table>
<thead>
<tr>
<th>SD Success Factors</th>
<th>Skruf AB</th>
<th>Rotakett AB</th>
<th>SD Success Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term Strategic Objectives</td>
<td>✓</td>
<td>✓</td>
<td>Skruf AB’s and Rotakett AB’s Long-term Strategic Objectives</td>
</tr>
<tr>
<td>Top Management Support</td>
<td>✓</td>
<td>✓</td>
<td>Skruf AB’s and Rotakett AB’s Top Management Support</td>
</tr>
<tr>
<td>Influencing Rotakett AB</td>
<td>✓</td>
<td>×</td>
<td>-</td>
</tr>
<tr>
<td>To-and-fro Communication</td>
<td>✓</td>
<td>✓</td>
<td>To-and-fro Communication</td>
</tr>
<tr>
<td>-</td>
<td>×</td>
<td>✓</td>
<td>Long-term Commitment of Rotakett AB</td>
</tr>
<tr>
<td>Trust</td>
<td>✓</td>
<td>✓</td>
<td>Trust</td>
</tr>
</tbody>
</table>
Table 5-5: Summary of SD barriers based on dyadic perspectives of the second dyad

Source: Own creation

5.1.3. Third Dyad (Skruf AB & Distributor AB)

Skruf AB and Distributor AB are analyzed based on within-case analysis below. The third buyer-supplier dyad in this research consists of these two firms.

5.1.3.1. Practices of supplier development within the third dyad

Skruf AB and Distributor AB started to collaborate officially in 2004. This view is precisely the same as the view of Distributor AB which reveals that the two firms started the collaboration in 2004. Distributor adds that the two firms might have had some collaboration before 2004 but not as serious as it became in 2004.

Skruf AB puts competitive pressure on all its main suppliers and Distributor AB is also included in this. Distributor AB confesses that it feels pressure from Skruf AB because both Skruf AB and Distributor AB know about the availability of other supplier in market which can provide the same product. Distributor AB gives emphasis on the importance of this factor, because suppliers with the lowest price usually win the market.
Skruf AB evaluates Distributor AB on price, quality, delivery times and defective products. Distributor AB accepts the view and is sure that it gets good result in the evaluation tests done by its buying firm.

Skruf AB is buying similar products from limited supplier due to the fact that all products must be food-approved. Distributor AB does not have any special view on this fact.

Skruf AB expects better performance from its strategic suppliers where it also covers Distributor AB. However, Skruf AB first examines such expectations and improvements internally to ensure the specific needs before informing that to Brentag AB to make it better. Distributor AB confirms this by emphasizing that it provides more frequent deliveries to Skruf AB in satisfying its buyer’s wishes. Distributor AB views that this higher performance cannot always be fulfilled because of the environmental aspects and other policies.

Skruf AB uses phone call, e-mails and meeting as communication methods with Distributor AB and always gives Distributor AB feedback to enable them improve. Distributor AB accepts this fact by revealing that the communication between Distributor AB and Skruf AB is clear and open where they can easily discuss any issue in the business.

Distributor AB believes that they are recognized and mentioned in important occasions by Skruf AB. Distributor AB also feels that they are prioritized for future business by Skruf AB because Distributor AB has the capacity to provide and deliver according to Skruf AB’s future needs and demands. Skruf AB might have the same views regarding the above practices but has not given any comments on these matters.

Skruf AB allows Distributor AB to understand its plant during the site visit. This is acknowledged by Distributor AB which believes such a practice reinforce the collaboration as well as eases to understand how the two firms function.

Skruf AB wants Distributor AB to have relevant certification. Distributor AB views that it simply works as a link between its suppliers and Skruf AB and assures that all its suppliers have relevant certifications according to Skruf AB’s demands.
The summary table below is coming from the blue part of the Model above and shows the dyadic perspectives (similar/different views) of both Skruf AB and its supplier Distributor AB on SD practices.

<table>
<thead>
<tr>
<th>SD Practices</th>
<th>Skruf AB</th>
<th>Distributor AB</th>
<th>SD Practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitive pressure</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Supplier evaluation</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Buying from limited suppliers</td>
<td>✓</td>
<td>×</td>
<td>×</td>
</tr>
<tr>
<td>Raising performance expectations</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Communication and feedback</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Recognition</td>
<td>×</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Supplier Incentives</td>
<td>×</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Site visit</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Supplier`s certification</td>
<td>✓</td>
<td>×</td>
<td>×</td>
</tr>
</tbody>
</table>

Table 5-6: Summary of SD practices based on dyadic perspectives of the third dyad

Source: Own creation

5.1.3.2. Success factors of supplier development within the third dyad

Skruf AB´s top management supports the SD collaboration with Distributor AB by giving proper attention to it. Distributor AB confesses this view and is grateful by the willingness and encouragement given by Skruf AB´s top management.

Skruf AB has to-and-fro communication with Distributor AB. This factor is seen beneficial to the collaboration because it simplifies and enables to have discussions on possible problems. Distributor AB is agreed regarding this vision but adds that the collaboration would have been closer if the two firms had access to each other´s systems.

Skruf AB has trust in Distributor AB on many issues in the collaboration. Distributor AB admits this and demonstrates trust by their truthfulness and due to the existence of different activities between the two firms.
The summary table below concentrates on the upper green part of the main Model above. It shows the dyadic perspectives of both Skruf AB and its supplier Distributor AB on SD success factors.

<table>
<thead>
<tr>
<th>SD Success Factors</th>
<th>Skruf AB</th>
<th>Distributor AB</th>
<th>SD Success Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Management Support</td>
<td>✔️</td>
<td>✔️</td>
<td>Skruf AB’s Top Management Support</td>
</tr>
<tr>
<td>To-and-fro Communication</td>
<td>✔️</td>
<td>✔️</td>
<td>To-and-fro Communication</td>
</tr>
<tr>
<td>Trust</td>
<td>✔️</td>
<td>✔️</td>
<td>Trust</td>
</tr>
</tbody>
</table>

Table 5-7: Summary of SD success factors based on dyadic perspectives of the third dyad  
Source: Own creation

5.1.3.3. Barriers to supplier development within the third dyad

As said by Skruf AB in the empirical findings, price and quality are the factors that may force Skruf AB to break the relationship down with Distributor AB. Distributor AB has precisely the same view regarding price and quality and reveals that price in the relationship between Distributor AB and Skruf AB is the biggest threat as well as a possible risk that might even break the relationship down.

Distributor AB is not 100 % sure about the engagement of Skruf AB in the collaboration when an issue such as cost comes into picture. Distributor AB has to deliver large batches to Skruf AB because it cannot always split the batches it receives from its suppliers. Skruf AB requires small batches and based on this wish, Distributor AB advised Skruf AB to install a tank where the latter could buy large quantities at lower price but this suggestion was denied by Skruf AB due to the high installation cost. On the other hand, Skruf AB may expect Distributor AB to install the tank by doing investment to solve the problem.

Distributor AB views that Skruf AB’s rapid expansion because of the new owner has brought some difficulties in the collaboration. New people have come into roles which make some of the processes complex. Distributor AB sees these changes as a challenge because they have to satisfy every one’s requirement even if it not done through the old routines.
This table below has its focus on the red part of the Model above and summarizes the dyadic perspectives of both Skruf AB and Distributor AB on SD barriers in the SD collaboration.

<table>
<thead>
<tr>
<th>SD Barriers</th>
<th>Skruf AB</th>
<th>Distributor AB</th>
<th>SD Barriers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distributor AB’s Selling Price</td>
<td>✓</td>
<td>✓</td>
<td>Selling Price to Skruf AB</td>
</tr>
<tr>
<td>Distributor AB’s Product Quality</td>
<td>✓</td>
<td></td>
<td>Product Quality</td>
</tr>
<tr>
<td>Reluctance to Engage in SD Efforts</td>
<td>×</td>
<td>✓</td>
<td>Skruf AB is Reluctant to Engage in SD Efforts</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(lack of immediate return)</td>
</tr>
<tr>
<td>Imperial Tobacco’s Entrance as</td>
<td>×</td>
<td>✓</td>
<td>Change of the Ownership at Skruf AB</td>
</tr>
<tr>
<td>a New Owner</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expansion</td>
<td>×</td>
<td>✓</td>
<td>Rapid Expansion of Skruf AB and Complexity of</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>That</td>
</tr>
</tbody>
</table>

**Table 5-8:** Summary of SD barriers based on dyadic perspectives of the third dyad  
**Source:** Own creation
5.2. Cross-case and Pattern Matching Analysis

5.2.1. Practices of Supplier Development in the Three Dyads

All three dyads emphasize that they have more activities in the collaboration than just placing/receiving orders and receiving/delivering goods to each other. In the first and second dyad (Skruf AB-Modulpac AB & Skruf AB-Rotakett AB), the SD started from the very first day of the buying firm’s establishment in 2002 while the SD collaboration in third dyad (Skruf AB-Distributor AB) started in 2004. Since Skruf AB is relatively new in the market, it is not simple to compare and analyze its SD stories in the same manner as to the one of the developed literature review. However, SD efforts among buyer-supplier were seen in the US automobile industry through Ford’s efforts to improve its suppliers’ capacity and performance in the early 1900s (Seltzer, 1928 cited in Krause et al., 2007). Later during and after World War II, Toyota initiated the use of SD in the automobile industry through a supplier improvement association to improve productivity of subcontractors (Krause et al., 2007). Although it is not possible to compare Skruf AB with the above car giants given that Skruf AB is relatively new in the market, it can still be interpreted that Skruf AB and its three suppliers have done quite a lot to develop the SD collaboration.

Competitive pressure

In both first and third dyad, Skruf AB pressurizes Modulpac AB and Distributor AB by informing them constantly that there are other suppliers in the market which can offer the same product. The two suppliers admit that they feel some kind of competitive pressure from its buyer Skruf AB. In the second dyad, the situation is slightly different where Rotakett AB denies this matter of being pressurized by Skruf AB and feels along these lines due to their collaboration which Rotakett AB and believes it is at a higher stage. According to Sánchez-Rodríguez et al. (2005), buying firms usually implement such a practice by putting pressure on the suppliers in order to improve their performance and capabilities. Krause et al. (2000) also supports this idea by stressing that buying firms buy from alternative suppliers to provide competition for current suppliers. The interpretation here may be that some suppliers find it extremely difficult
to believe and accept that they are pressurized by a buying firm which is relatively new in the market and significantly smaller than the suppliers.

**Suppliers’ performance evaluation**

In all three dyads, Skruf AB evaluates the performance of its suppliers based on price, quality, delivery time and defective products. This view is confessed by the three suppliers where they stress that they are evaluated regarding quality standards by the buying firm Skruf AB. According to Wagner (2010), buying firms should engage first in a practice such as supplier evaluation which belongs to indirect SD. This practice aims on the evaluation of suppliers regarding a number of different aspects such as quality standards, delivery time, number of received defected products, precision of delivered quantity and random testing of delivered products (Wagner and Krause, 2009; Wagner, 2010; Li et al., 2012). There is no surprise about being evaluated by a buying firm as a supplier in today’s tough and competitive market.

**Buying from limited number of suppliers**

In all three dyads, Skruf AB buys from a limited number of suppliers per purchased item. For instance, in the first dyad Skruf AB reveals that it buys almost all its needs regarding snuff cans from Modulpac AB. It is due to the nature of its products where all purchased products coming into Skruf AB must be food-approved. This issue also forces Skruf AB to act similarly in the second and third dyad. However, Skruf AB’s suppliers in all three dyads live up to the necessary requirements needed in the industry. Sánchez-Rodríguez et al. (2005) stresses that buying from a limited number of suppliers per purchased item demands high involvement of the buying firms. The situation had been slightly different if Skruf AB had been active in another industry because as it seems now, it has to adapt to certain rules which makes the availability of suppliers to become very limited.

**Higher performance expectations**

Suppliers in all three dyads perform nearly the same to meet the higher expectation of the buyer Skruf AB. In the first and third dyads, Modulpac AB and Distributor AB keep safety stocks to avoid and to minimize any shortage of products at Skruf AB even
though this act raises their costs. The supplier in the second dyad deals with Skruf AB by the same low selling price whereas its own material cost increases occasionally. This is apparently the sacrifices in all three dyads offered by the suppliers to the relationship with Skruf AB. This is also in line with what Krause, (1997) and Monczka et al. (1993) assert that buying firms expect higher levels of quality i.e. raising performance expectation from their suppliers when there is no defect delivery, short lead times, frequent deliveries and cost reduction.

Communication and feedback

All three dyads communicate in the same way, mostly by phone calls, e-mails and meetings. Through these communication methods, Skruf AB gives and receives feedbacks to/from all three suppliers regarding various issues which may improve the SD efforts. Meetings are generally kept in all three dyads to discuss possible production disruptions which relates to the supplies from the suppliers and also for the introduction of new products. However, these clear and open communication methods between the firms in all three dyads show indirect SD concerns of the buying firm by setting of goals, measurement of goal attainment and feedback of goal attainment to the suppliers (Wagner and Krause, 2009; Wagner, 2010; Bai and Sarkis, 2011). It is perceived that a good communication method between buyer and supplier brings a lot of benefits and contribute a lot to the relationship by enabling to give and receive feedback etc.

Knowledge transfer

Knowledge transfer solely exists in the second dyad among these three dyads. Rotakett AB in the second dyad transfers its knowledge to Skruf AB through learning seminars, so called “label-school” where Rotakett AB discusses with Skruf AB on the issues of what it can produce and how the production is done. This is also an opportunity where Rotakett AB teaches the buying firm how its machineries function. This is supported by a number of scholars who state that direct SD refers to qualification and knowledge transfer to the suppliers through activities such as on-site consultation, inviting supplier’s personnel to the buying firm in order to improve the supplier’s capabilities as well as to develop, produce, and deliver products more efficiently (Krause, 1999; Dyer
and Hatch, 2006; Modi and Mabert, 2007; Wagner and Krause, 2009; Wagner, 2010; Bai and Sarkis, 2011).

**Supplier recognition and incentives**

In terms of supplier recognition and supplier incentives, only two of the three dyads, the first and the third dyads give emphasis that these two practices exist among other SD practices in the collaboration. Modulpac AB in the first and Distributor in the third dyad are certain that they are mentioned in the newsletter and other important occasions by Skruf AB. The two suppliers also feel that they are prioritized for future businesses by the buying firm due to investments and that they have the capacity to provide and deliver according to Skruf AB’s future needs and demands. According to Krause et al. (2000) and Sánchez-Rodríguez et al. (2005), suppliers are usually recognized officially by buying firm in its company newsletter and through business dinners as well as supplier council meeting. Krause (1997) and Krause et al. (2000), states that supplier incentives in a business is considered as priority for future business, higher order volumes, promise for extended contract and recommendations to other players in the market. Since the suppliers carrying out their duties towards Skruf AB satisfactorily, they will most likely be prioritized by Skruf AB in the future. The likelihood is also extremely high that the new owner Imperrial Tobacco recommends these suppliers to other enterprises since it is significantly larger than Skruf AB and is also more established in the market.

**Site visits**

In all three dyads, site visit is considered as a normal practice in the SD collaboration where Skruf AB gives permission to its three suppliers to visit its plant. The aim with these types of inspections is to understand Skruf AB’s machineries and to improve the supplies which possibly disrupt the production. This practice is evaluated as a significant one because it strengthens the SD collaboration between the firms. Humphreys et al., (2004) underlines the importance of this practice by emphasizing that through inviting suppliers to the buyer´s site, it enables to know more about each other and it also enables to know how things are functioning. It seems that site visits are
appreciated by Skruf AB and its suppliers because the more they meet each other the more they know about each other’s needs.

**Contracts**

Of all three dyads, it is only in the first dyad (Skruf AB and Modulpac AB) where a written contract of two years exists. According to Hartley and Choi (1996) and Forker et al. (1999), a long-term contract normally is regarded as 5 to 10 years or open contracts. Despite of this fact, Skruf AB regards a contract of two years as a long-term in today’s forceful atmosphere and uncertain economic conditions in the market.

**Technical assistance**

It is also in the first dyad where technical assistance is provided by Modulpac AB to Skruf AB. As literature review reveals by Forker et al. (1999) and Sánchez-Rodríguez et al. (2005), technical assistance should be provided by the buying firms with the intention of improving suppliers’ parts and material. However, in the first dyad, the situation is the opposite where engineers from the R&D department of Modulpac AB visit Skruf AB for technical assistance.

**Certifications**

All three dyads have various types of certifications which fulfill Skruf AB’s requirements. Since Skruf AB is dealing with snuff, it is important to evaluate suppliers regarding certification. Sánchez-Rodríguez et al. (2005) and Wagner (2010) see certification as a moderate level of involvement in SD where it puts more demand on buying firms in terms of resources compare to basic practices. As it looks today, Skruf AB does not put a lot of resources into suppliers´ certifications. The fact is that Skruf is obligated to buy from the suppliers which have the right types of certification. In other words, Skruf AB has limited opportunities to change suppliers as it wishes.

**Intensive information sharing**

In the first and second dyads, the suppliers perceive information sharing as high and intense because they are communicating with its buying firm Skruf AB at least several times a week on almost every aspect related to the SD collaboration. However, scholars
emphasize that communication and improvement of information sharing regard as high involvement and are considered crucial to SD collaboration (Dyer and Hatch, 2006; Modi and Mabert, 2007; Terpend et al. 2008; Wagner and Krause, 2009). These two dyads exchange accounting and financial data as well as technical and procedural information.

New product design

Among three dyads, Skruf AB in the second dyad is deeply involved with Rotakett AB in the design of its new products. This practice allocates the responsibility on the two firms. Regarding supplier involvement in the buyer’s new product design and development, Sánchez-Rodríguez et al. (2005) emphasize that it requires maximum levels of buying firm involvement with suppliers and thus needs a greater use of the buying firm’s resources. It also requires a more cooperative atmosphere between the two firms.

Direct investment in supplier

In terms of direct investment, the first dyad is the only dyad out of these three which has gone through this practice. Skruf AB has done investments in form of tools at its supplier Modulpac AB to make them fully equipped and to enable them produce according to Skruf AB’s wishes. Direct investment in a supplier by the buying firm is considered as the highest level of involvement and is done through purchase of required machines, tools and casting, improving machines and specialized training of suppliers personnel (Galt and Dale, 1991; Monczka et al., 1993; Krause, 1997; Krause et al., 1998; Krause et al., 2000; Humphreys et al., 2004; Wagner, 2006a,b).

The following summary table shows the result of Cross-case analysis on SD practices in relation to the theoretical framework for the three dyads. This table also positions the three dyads in different involvement levels based on the stepwise model of SD practices existing in the literature review, Figure 3-2. As the summary table below indicates (an adjusted version of figure 3-2), the first and second dyads based on their SD practices with Skruf AB are placed in the high level of involvement in SD program while the third dyad is placed in the moderate level of involvement in the SD program. However, it may be worth noting that there is no stepwise kind of process within dyads where the
buying firm first works with the low involvement and then go on to moderate and high involvement. Everything may rather start or happen simultaneously where the buying firm begins the SD program in the low involvement and go on towards higher involvement without leaving the low involvement. Exchange of personnel and training & education (Numbers 14-15) are the two SD practices which are proposed in the theory but do not seem to exit in any of these three dyads.

Table 5-9: Summary of SD practices based on the perspectives of the three dyads
Source: Own creation
5.2.2. Success Factors of Supplier Development in the Three Dyads

In the first and second dyads, long-term strategic objectives are seen as an important factor to the success of SD program. Skruf AB clearly shows that it has strategic SD plans with both Modulpac AB in the first dyad and Rotakett AB in the second dyad to make further improvements to the collaboration. Since Skruf AB is relatively new in the market but expanding, it is a sign that it will have a lot to do regarding the development of its suppliers in the future. This is in line with the statement of Humphreys et al. (2004) who believe that the precision of long-term strategic goals determines the effectiveness of SD. Furthermore, it is emphasized that developing supplier capability and flexibility would be the key to the success of SD (Li et al., 2012; Humphreys et al., 2011; Humphreys et al., 2004).

Another successful factor in the collaboration between Skruf AB and its three suppliers in all three dyads is the support of top management which is not only from the Skruf AB´s side but also from its three suppliers´ sides. Skruf AB´s top management gives appropriate consideration to all kinds of activities that simplify the process of working with supplier in the SD collaboration. This is an import issue in the SD program because as Krause (1999) stresses, without the awareness of top management, it will be difficult to obtain the competitive benefits that can be derived from effective supplier management. Thus, it is unlikely that the buying firm will offer sufficient resources and have the willingness to manage supplier performance. Consequently, the purchasing department requires the encouragement and support from top management to use the buying firm’s resources within a supplier’s operation (Li et al., 2012; Humphreys et al., 2004).

Since Skruf AB is acting in an industry which is pretty much close to the one of food, thus, it is important for Skruf AB to have some impacts on its suppliers. This is the fact in the first and second dyads where Skruf AB has the ability to influence both Modulpac AB and Rotakett AB on quality and other issues. This is seen as a success factor from the viewpoint of Skruf AB based on the nature of its products in these two dyads. Ghijsen et al. (2010) divide influence strategies into indirect strategies (information exchange and recommendation) and direct strategies (request, promises,
threats and legalistic pleas). The case of Skruf AB and its two suppliers in the first and second dyads is in line with legalistic plea which means that the buying firm contends that a formal agreement or contract requires and necessitates the suppliers to comply (Ghijsen et al., 2010; Wagner, 2010). However, influence factors help the buying firms in upgrading the suppliers’ products, delivery performance and capabilities in SD programs.

In all three dyads, the communication is to-and-fro (two-way communication) where Skruf AB and its suppliers mostly get in touch through phone calls, e-mails and face-to-face meetings. This factor in the SD program is perceived as a key to the effective solving of any possible problem and dissatisfaction in the collaboration. As Carr and kaynak (2007) reveal, communication methods are classified into traditional communication methods (telephone, fax, e-mail, written and face-to-face discussions) and advanced communication methods (computer to computer, EDI and enterprise resource planning - ERP). The communication methods used among these three suppliers are pretty much in line with the one of the traditional communication methods. However, two-way communication methods and information sharing is characterized as an important factor for a successful SD (Wagner, 2010). In the second dyad, Rotakett AB shows tendency to take the collaboration to a higher stage and it has discussed this issue with its buyer Skruf AB. In this regard, the possibility to shift from a traditional communication method to a more advanced communication method is high in the second dyad and might soon become a fact.

All supplier in the three dyads claim that the trust is there between them and the buying firm Skruf AB. Skruf AB believes that trust plays an important role in the relationship with these three suppliers and demonstrates it by the existence of different activities with suppliers in these three dyads. Trust from suppliers is shown by their truthfulness and by other special efforts which they put into collaboration to delight the buying firm. According to Shokri et al. (2012) and Wagner (2011), trust is considered as a central organizing construct in buyer–supplier relationships and when it grows and prevails, the buyer-supplier relationship is likely to move towards a partnership orientation and employees involved in SD activities will be more open to share knowledge with the employees of the other party (Wu et al., 2011; Lawrence, 2004; Hernández-Espallardo
This is in line with the proposition of Rotakett AB in the second dyad which believes that a more integrated information sharing system will bring the two firms closer to each other and also believes that the trust definitely exits between them if the proposed suggestion implements. Thus, the outcome of SD activities in trust-based and reliable relationships will be more positive (Hernández-Espallardo, 2010; Wagner, 2011).

Long-term commitment to SD is clearly shown in the first and second dyads. In the first dyad, Modulpac AB has done huge investments to meet and to satisfy the needs of its buyer according to Skruf AB’s requirements. This act of Modulpac AB is unquestionably very appreciated by Skruf AB. In the second dyad Rotakett AB shows its long-term commitment to SD by its willingness and desire to have a more integrated information sharing system. According to a number of scholars, the commitment of both buyer and supplier in a SD collaboration is regarded as a key component in the success of SD (Mortensen and Arlbjørn, 2012; Wouters et al., 2007; Wagner and Krause, 2009; Handfield et al., 2000; Krause and Ellram, 1997a,b; Hartley and Choi, 1996). However, long-term commitment and top management support is strongly related and depended on each other because buying firms affirm that gaining the commitment of suppliers’ top management is the most important success factor for an SD program since management sets objectives, provides resources, removes barriers and rewards change (Hartley and Chio, 1996). Furthermore, it appears that buying firms assist those suppliers who show a willingness or commitment in the long-term to develop their manufacturing and technical capabilities. It is only when such a commitment is apparent that buying firms provide their own resources in developing suppliers (Humphreys et al., 2011). In both first and second dyads, the willingness and commitment of the suppliers are shown and are in line with the voice of theory.

The summary table below demonstrates the result of cross-case analysis on SD success factors in relation to the theoretical framework for the three dyads. However, it is worth noting that some of SD success factors which are proposed in the literature do not seem to be used in these three dyads. For instance, it can be stated that none of the supplier-specific success factors are covered by any of these three dyads. On the other hand, it should be noted that due to the dyadic perspectives “Investments done by suppliers to
meet buying firm’s needs” has been discovered. This would have not been revealed if the research had only focused on one of the two firms.

<table>
<thead>
<tr>
<th>SD Success Factors</th>
<th>First Dyad</th>
<th>Second Dyad</th>
<th>Third Dyad</th>
<th>Supplier-specific, Buyer specific or Interface</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplier’s Expectation in its Strategic Objectives</td>
<td></td>
<td></td>
<td></td>
<td>Supplier-Specific SD</td>
</tr>
<tr>
<td>Supplier-specific Adoption</td>
<td></td>
<td></td>
<td></td>
<td>Supplier-Specific SD</td>
</tr>
<tr>
<td>Conformity of Supplier’s Capabilities</td>
<td></td>
<td></td>
<td></td>
<td>Supplier-Specific SD</td>
</tr>
<tr>
<td>Long-term Strategic Objectives</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Buyer-specific SD</td>
</tr>
<tr>
<td>Top Management Support</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Buyer-specific SD</td>
</tr>
<tr>
<td>Influencing Certain Suppliers to Follow SD Program</td>
<td>According to Skruf AB = yes</td>
<td>According to Skruf AB = yes</td>
<td>No</td>
<td>Buyer-specific SD</td>
</tr>
<tr>
<td>Knowledge Sharing &amp; Transfer</td>
<td></td>
<td></td>
<td></td>
<td>Buyer-specific SD</td>
</tr>
<tr>
<td>To-and-fro Communication</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Buyer–supplier Interface SD</td>
</tr>
<tr>
<td>Trust</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Buyer–supplier Interface SD</td>
</tr>
<tr>
<td>Long-term Commitment to SD</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Buyer–supplier Interface SD</td>
</tr>
<tr>
<td>Investments Done by Suppliers to Meet Skruf AB’s Demand</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

Table 5-10: Summary of SD success factors based on the perspectives of the three dyads

Source: Own creation

5.2.3. Barriers to Supplier Development in the Three Dyads

Among three dyads, it is only in the first dyad where Skruf AB buys 100% of its needs regarding snuff cans from Modulpac AB thus, it considers this issue as a barrier to the SD collaboration. What worries Skruf AB is whether it would be a scenario in Modulpac AB which inevitably can lead to major consequences for Skruf AB because
there are no other alternative suppliers available in the region that can provide the same product. On the other hand, if a new provider comes into picture and starts taking place, it can also cause problem to Modulpac AB because the question then is what will happen to all heavy investments that Modulpac AB has done recently to specifically satisfy Skruf AB? However, this issue can be looked upon from different angles. What is interesting is that this issue is somehow the opposite of literature review, because as Krause et al. (1999) state, those suppliers with less percentage of the sales to the buying firm are less dependent on the buyers than their high percentage counterparts and this could be regarded as a hindrance to SD efforts.

In all three dyads, the suppliers remark that the change of management in Skruf AB has caused and brought some difficulties in the SD collaboration. These difficulties are mostly caused because of the rapid and massive expansion which Imperial Tobacco has done since its entrance in the Skruf AB. Decisions are not made according to the old routines because of the new employees at Skruf AB and decisions are also perceived more complex. Consequently, it seems that the personal chemistry between the responsible persons at both parties in each of the three dyads play a major role. Handfield et al. (2000) stress that when any condition in buyer-supplier relationship is changed, the existing of successful SD approach might be no longer feasible and viable. They continue that changes might be taken place in the SC nature, new supplier entrance, shift in geographical location and expectation changes etc. Consequently, some misunderstanding could occur for suppliers due condition changes, hence it would be necessary to spend considerable time communicating with suppliers and showing them what is needed.

In the first and second dyads, price and quality are considered as possible barriers in respect of the SD collaboration. These two are the important factors in these dyads which might force Skruf AB to break the relationship down. This is supported by Krause et al. (1999) by emphasizing that buying firms depend on its suppliers´ abilities to provide a competitive product or service, hence the supplying firm must be competitive to some extent e.g. in quality or lead times. Wagner (2010b) gives also support to the above issue by saying that receiving product in a good quality is an integral part of purchasing practices and quality management issue is observed as an
inevitable part of SD efforts. Therefore, the suppliers need to be convinced that the buying firm is sensitive about quality improvement which contributes to building the buying firm’s credibility. Lascelles and Dale (1990) follow up the same idea by stating that the lack of success in SD program associated with supplier quality performance improvement may result in lack of buying firm’s power in terms of purchasing which has a major influence on buyer-supplier relationship. These issues could be interpreted by the fact that price and quality are usually the focal point in all businesses because it is extremely challenging to find an optimal balance between price and quality. Companies simply get value for what they are willing to pay for.

Out of these three dyads, it is only in the second dyad where the supplier feels worried about the absence of discussions on the expectation that Skruf AB and its new owner Imperial Tobacco have on the market thus seeing it as a hindrance to SD collaboration. More discussion is required in the second dyad about the future expectation of the buying firm. Lascelles and Dale (1990) underline that most dissatisfied supplier do not share their dissatisfaction to the buyer due to lacking of appropriate opportunity. Lawrence (2004) also emphasize that the perception of partners never being the same in terms of their demands and expectation. This misguides partners to represent an accurate picture of another one in terms of demands and requirements thus leads to non-response feedback. However, the existing of this issue does not make sense given that the two firms communicate very frequently with each other. One reason may perhaps be the lack of clarity in the strategic objectives.

Among the three dyads, it is specifically in the third dyad where Distributor AB feels that Skruf AB does not show enough engagement to the SD program especially when an issue such as cost is getting involved. Installing a tank which was advised by Distributor was denied by Skruf AB due to high installation cost. According to Handfield et al. (2000), there are a number of different reasons why buying firms do not show enough encouragement to the SD program. The buyer might concern the specific supplier not important enough for the SD investment and thus its willingness to SD decreases or the supplier does not have compatible strategic objectives with the buying firm (Humphreys et al., 2011). Moreover, lofty expectations that go unrealized (Handfield et al., 2000) as well as lack of immediate return (Talluri et al., 2010) may
lessen the buyer’s readiness for SD efforts. However, it can be interpreted that the above issue is clearly associated with lack of immediate return for the buying firm.

The summary table below demonstrates the result of cross-case analysis on SD barriers in relation to the theoretical framework for the three studied dyads. As it stands in the table, there seems to be a huge gap in between. For instance, most of the SD barriers which are listed in literature review do not seem to exist in these three dyads. It can be stated that none of the supplier-specific barriers or interface barriers are covered by any of these dyads. However, it is somehow logical given that most interface success factors were covered by the three dyads under previous sub-heading (SD success factors). Since SD barriers and SD success factors are in some way the opposite of each other, the result seems to be reasonable and accurate. On the other hand, it should be noted that due to the dyadic perspectives, new SD barriers in the dyadic programs have been discovered as shown in the table below. Thanks to the dyadic perspectives of the firms, this research could reveal other barriers than those proposed in the literature review. This would have not been revealed if the research had only focused on one of the two firms. This obviously makes the result interesting and shows that Swedish buying firms operate together with their suppliers to develop the SD collaboration. In these firms’ SD programs, there are no barriers in the same manner as described in the theoretical framework thus indicate that Swedish firms are being seemingly in an entirely different level.
Table 5-11: Summary of SD barriers based on the perspectives of the three dyads  
Source: Own creation

<table>
<thead>
<tr>
<th>SD Barriers</th>
<th>First Dyad</th>
<th>Second Dyad</th>
<th>Third Dyad</th>
<th>Supplier-specific, Buyer-specific or Interface Barriers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of Commitment</td>
<td></td>
<td></td>
<td></td>
<td>Supplier-specific Barriers</td>
</tr>
<tr>
<td>Insufficient Supplier Resources</td>
<td></td>
<td></td>
<td></td>
<td>Supplier-specific Barriers</td>
</tr>
<tr>
<td>Supplier Complacency</td>
<td></td>
<td></td>
<td></td>
<td>Supplier-specific Barriers</td>
</tr>
<tr>
<td>Reluctances to SD</td>
<td></td>
<td></td>
<td></td>
<td>Supplier-specific Barriers</td>
</tr>
<tr>
<td>Lack of Trust</td>
<td></td>
<td></td>
<td></td>
<td>Interface Barriers</td>
</tr>
<tr>
<td>Insufficient Inducement</td>
<td></td>
<td></td>
<td></td>
<td>Interface Barriers</td>
</tr>
<tr>
<td>Profitability</td>
<td></td>
<td></td>
<td></td>
<td>Interface Barriers</td>
</tr>
<tr>
<td>Risk of Losses</td>
<td></td>
<td></td>
<td></td>
<td>Interface Barriers</td>
</tr>
<tr>
<td>Power Related Issues</td>
<td></td>
<td></td>
<td></td>
<td>Interface Barriers</td>
</tr>
<tr>
<td>Poor Communication &amp; Feedback</td>
<td></td>
<td></td>
<td></td>
<td>Interface Barriers</td>
</tr>
<tr>
<td>Lack of Top Management Support</td>
<td></td>
<td></td>
<td></td>
<td>Buyer-specific Barriers</td>
</tr>
<tr>
<td>Credibility to Supplier</td>
<td></td>
<td></td>
<td></td>
<td>Buyer-specific Barriers</td>
</tr>
<tr>
<td>Buyer’s Effectiveness</td>
<td></td>
<td></td>
<td></td>
<td>Buyer-specific Barriers</td>
</tr>
<tr>
<td>Misguided SD Objectives</td>
<td></td>
<td></td>
<td></td>
<td>Buyer-specific Barriers</td>
</tr>
<tr>
<td>100 % Dependence on Supplier</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>Interface Barriers</td>
</tr>
<tr>
<td>Change of Ownership (rapid expansion of Skruf AB and complexity of that)</td>
<td>According to Modulpac AB = yes</td>
<td>According to Rotakett AB = yes</td>
<td>According to Distributor AB = yes</td>
<td></td>
</tr>
<tr>
<td>Price</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Buyer-specific Barriers</td>
</tr>
<tr>
<td>Quality</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Buyer-specific Barriers</td>
</tr>
<tr>
<td>Skruf AB’s Objectives Regarding Market are are not Clear</td>
<td>No</td>
<td>According to Rotakett AB = yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Skruf AB is Reluctant to Engage in SD</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Buyer-specific Barriers</td>
</tr>
</tbody>
</table>
6. Conclusion

In this final chapter, the research questions will be answered with the help of the previous chapter. The aim is also to contribute to the theoretical framework. Furthermore, this chapter contains recommendations and limitations followed by the researcher’s own reflections. The chapter ends with suggestions for further research.

The purpose of this research was to identify and to explain the practices of SD in buyer-supplier dyads as well as the success factors and barriers to the SD program in the buying and supplying firms. These goals have been achieved by investigating SD from the perspectives of a buying firm (Skruf AB) and its three main suppliers (Modulpac AB, Rotakett AB and Distributor AB).

6.1. Answers to the Purpose and Research Questions

To evidently meet the purpose of this study, the research questions below are answered separately. However, the research questions are thoroughly analyzed in the previous chapter, so certain paragraphs and answers are referred to the tables in the previous chapter.

- **RQ 1. What have been the practices of supplier development from the buyer and supplier’s perspectives in this research?**

As stated in the problem discussion of this research, there is little research literature available on the practices of SD between firms especially from a dyadic perspective. Thus, the three studied buyer-supplier dyads on SD practices in this research add to the available literature with equal attention to the buying firm as well as its suppliers’ perspectives.

Through the empirical investigation done in this research, it is revealed and can be concluded that there have been several of various practices related to SD program in the
three studied dyads. This is based on the perspectives of both Skruf AB and its three main suppliers Modulpac AB, Rotakett AB and Distributor AB.

It can also be noted that the level of involvement varies in these three different dyads. This can mainly depend upon the SD practices that exist in each of these three specific dyads but it can also be influenced by the types of products that these three suppliers deliver to the buying firm Skruf AB.

This variation in the level of involvement definitely plays a key role in SD collaboration between Skruf AB and its suppliers because some suppliers are seen as more important and crucial towards others. However, it should be mentioned that the three dyads are similar to each other in those SD practices they have in common.

Among these three dyads, 15 SD practices have been identified and explained; competitive pressure, supplier evaluation, buying from limited suppliers, raising performance expectations, communication and feedback, knowledge transfer, recognition, supplier incentives, site visits, long-term contracts, technical assistance, suppliers´ certifications, intensive information sharing, involvement in new product design and direct investment in a supplier.

In the first dyad, Skruf AB and Modulpac AB share 13 SD practices (see table 5-1) in their SD program while in the second dyad Skruf AB and Rotakett AB are dealing with 10 SD practices (see table 5-3). The last dyad, Skruf AB and Distributor AB has the least amount reaching 9 SD practices (see table 5-6) in their SD program.

7 of the 15 practices above exists in all three dyads most of them in low level of involvement. However, the differences become increasingly evident between these three dyads when the dyads get closer to the SD practices which are classified as high regarding involvement.

There is space to mention that the differences in these three dyads show up when the most important SD practices come into picture. For instance, Modulpac AB in first dyad and Rotakett AB in second are involved with Skruf AB in very vital SD practices such as direct investment in supplier and involvement in new product design respectively. These two practices are very essential and beneficial to the SD
• **RQ 2. What factors lead to a successful supplier development program from buyer and supplier’s perspectives in this research?**

In the empirical material in this research, it has been found and can be clearly concluded that there are factors which lead to a successful SD program. This is based on the perspectives of Skruf AB as a focal company and its three main suppliers Modulpac AB, Rotakett AB and Distributor AB in three different dyads.

Success factors of the SD programs identified and explained in these three studied dyads are; long-term strategic objectives, top management support, influencing suppliers to follow SD program, to-and-fro communication, trust, long-term commitment to SD and investments done by suppliers to meet the buying firm’s requirements.

It can also be stated that the opinions of these three dyads differ greatly when it comes to the factors which lead to a successful SD program. However, top management support, to-and-fro communication and trust seem to be important and beneficial factors to the SD program and are mentioned as a success factor by all three dyads.

Conversely, some factors are considered as more important compared to others. This is for instance in the first and second dyads where long-term commitment to SD is clearly shown through investments done by supplier to meet and to satisfy the needs of Skruf AB. Thus, these two factors are highly significant and positioned on a very high level in the SD collaboration in these dyads.
RQ 3. What are the barriers to supplier development from buyer and supplier’s perspectives in this research?

Based on the empirical evidence collected from the three dyads in this research, it has been found that there are barriers to SD program. This is grounded on the viewpoints of Skruf AB and its three main suppliers Modulpac AB, Rotakett AB and Distributor AB in the three studied dyads.

The identified and explained barriers to SD programs in these dyads are as following; 100% dependence on a supplier, change of ownership, rapid expansion and complexity of that, price, quality, unclearness of the buying firm’s future objectives regarding market and buying firms unwillingness to engage in SD.

As similar to the above two answers, it can also be concluded that the views of these three dyads differ significantly regarding those factors which hinder the SD program. For instance, there are not many factors that are shared by all three dyads in this research except change of ownership where all three dyads commonly see it as a hindrance to the SD program. However, price and quality are also found as big threats to the SD collaboration in two of the three dyads. The remaining barriers to the SD programs are very specific-oriented based on the perceptions of the buying firm and supplying firm in each of the three dyads.

6.2. Contribution

As discussed in the problem statement of this research, there is little research literature available or directly focused on the practice, the success factors and the barriers to SD programs between firms especially from a dyadic perspective. Most of the studies found on the dyadic perspective of SD were concerned on the SD perspective of a buying firm and very few studies were focused on the SD perspective of a supplying firm.

In this study, the writer’s aim was to conduct a research based on buyer-supplier perspectives and to contribute in the direction of a better understanding of the SD from a dyadic standpoint. This dyadic case study approach of SD in Skruf AB and its main
three suppliers Modulpac AB, Rotakett AB and Distributor AB has created the main specificity and contribution of this study to the existing literature.

**Contribution to SD Practices**

- **Competitive pressure**

  As empirical evidence reveals, all suppliers do not feel competitive pressure from Skruf AB just because Skruf AB buys from alternative suppliers to provide competition for current suppliers. This is somehow the opposite of what literature review emphasizes i.e. Sánchez-Rodríguez *et al.* (2005) and Krause *et al.* (2000) stressed that buying firms usually put pressure on the suppliers in order to improve their performance and capabilities as well as to provide competition for current suppliers. The reasons why a certain supplier does not feel this kind of pressure lays in the buyer-supplier’s past history and strong trust they have built. Another reason is that suppliers of larger character (bigger) than their customers simply ignore a certain practice such as this because they feel they are more and well-established than their customers.

- **Recognition and incentives**

  In the first and third dyads, Modulpac AB and Distributor AB are the suppliers which feel that they are recognized and prioritized for future businesses by the buying firm Skruf AB. Skruf AB has not revealed any views regarding this SD practice. However, it is interesting that it is the suppliers in SD collaboration which feel that they are recognized by the buying firm and that the buying firm offers incentives to them.

- **Knowledge transfer**

  According to the literature, knowledge transfer to the suppliers by buying firm is done through activities such as on-site consultation, inviting supplier’s personnel to the buying firm in order to improve the supplier’s capabilities as well as to develop, produce, and deliver products more efficiently (Krause, 1999; Dyer and Hatch, 2006; Modi and Mabert, 2007; Wagner and Krause, 2009; Wagner, 2010; Bai and Sarkis, 2011). This is against what has been found
in the empirical data in this research where knowledge (machineries functioning) in the second dyad is transferred by the supplier to the buying firm through learning seminars arranged by the supplier.

**Contribution to SD success factors**

- **Suppliers top management support**
  
  Another interesting aspect in the SD collaboration between Skruf AB and Modulpac AB in the first dyad, Skruf AB and Rotakett AB in the second dyad is the support of top management at both sides. Both Modulpac AB and Rotakett AB in the first and second dyads respectively show that their top management as well support the SD collaboration by investing resources and bringing new ideas to meet the Skruf AB´s needs. The literature usually mentions the buying firm´s top management support as a success factor. Due to the dyadic nature of this research, the suppliers top management support has also been raised up.

- **High integrated information sharing system**
  
  Another interesting conflict between literature review and empirical data in this research is that Rotakett AB as a supplier in the second dyad pressurizes its buying firm Skruf AB in implementing a high integrated information system (computer-to-computer, EDI, POS) where it can easily see the level of stocks at Skruf AB. However, shifting from a traditional communication method to a more advanced communication method normally starts by buying firms. Since the aim of SD efforts is to bring benefits, Rotakett AB´s past experience with other customers shows that having access to each other´s systems brings more profits to both firms.

- **Investment done to meet buyers needs**
  
  The existing theory revealed that buying firms give support to those suppliers which have SD willingness or demonstrate SD commitment in the long-term to develop their manufacturing and technical capabilities. It is only when such a commitment is apparent that buying firms provide their own resources in
developing suppliers (Humphreys et al., 2011). In contrast to this, in the first dyad the supplier has done heavy investment with its own resources to meet buying firm’s needs.

**Contribution to SD barriers**

- **100% dependence on a supplier**

Usually, the buying firm is likely to present more strong corporate commitment to large suppliers. Therefore, the small supplier will be more vulnerable to miss the benefits of SD efforts than large ones. Additionally, it is difficult for the small supplier to expand the level of business with its buyer due to existence of more established suppliers in the business (Krause et al., 1999). However, in the case of first dyad in this research, the situation is different where Skruf AB buys 100% of its needs regarding snuff cans from Modulpac AB but still considers this issue as a barrier to the SD program. Skruf AB is concerned whether it would be a scenario or other dramatic changes in Modulpac AB. Regardless of how much Skruf AB may spend on improving Modulpac AB, but if something unpleasant happens all efforts will be gone lost.

- **Change of ownership**

The empirical finding shows that shift of management at buying firm causes and brings difficulties to the SD collaboration. Growing rapidly because of the new management complicates the process of decision making between two firms in all three dyads. The literature review has considered this issue of changes in buyer-supplier relationship differently where it has focused on the changes which relates to suppliers and does not cover buyer at all. However, the entrance of new employees at buying firm makes decisions more complex for suppliers thus; personal chemistry has showed to be vital between the responsible persons at both sides.

The table below shows the empirical findings that are in conflict with the existing theory.
<table>
<thead>
<tr>
<th>Table 6-1: Summary of the theoretical contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Source:</strong> Own creation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Existing Theory</strong></th>
<th><strong>Empirical Findings</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>SD practices</td>
<td>SD practices</td>
</tr>
<tr>
<td>➢ Competitive pressure</td>
<td>➢ Competitive pressure</td>
</tr>
<tr>
<td>o Buying from alternative suppliers to improve supplier’s performance</td>
<td>o No pressure at all because of the past history</td>
</tr>
<tr>
<td>o To improve capability</td>
<td>o Strong trust</td>
</tr>
<tr>
<td>o To provide competition for the current suppliers</td>
<td>o Supplier is larger than buyer</td>
</tr>
<tr>
<td>➢ Recognition and Incentives</td>
<td>➢ Recognition and Incentives</td>
</tr>
<tr>
<td>o Buying firm recognize and provides incentives</td>
<td>o Supplier is well-established</td>
</tr>
<tr>
<td>➢ Knowledge transfer</td>
<td>➢ Knowledge transfer</td>
</tr>
<tr>
<td>o Buying firms want to improve suppliers capabilities</td>
<td>o Supplier transfers knowledge about its machineries to avoid production disruptions at buying firm</td>
</tr>
<tr>
<td>o Buying firms want to make suppliers production more efficiently</td>
<td></td>
</tr>
<tr>
<td>SD success factors</td>
<td>SD success factors</td>
</tr>
<tr>
<td>➢ Top management support</td>
<td>➢ Top management support</td>
</tr>
<tr>
<td>o Buying firm’s top management support as a success factors</td>
<td>o Supplying firm’s top management support as a success factor</td>
</tr>
<tr>
<td>➢ High integrated information sharing system</td>
<td>➢ High integrated information sharing system</td>
</tr>
<tr>
<td>o Buyer initiates to shift from a traditional to advanced communication system</td>
<td>o Supplier pressurizes buying firm to implement high integrated information system</td>
</tr>
<tr>
<td>➢ Investments done to meet buying firm’s needs</td>
<td>➢ Investments done to meet buying firm’s needs</td>
</tr>
<tr>
<td>o If suppliers show apparent commitment to SD, the buyer will provide own resources to develop supplier</td>
<td>o Supplier has done heavy investment with its own resources to meet the needs of the buying firm</td>
</tr>
<tr>
<td>SD barriers</td>
<td>SD Barriers</td>
</tr>
<tr>
<td>➢ 100 % dependence on a supplier</td>
<td>➢ 100 % dependence on a supplier</td>
</tr>
<tr>
<td>o Buying firms are likely to put more effort on larger supplier</td>
<td>o Buying firm sees this as a barrier to SD program</td>
</tr>
<tr>
<td>➢ Change of ownership</td>
<td>➢ Change of ownership</td>
</tr>
<tr>
<td>o Focus on changes related to suppliers</td>
<td>o Shift in management at buying firm is seen as a clear barrier</td>
</tr>
</tbody>
</table>
6.3. Limitations

At the time of the interview at Skruf AB, I was expecting to interview three persons including the sales manager (Åke Danielsson) with whom I had my first discussion and meeting regarding the topic of this research. He was not available and this might have led to some limitations in receiving more detailed information from Skruf AB.

6.4. Reflections

At the beginning of this research, I had a completely different view on the subject of SD based on my past experience. However, this image of the SD has changed for me and I now look at it as a positive part in a relationship between two companies (buyer-supplier) and believe that existing of an SD program will benefit business and society in the long-run.

The term supplier development always made me think of a buying firm which took the initiative and made huge efforts and investments in their suppliers to develop them and the relationship. It may indeed be true in some relationships, but not in the case of these three studied dyads. It is found that supplier development rather contains actions that is or can be taken by both a buying firm and supplying firm in order to develop the relationship. Numerous aspects play role, such as for instance initiatives taken by the supplier that is usually more established in the market than its buying firm and suppliers that have more experience.

Finally, I point out that a successful SD program helps companies to adapt to the environment while it also makes them to become more efficient. I also see the advantage of undergoing an SD program because it may reduce the effort of the staff on both sides in the long-term.

6.5. Suggestions for Further Research

- It would be interesting to investigate the exact effects of an SD program on the buying firm and supplying firm’s finance. Obviously this is to be done in the companies that have a fully developed SD program among themselves. It would
also be interesting to link the revenues to the costs (what investment is required) while implementing an SD program.

- Since the result have shown very few barriers in the SD program of the three studied dyads in this research, it would be very interesting to investigate what this could be due to.
References:


Appendix 1;

Interview questions for the buying firm:

- Ask the permission to record the interview from the respondent (Make sure that the voice recording will only be used for this research and not otherwise)
- Start the interview with a self-presentation (Name, university, program, level, research topic)
- Create a relaxed atmosphere
- Present the general overview of the interview (the various sections, dyadic perspective of the research, purpose etc…)
- Ask the respondent position and period of work experience in the company

SD Practices

a) Apart from placing orders and receiving goods, do you have more collaboration with this supplier? (determination of SD)
b) When did you start to deal with this supplier?
c) Why did you start SD efforts? (strategic, ad hoc or reactive approach)
d) Apart from simply receiving supplies what activities have you been doing together with this supplier over time?
e) What practices do you have now in your SD efforts with this supplier? (Check mark in table and obtain possible explanation of the functioning to understand the level of involvement)

<table>
<thead>
<tr>
<th>SD Practices</th>
<th>Example of practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buying from alternative suppliers to provide competition for current suppliers</td>
<td>Bidding, Short-term contract</td>
</tr>
<tr>
<td>(Competitive pressure)</td>
<td></td>
</tr>
<tr>
<td><strong>Evaluation of supplier performance (Supplier evaluation)</strong></td>
<td>Quality standards, delivery time, number of received defected products, precision of delivered quantity, random testing of delivered products</td>
</tr>
<tr>
<td><strong>Buying from a limited number of suppliers per purchased item</strong></td>
<td>How many other supplies supply the same product</td>
</tr>
<tr>
<td><strong>Raising performance expectations</strong></td>
<td>No defect delivery, short lead times, frequent deliveries, cost reduction</td>
</tr>
<tr>
<td><strong>Communication and feedback</strong></td>
<td>Communication methods, frequency of communication, feedback meetings return inwards, sending feedback of evaluation</td>
</tr>
<tr>
<td><strong>Knowledge Transfer</strong></td>
<td>Learning seminars, working together, on-site consultation, inviting supplier’s personnel</td>
</tr>
<tr>
<td><strong>Recognition</strong></td>
<td>Company news letter, business dinners, supplier council meeting, banquets</td>
</tr>
<tr>
<td><strong>Promises of increased current and/or future business if supplier performance improves (Supplier incentives)</strong></td>
<td>Priority for future business, higher order volumes, promise for extended contract, recommendations</td>
</tr>
<tr>
<td><strong>Site visit</strong></td>
<td>Inspection</td>
</tr>
<tr>
<td><strong>Long-term contract</strong></td>
<td>5 years, 10 years or open contracts etc…</td>
</tr>
<tr>
<td><strong>Technical assistance in improving suppliers’ parts and materials</strong></td>
<td>Visiting engineers</td>
</tr>
<tr>
<td><strong>Expectation of Supplier’s certification</strong></td>
<td>Certification by buyer, certifying organization,</td>
</tr>
<tr>
<td><strong>Intensive information sharing</strong></td>
<td>POS, EDI, accounting and financial data, cost quality levels information, technical and procedural information exchange</td>
</tr>
<tr>
<td><strong>Training and education of a supplier’s personnel</strong></td>
<td>Organized training sessions, temporary personnel transfer</td>
</tr>
<tr>
<td><strong>Exchange of personnel between the two firms</strong></td>
<td>On-site verifier or collocation of staff</td>
</tr>
<tr>
<td><strong>Supplier involvement in the buyer’s new product design and development</strong></td>
<td>Product design evaluation meetings</td>
</tr>
<tr>
<td><strong>Direct investment in a supplier by the buying firm</strong></td>
<td>Purchase of required machines, tools and casting, improving machines, specialized training of suppliers personnel</td>
</tr>
</tbody>
</table>

f) What do you no longer do together? And why?
**SD Success Factors**

**2-1- Buyer-specific Success Factors**

a) Are you satisfied with the performance of this supplier through the SD efforts?

b) What are your long-term strategic goals with respect to the SD efforts?

b-1) What are your plans (strategy) to develop supplier’s future capabilities in technology, product development and other aspects?

c) What is top management doing to support the SD efforts? (willingness, allocate resources, aware of benefits, give encouragement)

d) Do you influence the supplier to follow the SD efforts? (request, promises, threat, legal)

e) How committed are you to the SD efforts or what demonstrates your commitment to the SD efforts? (investment, relationship development, long-term contracts)

**2-2- Supplier-specific Success Factors**

a) Do you think that this supplier’s expectation for future improvement and growth is served by the SD efforts?

b) What does this supplier do to conform to your requirements? (What do you do to adjust your supplier’s capabilities to solve your needs?)

c) Is this supplier committed to your SD efforts and how does it show this commitment? (loyalty, longevity relationship, cooperation)

d) Have you invested in this supplier to make it adapted to your needs (in knowledge, structure or process e.g. special machine, new technology or EDI)

**2-3- Buyer-supplier Interface Success Factors**

a) Do you share and transfer knowledge with this supplier? (training, on-site technical assistance)

a-1) What kind of knowledge do you transfer?

• Explicit knowledge (operation manuals, written instructions)
Tacit knowledge (knowhow, personal experience)

a-2) How helpful is this to the supplier and to you?
a-3) How has the knowledge sharing and transfer improved the performance and capabilities of this supplier?

b) Do you trust this supplier? And do you think this supplier trust you?
b-1) How is this trust demonstrated between you and your supplier? (Information sharing intensity, loyalty, truthfulness, joint action)

c) What communication methods are used to ensure on-time, accurate and appropriate data? (1- telephone, fax, e-mail, written and face-to-face discussions, 2- computer to computer, EDI and ERP)
c-1) Is the communication to-and-fro? and how is it (ample, open, concise, timely, accurate, frequent, complete and credible communication)

d) Do you think both partners have a long-term commitment to the SD efforts?
d-1) How is this manifested? (realignment of goals and objectives)

**Barriers**

**3-1- Buyer-specific Barriers**

a) Why does top management not support the SD efforts (if the answer of question 2-1-C is negative- lack of willingness- lack of awareness of benefits- lack of encouragement)

b) Do you demonstrate your expectations of quality? And are you consistent in improving quality to this supplier for your credibility? (frequent changing of schedule and switching suppliers per purchasing, poor purchasing - influence buyer credibility)

c) How dependent are you on this supplier in terms of purchased volume?
c-1) Do you pay less attention to some suppliers in your SD efforts? Why? (the size matter in your SD efforts)

d) Do you think you are quite effective through this SD efforts for this supplier to enable it grow and be profitable?

e) Do you think your SD objectives are clear to this supplier?
f) What aspect of the SD efforts do you think are not worth investing much concern in and why? (reasons - small-quantity purchases, not important supplier, non-compatible strategic objectives of supplier with the buying firm, lack of immediate return)

3-2- Supplier-specific Barriers

a) Why do you think this supplier not committed to your SD efforts (if the answer of question 2-2-C is negative- lack of loyalty, resource investment, patience & attention to quality- reaction to feedback - failure in training sessions)

b) Do you think your supplier is less equipped for the success of your SD efforts (engineering resources, equipment, information systems and employee skills)

c) Does this supplier find out if you are satisfied or not? (ask for buyer’s satisfaction from the buyer)

d) What aspect of the SD efforts do you think this supplier is not willing to engage in and why? (reasons - lack of freedom, lack of tangible evidence for support from the buyer)

3-3- Buyer-supplier Interface Barriers

a) Why is there no trust between both firms? (if the answer of questions 2-3-b is negative- fear of competitors acknowledgement in the SC and using the information exchanged opportunistically, arm's length relationships and ineffective purchasing strategies)

b) Are there any changes in your firm or in this supplier that have negatively affected the SD efforts? (new supplier entrance, shift in geographical location and expectation changes)

c) Do you encourage this supplier and is it aware of the encouragement to induce it for a better performance? (incentives)

d) Do you clearly and openly communicate your dissatisfaction and satisfaction with this supplier? Do you also get clear and open feedback?

   d-1) Do you feel this supplier is deficient in understanding your shared information?
d-2) Do you think the size of this supplier influences the volume of the communication?

e) Do you usually have balanced negotiations with this supplier? And why?

f) Are you purchasing a large volume of products from this supplier? (If it is yes: What are the effects of your purchases on the growth of this supplier in your SD efforts?)

g) Do you think the acceptance of SD efforts in this supplier is profitable for both of you?

h) Do you face any risk of losses in the SD efforts with this supplier?

Interview questions for the Supplying firms:

- Ask the permission to record the interview from the respondent (Make sure that the voice recording will only be used for this research and not otherwise)

- Start the interview with a self-presentation (Name, university, program, level, research topic)

- Create a relaxed atmosphere

- Present the general overview of the interview (the various sections, dyadic perspective of the research, purpose etc…)

- Ask the respondent position and period of work experience in the company

SD Practices

g) Apart from receiving orders and delivering goods, do you have more collaboration with this buyer? (determination of SD)

h) When did you start to deal with this buyer?

i) Why did you accept this buyer’s SD initiatives?

j) Apart from simply delivering supplies what activities have you been doing together with your buyer over time?
k) What SD practices do you have now with your buyer? (Check mark in table and obtain possible explanation of the functioning to understand the level of involvement of this buyer)

<table>
<thead>
<tr>
<th>SD Practices</th>
<th>Example of practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buying from alternative suppliers to provide competition for current suppliers (Competitive pressure)</td>
<td>Bidding, short-term contract</td>
</tr>
<tr>
<td>Evaluation of supplier performance (Supplier evaluation)</td>
<td>Quality standards, delivery time, number of received defected products, precision of delivered quantity, random testing of delivered products</td>
</tr>
<tr>
<td>Buying from a limited number of suppliers per purchased item</td>
<td>How many other supplies supply the same product</td>
</tr>
<tr>
<td>Raising performance expectations</td>
<td>No defect delivery, short lead times, frequent deliveries, cost reduction</td>
</tr>
<tr>
<td>Communication and feedback</td>
<td>Communication methods, frequency of communication, feedback meetings return inwards, sending feedback of evaluation</td>
</tr>
<tr>
<td>Knowledge Transfer</td>
<td>Learning seminars, working together, on-site consultation, inviting supplier’s personnel</td>
</tr>
<tr>
<td>Recognition</td>
<td>Company news letter, business dinners, supplier council meeting, banquets</td>
</tr>
<tr>
<td>Promises of increased current and/or future business if supplier performance improves (Supplier incentives)</td>
<td>Priority for future business, higher order volumes, promise for extended contract, recommendations</td>
</tr>
<tr>
<td>Site visit</td>
<td>Inspection</td>
</tr>
<tr>
<td>Long-term contract</td>
<td>5 years, 10 years or open contracts etc…</td>
</tr>
<tr>
<td>Technical assistance in improving suppliers’ parts and materials</td>
<td>Visiting engineers</td>
</tr>
<tr>
<td>Expectation of Supplier’s certification</td>
<td>Certification by buyer, certifying organization</td>
</tr>
<tr>
<td>Intensive information sharing</td>
<td>POS, EDI, accounting and financial data, cost quality levels information, technical and procedural information exchange</td>
</tr>
<tr>
<td>Training and education of a supplier’s personnel</td>
<td>Organized training sessions, temporary personnel transfer</td>
</tr>
</tbody>
</table>
Exchange of personnel between the two firms

Onsite verifier, collocation of staff

Supplier involvement in the buyer’s new product design and development

Product design evaluation meetings

Direct investment in a supplier by the buying firm

Purchase of required machines, tools and casting, improving machines, specialized training of suppliers personnel

1) What do you no longer do together? And why?

**SD Success Factors**

**2-1- Buyer-specific Success Factors**

f) Are you satisfied with the involvement of this buyer through the SD efforts?

g) Do you think your buyer has long-term strategic goals with respect to the SD efforts?

b-1) What do you think about your buyer’s plans (strategy) to develop your future capabilities in technology, product development and other aspects?

h) Do you think your buyer’s top management supports the SD program with your company? (willingness, allocate resources, aware of benefits, give encouragement)

i) Are you influenced by your buyer to follow the SD efforts? (request, promises, threat, legal)

j) How committed is your buyer to the SD efforts or what demonstrates your buyer’s commitment to the SD efforts? (investment, relationship development, long-term contracts)

**2-2- Supplier-specific Success Factors**

e) Before you met this buyer, did you have any plans (strategic objectives) to improve your performance and capabilities through collaboration with a buyer? (strategic approach)

a-1) Are your expectations for future improvement and growth served by the SD efforts? (Strategic or nonstrategic)
f) Do you align your capabilities to your buyer’s requirements? (What do you do to solve your buyer’s needs?)

g) How committed are you to the SD efforts or what demonstrates your commitment to the SD efforts? (loyalty, longevity relationship, cooperation)

h) Has your buyer invested in your firm to make it adapted to its needs (in knowledge, structure or process e.g. special machine, new technology or EDI)

2-3- Buyer-supplier Interface Success Factors

e) Do you share and transfer knowledge with your buyer?
   a-1) What kind of knowledge do you transfer?
      • Explicit knowledge (operation manuals, written instructions)
      • Tacit knowledge (knowhow, personal experience)
   a-2) How helpful is this to your buyer and to you?
   a-3) How has the knowledge sharing and transfer improved your performance and capabilities?

f) Do you trust your buyer? And do you think your buyer trust you?
   b-1) How is this trust demonstrated between you and your buyer? (Information sharing intensity, loyalty, truthfulness, joint action)

g) What communication methods are used to ensure on-time, accurate and appropriate data? (1- telephone, fax, e-mail, written and face-to-face discussions, 2- computer to computer, EDI and ERP)
   c-1) Is the communication to-and- fro? (ample, open, concise, timely, accurate, frequent, complete and credible communication)

h) Do you think both partners have a long-term commitment to the SD efforts?
   d-1) How is this manifested? (realignment of goals and objectives)

SD Barriers

3-1- Buyer-specific Barriers
g) Why do you think your buyer’s top management does not support the SD efforts (if the answer of question 2-1-C is negative- lack of willingness- lack of awareness of benefits- lack of encouragement)

h) Does your buyer express its expectations of quality? Do you think your buyer is consistent in improving quality in your firm for its credibility? Do you receive complains of non-conforming products form your buyer? (frequent changing of schedule and switching suppliers per purchasing, poor purchasing - influence buyer credibility)

i) How dependent are you on your buyer in terms of sales volume?
   c-1) Do you think your buyer pays less attention to your firm in the SD efforts? Why? (the size matter in your SD program)

j) Do you think your buyer is effective in the SD efforts for your growth and profitability?

k) Do you think your buyer’s SD objectives are clear to you?

l) What aspect of the SD efforts do you think your buyer is not willing to engage in? (reasons - small-quantity purchases, not important supplier, non-compatible strategic objectives of supplier with the buying firm, lack of immediate return)

3-2- Supplier-specific Barriers

e) Why is your firm not committed to the SD efforts (if the answer of question 2-2-C is negative- lack of loyalty, longevity, cooperation, resource investment, patience & attention to quality- reaction to feedback - failure in training sessions)

f) Do you think you are less equipped for the success of the SD efforts (engineering resources, equipment, information systems and employee skills)

g) Do you find out if your buyer is satisfied or not? (ask for buyer’s satisfaction from the supplier)

h) What aspect of the SD efforts are you not willing to engage in and why? (reasons -lack of freedom, lack of tangible evidence for support from the buyer)

3-3- Buyer-supplier Interface Barriers
i) Why is there no trust between both firms? (if the answer of questions 2-3-b is negative- fear of competitors acknowledgement in the SC and using the information exchanged opportunistically, arm's length relationships and ineffective purchasing strategies)

j) Are there any changes in your firm or your buyer that have negatively affected the SD efforts? (new supplier entrance, shift in geographical location and expectation changes)

k) Do you receive any encouragement from your buyer to induce you for a better performance? (incentives)

l) Do you clearly and openly communicate your dissatisfaction and satisfaction with your buyer? Do you also get clear and open feedback?
   d-1) Do you have difficulties in understanding your buyer’s shared information?
   d-2) Do you think the size of your firm influences the volume of the communication with your buyer?

m) Do you usually have balanced negotiations with your buyer? And why?

n) Are you selling a large volume of products to your buyer? (If it is yes: What are the effects of your sales volume on the growth of your firm in this SD program?)

o) Do you think the acceptance of SD efforts is profitable for both of you?

p) Do you face any risk of losses in these SD efforts with your buyer?
Appendix 2;

Interview Occasions:

4/2-2013 – 26/3-2013, Phone calls and meetings with various companies including Skru AB and its suppliers to present the topic of this research and to make the appointments.

27/3-2013, Sending of interview questions to the respondents.

2/4-2013, Interview with Kristina Johansson and Rikard Almström at Skru AB.

3/4-2013, Interview with Marie Rosholm Englund at Modulpac AB.

5/4-2013, Interview with Lina Norrman at Distributor AB.

9/4-2013, Interview with Jim Bågesjö at Rotakett AB.

3/5-2013, Sending of interview drafts back to the respondents for their acknowledgement.