30 July 2001

Relationship drivers influencing the nature and development of dyadic relationships in industrial markets: empirical evidence from Portugal

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ABSTRACT

From a conceptual point of view it is accepted that in order to understand the business environment of companies we have to look beyond ordinary buyer-supplier relationships and into intricate webs of firms forming networks. The existing literature on buyer-supplier relationships rarely makes a connection between a dyadic and a network approach and most empirical studies fail to catch the complexity of business interactions. This paper, by exploring dyadic relationships within a network context attempts to make relevant contributions to the emerging body of knowledge in this important arena. The main objective of the study is to understand the dynamics of the relationships between a major automotive manufacturer with a network form of organisation and its suppliers located in Portugal. More specifically, this study attempts to capture the nature of the dyadic relationships involved and to identify the factors influencing their nature and development. In this paper an inter-disciplinary approach to inter-organisational relationships is followed, based on the combination of several research streams in which Supply Chain Management, Purchasing and Industrial Marketing appear as the major parent disciplines to the specific topics under investigation. A case study is favoured and in-depth interviews with key informants within both parties are undertaken. A conceptual framework, using Partnering as a central construct, is developed as a basis for the fieldwork. A Dyadic Process Model, constructed in the light of the findings of the case study where connections between contextual factors are specified, is presented.[1]

[1] *The authors are grateful to those who gave their time to take part in the interviews for this work, to JoseCarola (Eng.) for his support and to Nick Quinn for his comments and help in editing the final draft of this paper.*

INTRODUCTION

Changes in the global marketplace have caused firms to restructure themselves, which in many cases has led to the development of network forms of organisation (Biemans, 1996). This new scenario has been emphasised by authors and practitioners from many different disciplines and functions, who have highlighted an increasing trend towards network relationships (Harland, 1996). It is not surprising that there is a growing interest in the network organisation and its related concepts. This is evident from parallel developments in a number of different disciplines such as Supply Chain Management, Purchasing and Industrial Marketing.

According to Cousins and Spekman (2000), there has been an evolution in the way of thinking as regards the supply process. According to these authors this thinking evolved from a focus on the dyadic linkage, to supply seen as a chain and finally to supply structure viewed as a network. In the field of Industrial Marketing the IMP Group first conducted its work developing an interaction approach. This recognises the importance and the high complexity of relationships and recommends the need to view the entire system in a holistic fashion (Häkansson, 1982). In subsequent years this approach has evolved into a network approach in which the primary focus is not relationships *per se* or the firm, but rather the network itself (Häkansson and Snehota, 1995).

Business relationships have been described as being complex (Häkansson and Snehota, 1995), dynamic in nature, and varied in terms of importance, intensity, closeness, strength and commitment (Cheung and Turnbull, 1998; Cunningham, 1982). It is claimed that this complexity is larger within industries where one or both parties become transnational corporations. These "webs of firms" (Moller and Halinen, 1999) throw up major challenges to the management of dyadic relationships and "value-creating networks" (Campbell and Wilson, 1998). Häkansson and Snehota (1995) have observed that the most recent, and rapid change in relationships and business networks is a critical issue for managers to withstand. Based on that view they consider that managers need to understand the change process not only in the dyad, but also in the network of relationships as a whole. Undoubtedly, new organisational forms and the changes in which they are embedded generate a series of new research questions to which studies in research organisation must respond (Clegg and Hardy, 1996).

Recent years have seen an increasing number of studies related to networks, but it is found that too much research on networks is still of the academic variety and that a more problem-centered research is needed (Biemans, 1996). In addition, it is found that the nature of a given relationship in a network has not been the target of sustained research and thus it is not well understood (Sheppard and Tuchinsky, 1996). In this context academics and practitioners (e.g. Bello, Lohtia and Dant, 1999; Bresne, 1996; Das and Hendfield, 1997; Olsen and Ellram, 1997) converge in their thoughts to consider Partnering and Collaboration as conceptual issues that need a better understanding. Existing characterisations of real-life collaborative relationships have been too inadequate to describe the nuances of the complex inter-organisational relationships that have been developed (Patterson, Forker and Hanna, 1999).

The literature suggests that the research agenda on inter-organisational relationships needs to be broadened and that there is a lack of understanding of the nature and development of dyadic relationships within network forms of organisation. This paper, by exploring dyadic relationships within a network context, attempts to make relevant contributions to the emerging body of knowledge in this important arena. The main objective of the study is to understand the dynamics of the relationships between a major automotive manufacturer with a network form of organisation and its Portuguese based suppliers. More specifically, this study attempts to capture the nature of the dyadic relationships involved and to identify the factors influencing their nature and development.

The importance of this research should be regarded within the context of: an increasing global automotive industry (Dickens, 1998), the emergence of a network era (Moller and Halinen, 1999), the increasing importance of relationship strategy (Kothandaraman and Wilson, 2000), relationship management (Cannon and Perreault, 1999), relationship assessment (Macbeth and Ferguson, 1994) and resource management (Morgan and Hunt, 1999). This study expects to develop a series of empirical, methodological and theoretical contributions. Firstly, a deeper understanding of the exchange relationships within the context of a so-called European peripheral country is expected. It has been stated that the political transformation of the European automotive production poses serious problems for countries such as Spain and Portugal (Dickens, 1998). This research by presenting empirical evidence within the context of Portugal, contributes to the debate. Secondly, the flexibility of the methodology used, allowing emerging themes to be pursued, is a contribution on its own. The research design is neither highly inductive nor highly deductive but combines elements of both approaches. Thirdly, relevant theoretical contributions are brought to the fields of Purchasing, Supply Chain Management and Industrial Marketing. This study brings a more conceptual clarity to partnering and collaboration, shows to what extent collaboration is established at different points in the network, and brings insights into dyadic relationships within network contexts where the identification of the supply chain members, the linkages between processes and the types and levels of integration of the processes are critical issues to be understood. According to Moller and Halinen (1999), the better the network vision a firm has the better its chances of foreseeing the strategic changes initiated by specific actors.

For the purpose of this study a business network is defined as "a set of two or more connected business relationships, in which each exchange relation is between business firms that are conceptualised as collective actors" (Anderson, Häkansson and Johanson, 1994, p. 2). The dyadic relationship is regarded as the unit of primary interest within a business network. Partnering is considered as a relationship type that has to be defined and targeted at the start of a learning process leading to previously agreed objectives and involving collaboration and sharing of resources, either tangible or intangible (Veludo and Macbeth, 2000).

THE NATURE OF BUSINESS RELATIONSHIPS AND THE TYPES OF RELATIONSHIPS THAT HAVE BEEN IDENTIFIED IN LITERATURE: A BRIEF OVERVIEW

The literature is rich in typologies on relationships while empirical evidence shows companies establishing a portfolio of different types of relationships, rather than depending on only one type (Veludo and Macbeth, 2000).

It is our intention to present a few authors that have classified relationships into different types and thus have referred to the nature of business relationships.

The Industrial Marketing and Purchasing Group (1982) presented a classification diagram of interaction processes based on two dimensions, one describing the episodes and the other the relationships. The episodes are characterised in relation to the complexity of the problems that must be solved within the episodes. The relationships are described in terms of their extensiveness or number of previous episodes. The combination of these two dimensions gave place to a matrix in which four different types of situations can be identified: simple episodes within limited relationships, complex episodes within limited relationships, simple episodes within extensive relationships and complex episodes within extensive relationships.

In order to understand business relationships, Campbell (1985) proposes a typology of buyer-supplier relationships in which the buying situation is determined by the interplay of marketing and purchasing strategies. The author identifies six common types of relationships. Buyer-supplier relationships are classified in three main types. These are: (a) independent, (b) interdependent and (c) dependent. These types of relationships result from the interplay of interaction strategies classified as competitive, cooperative and command strategies.

Sako (1992) has suggested a classification of buyer-supplier relationships based on organisations which can be categorised as lying somewhere on a continuum between two extremes of buyer-supplier relationships-types, which she labels as "arm's length contract" (ACR) and "obligational contract" relations (OCR). ACR and OCR are regarded as the ends of a multi-dimensional spectrum of possible types of business relationships. At one extreme, firms rely on an arm's length contractual relation (ACR) if they wish to keep control over the course of their business. At the other extreme, firms enter into an obligational contractual relation (OCR) if they prefer high trust and cooperation with the commitment of a long-term trading relationship. Ultimately, ACR and OCR are viewed as two ideal types that capture the apparently complex variability of buyer-supplier relationships. It was suggested that ACR and OCR should be thought of as lying on a continuum of various trading patterns. Thus, a trading relationship is more ACR or OCR according to the features that the relationship holds. The degree of interdependence and the time span for reciprocity are the core dimensions that capture the essence of ACR- and OCR-type of relationships. In summary, OCR as compared to ACR, was characterised by a greater transactional dependence on business partners, a longer projected length of trading, a greater willingness to accept of offer orders before prices were negotiated and fixed, less contractualism, a greater degree of uncharged sharing of technological know-how and risks concerning business fluctuations.

FACTORS SHAPING BUSINESS RELATIONSHIPS:
A CRITICAL LITERATURE REVIEW

The literature has identified a large number of factors that shape relationships, with numerous categorisations for investigating each set of factors. Far from being exhaustive, it is our purpose to present a short summary of relevant models and frameworks that have contributed to our understanding of those forces that shape dyadic relationships.

Häkansson (1982) introduced an interaction approach to analysing business relationships. The interaction model postulates four variables, which characterise and mould the ongoing interactions which take place between buyers and suppliers. These are: the elements and process of interaction (individually and organisationally), the environment surrounding the interaction, and the atmosphere affecting and affected by the interaction. Each of these variables is further sub-divided into categorisations to help with the analysis. The focus of the model is on the factors which lead to close and cooperative relationships between buyer and supplier. The interaction approach has been forwarded as an explanation for the nature of cooperative buyer-supplier relationships. The constructs in the model have been considered as being broad and descriptive and require further clarification to be operationalised in such a way that allows testing of the model.

Cunningham (1982) outlined barriers to organisational interaction, which in some cases were the factors of the interaction model. Cunningham (1982) indicated that the barriers themselves are within the model and that each factor has barriers to developing interactions, which are built into it. For example, a cartel would act as barrier to organisational interaction for those firms which exist outside of the cartel. For organisations within the cartel it would be an environmental factor that assists in the development of close business interactions. This author argues that barriers will vary between interacting organisations and that the boundaries and scope of interaction will depend on the aims and goals of the organisations and their desire to develop the interaction further.

Campbell (1985) provided a review of the interaction approach. The author introduced the idea of competitive, cooperative and command strategies. The interplay of these strategies produces a nine-cell matrix in which there are three cells of mismatch indicating that organisations should not establish relationships within those positions. In addition, product characteristics and buyer and supplier industry characteristics are added as variables affecting the interaction. The variables given do not introduce network wide effects and instead concentrate on the dyadic relationships between the buyer and the supplier.

Ford et al (1986) re-examined the basic issues supporting the nature of the interaction between firms, and delineated the nature of an interaction as influenced by both the history of interaction between the parties and by all the other interactions each of the parties is involved in. Firms are seen as "webs of inter-related activities and resources, embedded in networks of even more complex activities and resources" (Ford et al, 1986, p.36).

Dwyer, Schurr and Oh (1987) have proposed various causal links among dimensions of atmosphere and other aspects of relationship structure, conduct and performance.

Metcalf *et al* (1992) propose a structural model based on and consistent with the IMP interaction model. The model reflects the IMP Group's conceptualisation of the factors, which give rise to close relationships between buyers and suppliers. The development of close relationships between buyers and suppliers is a function of three processes: exchange, cooperation and adaptation. These authors argue that a standardisation of exchanges over time may result in cooperation between members of both firms. In addition, this cooperation may result in adaptations made by either partner with regard to the elements exchanged or the process of exchange. A cooperative mode, according to the authors, is often a pre-condition for substantial investment actions made by one or both parties.

Sako (1992) using Williamson's (1975, 1987) framework to analyse inter-organisational relationships, brought together the concepts of "obligational contracting" and "relational contracting" in her continuum of relationships from arm's length contract relation (ACR) to obligational contract relation (OCR). The key dimensions differentiating the arm's length relation from the obligational are seen by Sako as the degree of interdependence between the two parties and the time-span for reciprocity. The author provided a systematic analysis of factors underlying firm's choice of business relationships along the ACR-OCR continuum. Economic and technological factors have some relevance on whether buyer-supplier relations may be more ACR or OCR. A greater degree of asset specificity, suppliers' technical expertise and design input, shortened product cycles, competition based on product differentiation rather than price only, and expectations of stable demand growth all are propitious circumstances for creating OCR- rather than ACR-type of business relationships. However, these factors are influenced by such factors as business firms' objectives and businessmen's normative values and ideology (Sako, 1992, p.157).

Lamming (1993) presented a four-phase model to explain the evolution of buyer-supplier relationships in the automotive industry in the UK, Europe and North America. Nine factors were selected to analyse the development of relationships: nature of competition, basis of sourcing decisions, information exchange, management of capacity, delivery practice, dealing with price changes, attitude to quality, role of R&D and level of pressure. The traditional model, the stress model, the resolved model and the partnership model were viewed as a chronological development of relationships, following a linear sequential path of evolution. It has been recognised that these models fail to typify the complexity of the practical business situation.

Hines (1996) presented the network sourcing model, which is an explanatory model seeking to "provide an explanation of which factors are primarily causes of highly effective relationships and which are primarily effects" (Hines, 1996, p.7). The author demonstrated that a degree of causality flows between factors, with supplier coordination and supplier development emerging as the critical causation factors. The model derives from the observation of the so-called best practice of buyer-supplier relationships from around the world, but particularly from Japan.

Backaus and Buschken (1997) categorised research into three broad macro areas: studies on transaction episodes, influence of relationships on transaction episodes and relationships across transaction episodes. Within the category of studies on transaction episodes, the authors classified the factors that influence the outcome of the episodes into three: influence

of individuals, influence of organisational factors and context-specific and environmental factors. The authors have also indicated a large list of factors that affect business interactions. The list of factors that these have presented may not be practical for managers to use in the analysis of firms' interactions. To a degree, the list of factors does not take into account variability or network effects.

Young and Wilkinson (1997) developed a dynamic process of interfirm relationships as a basis for identifying the main factors driving relationship development. They do not seek to identify a particular causal sequence among the various dimensions of a relationship identified. The various dimensions are interdependent, but there is not a strict causal sequence of effects.

Bensaou (1999) argues that a portfolio of relationships is about matching the optimal type of relationship to the various product, market and supplier conditions. Information sharing, the purchasing agent's job characteristics and the social climate of the relationship are seen as mechanisms that contribute to coordination and knowledge exchange.

In summary, the literature details a wide variety of factors that have been shown to affect business interactions in different situations.

Although variables have been identified, there is as yet no clear supposition about the relations between them (Cheung and Turnbull, 1998). Moreover, the relative importance of these variables in relation to each other is a complex issue, which is insufficiently covered by on-going research. In a few cases the categorisations and labels given to constructs not only confuse meaning, but also make it difficult to compare and summarise.

Models and studies in the literature refer to factors influencing business relationships but often ignoring that factors will affect each relationship uniquely and to a varying extent. It seems in these cases that the complexity of relationships is not fully taken into account. Also it seems that many studies have been conducted looking only at a certain number of constructs, which makes it more difficult to have a perception of the whole social end economic system and how it is shaped.

It is believed that cultural issues were ignored in most studies investigating important constructs. Our belief is based on the fact that "culture" was rarely mentioned in the selected literature. We follow Lane's (1996) perspective, which shows that there remain distinctive national patterns in which firms and inter-firm relations are organised.

It is found that results and conclusions of studies are quite dependent on the type of research methodologies that have been employed. We claim that in certain cases the methodologies used were not the most appropriate or sufficient in terms of complementary methods.

A CONCEPTUAL FRAMEWORK TO EXPLORE DYADIC RELATIONSHIPS IN INDUSTRIAL MARKETS

A conceptual framework was developed in order to provide guidance in exploring and understanding the nature of the relationships between an automotive manufacturer and its suppliers located in Portugal and to search for empirical evidence of the contextual factors influencing those relationships (Fig.1).

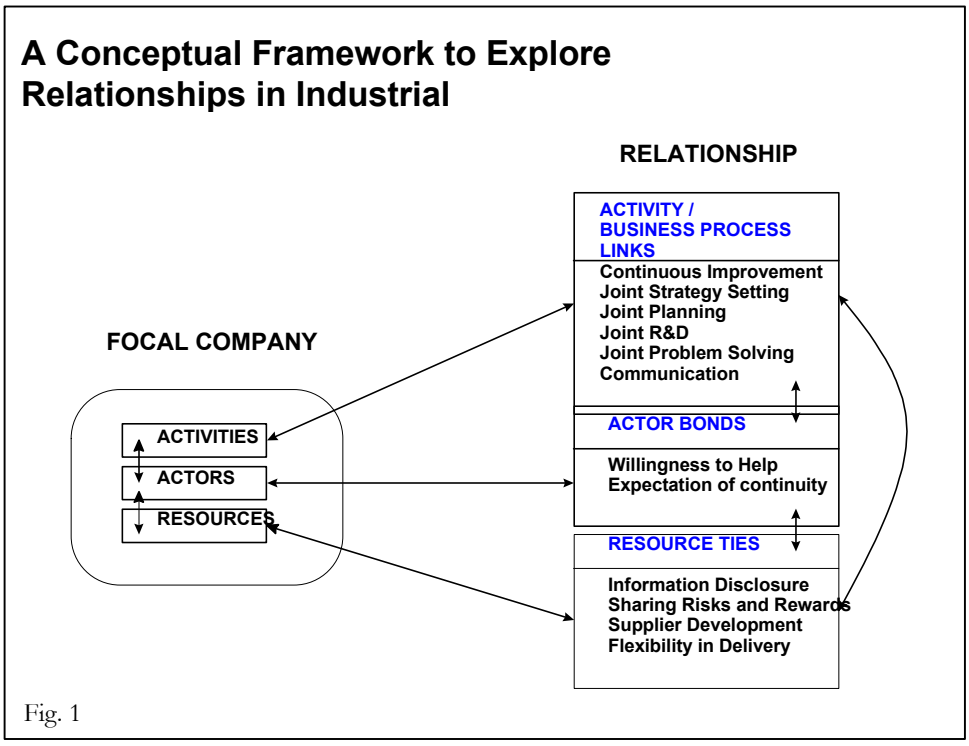

Fig. 1

The development of the conceptual framework was much influenced by the work of Anderson, Häkansson and Johanson (1994), by the Activities-Actors-Resources (AAR) model (Häkansson and Snehota, 1995), by the perspective of Lambert and Cooper (2000) on Supply Chain Management and by the studies that have been developed on Partnering.

The primary functions of the relationships as outlined by Anderson, Häkansson and Johanson (1994) were taken into account. These functions "corresponding to activities, resources and actors are efficiency through interlinking of activities, creative leveraging of resource heterogeneity, and mutuality based on self-interest of actors" (Anderson, Häkansson and Johanson, 1994, p.2).

The Activities-Actors-Resources (AAR) model (Häkansson and Snehota, 1995) was also used as a basis, due to its potential in describing complex business networks (Araújo and Easton 1996; Axelsson and Easton, 1992) and in capturing the nature of dyadic

relationships. The AAR model describes how a business relationship can be analysed through its individual substance layers: activity links, actor bonds and resource ties.

For the purpose of this study activity links, actor bonds and resource ties are taken with the following meaning:

a) Activity / Business Process links describe the links between organisations that are formed by activities and business processes that the actors develop with each other.
b) Actor bonds describe the bonds between the actors, either individual or organisational, through their perceptions of each other.
c) Resource ties describe the organisational ties that are developed through resource inputs and outputs.

Partnering emerges as a pivotal construct making the bridge between a dyadic business perspective and a business network perspective (Anderson, Häkansson and Johanson, 1994). It has been recognised that while the dyadic relationship perspective focuses on the states of collaboration in the relationship or relationship states, the network perspective focuses on activities (Anderson, Häkansson and Johanson, 1994). In the study, the use of characteristics of Partnering to translate activity links, actor bonds and resource ties, is based on the view of Anderson, Häkansson and Johanson (1994, p.7) who find that "activities requiring resources are undertaken in pursuit of outcomes, which, when evaluated by actors, provide judgements of relationship states".

Partnering, as a type of relationship which occurs when certain criteria are fulfilled (e.g. the highest levels of integration, joint work and sharing of resources), is taken as an ideal scenario. The different types of relationships established between the automotive manufacturer and its suppliers located in Portugal will be compared against that scenario, and this allows the identification of the nature of the dyads involved and in particular the levels of collaboration between companies.

For the operationalisation of Partnering an overview of theories, models, issues of definition and empirical studies, was conducted. It was found that the body of literature on Partnering is far from being uniform and clear. It does not provide a coherent picture and it shows an absence of a common terminology to describe this topic. This could be expected as the studies do not appear to represent a common stream of research. Inter-organisational forms are defined in a wide variety of ways in the literature and some are used interchangeably, like strategic alliances and collaboration (Child and Faulkner, 1998). Other terms may also appear indistinct such as cooperation, closeness and partnership. There is still no standard, universally accepted definition of Partnering in use today. However, it appears that authors' opinions converge to consider joint work, sharing of resources and mutual benefits as key dimensions of the concept. Roethlisberger (1977) argues that any definition of collaboration should lend itself to the development of a framework or perspective that could be used as a "walking stick" to direct one's investigation through organisations and their actions. Supported by this point of view, a definition of a construct of Partnering was extracted from the literature and chosen for the purpose of this study. Finally, those constructs were structured in such a way so as to translate activity links, actor bonds and resource ties.

Relationships form the context in which transactions take place (Easton, 1992, p. 14).

We took the concept of the focal company as a company performing activities and employing resources (Henderson and Quandt, 1971).

METHODOLOGICAL APPROACH TO RESEARCH

The research approach is cross-sectional in design and, for the purpose of this study, it is descriptive and exploratory, with dyads the main units of analysis. A qualitative approach was favoured by the authors and a single case study was used for the research project. The case study is based on a single automotive manufacturer and its diversified direct component suppliers located in Portugal. In-depth interviews with nine key informants within both the buying and supplying companies which showed willingness to collaborate, were used. Each interview was labelled for ease of reporting and to maintain anonymity (see Table 1).

Table 1: Data source coding

DATE (year)	INTERVIEWEE	PROFESSIONAL STATUS	COMPANY
1999	IA	Director of the Commercial Department	Supplier A
1999	IB	Account Manager for Opel	Supplier B
1999	IC	Managing Director	Supplier C
1999	ID	Director of the Commercial Department	Supplier D
1999	IE	Director of the Commercial Department	Supplier E
1999	IF	Managing Director	Supplier F
1999	IG	Managing Director	Supplier G
1999	B1	Purchasing Department	Buyer
1999	B2	Purchasing Department	Buyer

All the interviews were conducted in Portuguese and the quotations have been translated into English. The data for the case study also derived from sources such as informal discussions with technicians in various organisations and various documents provided by companies, associations and governmental institutions.

The research design is neither highly inductive nor highly deductive but combines elements of both approaches as described by Miles and Huberman (1994). The methodology is flexible, allowing emerging themes to be pursued. At the basis of the data collection and analysis are a conceptual framework and an interview schedule developed from the literature review.

The choice of a case research approach follows the view of Easton, Wilkinson and Georgieva (1997), who argued that case research methodology is particularly appropriate in industrial networks research where the complexity and dynamism of relationships limit the applicability of positivist research based on inferential statistics methods. The key advantage of case research as presented by Easton (1995), in terms of its ability to capture complex interdependencies by handling rich sources of data and multiple forms of data collection, is also taken into account. Easton's perspective goes towards what literature has been revealing in terms of an increasing complexity of the economic system (Raffa *et al*, 1996) and the complex interdependencies of relationships (Häkansson and Snehota, 1995). The case study method is seen as well equipped when an in-depth and holistic understanding of several

aspects of a phenomenon and their inter-relationships are required (Gummesson, 1988; Oburai and Baker, 1999), which is the case of this research.

CASE BACKGROUND: OPEL PORTUGAL WITHIN A NETWORK FORM OF ORGANISATION

Opel Portugal is owned by General Motors and is a division of Opel Europe. It was assigned to be the expert at providing a particular product, and to co-operate with other divisions whenever appropriate. Opel Portugal is a business unit co-ordinated by multilevel hierarchies located in Portugal, Spain and Germany.

1. GM (General Motors)

GM appears as what Dickens (1998) would designate a "transnational corporation", for its geographically extensive operations, trade, foreign investment and industry policies. The globalisation process of GM involves not only the geographical extension of its operations across national boundaries, but also the functional integration of such internationally scattered activities.

According to Storey (1998) and Bursa *et al* (1999) critical issues in GM's organisation are:

1) Structure
   A centralised and decentralised form of organisation is GM's approach to globalisation. Responsibility is split regionally in the GM organisation. Nevertheless, there is a global strategy board to allocate development responsibilities on a global basis.
2) Internationalisation
   The cornerstone of GM's internationalisation has been the Opel brand. Opel has emerged as the major brand in GM's global strategy. Reducing GM's dependence on exchange rate fluctuations, import barriers and tariffs remains an important objective.
3) Alliances and acquisitions
4) Production strategy
   GM has continued its policy of focusing on core businesses. GM's production strategy has been aimed at reducing costs and increasing flexibility. GM has plants operating in different geographical areas and with different roles and functions.
5) Purchasing strategy
   "Price as the only criterion" purchasing policy of former procurement manager Jose Lopez is believed to be at the origin of quality problems that GM faced at the early 1900s. GM has undertaken changes, but a company of its size shows difficulties in changing direction quickly. GM follows the worldwide automotive manufacturers' trend concerning the increasing demand for modules and system solutions and the reduction of the direct supply base.
6) GM's components business
   GM has its internal network formed by coordinated and flexible subcontractors.

2. GME (General Motors Europe/ Opel)

GME is at the forefront of GM's worldwide expansion planning by taking the lead on a number of new ventures involving facilities outside Europe. This policy recognises the fact that the European division's products are better suited to most markets outside North America (Bursa *et al*, 1999).

The interviews uncovered some facets of GME concerning its organisational strategy, structure, purchasing policies, intra-organisational relationships, and performance. The interviews showed that the interviewees had similar perceptions of how GME operates.

2.1. Structure

IA stressed the high degree of autonomy of GME in making decisions, with regard to GM in U.S.A., its parent corporation. He contended that this autonomy could be explained by Opel's dimension in Europe, the reputation it acquired, and the results obtained in previous years. Furthermore, he pointed out that GME has a combined centralised and decentralised form of organisation. The creation of a central purchasing department in Germany and smaller purchasing departments in Spain and Portugal is presented as an example of this hybrid structure. He observed that when the decision to buy globally was taken, the regional purchasing departments became part of a chain with a low added value. He mentioned that requests for quotation come directly from Opel in Germany, while the purchasing department of Opel in Spain acts merely as an intermediate between Portugal and Germany. Similarly, IC made it known that a centralised negotiation process for price and other contractual conditions is located in Germany. Other interviewees noted that in certain cases the negotiation process is developed between Opel Spain and the commercial departments of the supplying companies who are responsible for the whole region of Spain and Portugal. B1 highlighted the interaction of internal activities and functions that are allocated to the different plants in Europe. ID stressed the "character" of GME as having a rigid structure based on rules and procedures.

Overall Opel Germany is the unit within GME through which the main purchasing and negotiation discussions occur. Although orders may not originate from Opel Germany, it is this unit which makes the decision on who is able to supply Opel.

2.2. Purchasing Strategy and Policies

In recent years the concept of global sourcing started to be applied by GME to purchasing (IB). According to IA, the globalisation strategy applies only to some systems, as many companies cannot afford the high costs of development of certain items/product classes. Furthermore, this interviewee mentioned the rationalisation of the supply base as one important point in the strategic agenda of GME, as GM's European operation is trying to reduce the number of direct suppliers and to increase the number of systems and modules purchased.

In terms of supplier selection criteria, it was the view of IB that the decision made by GME in terms of who supplies what and in what amount, is very complex and embraces several factors. Price, technological innovation, delivery, service provided and quality, were criteria

mentioned by interviewees as being relevant for GME. B1 emphasised GME's environmental policy, as effecting supplier selection and product specifications. This was confirmed by IE who mentioned that GME increasingly looks not only for a recyclable product, but also for one that has been recycled. According to B1, GME's quality requirements have become more stringent.

2.3. Negotiation and Contracts

In regard to negotiation in its broadest context as a decision-making process (Dobler, and Burt, 1996), IB argued that there is no mutual negotiation between suppliers and GME, and stated that competitive bidding is a current practise. According to what interviewees said, formal arrangements in the form of written contracts are also used. More than one type of contract can be used, such as R&D contracts and supply contracts. There may be a contract established between parties at the stage of development of a new item/product class, which is not a guarantee that the supplying company will manufacture all the items needed by Opel (IE). Furthermore, it was said by IC that a supply contract could be established for the life of the product. The timing of the contracts may be clear, but these may be renewed (IA). Penalty clauses may be included (IA).

2.4. Resources

It was mentioned by B1 that important resources of GME are concentrated in Germany. The technical teams from the several units of Opel start their training program at Opel's development technical centres in Germany (B1). It was also observed that a second part of the training program takes place in each plant, this time covering all operators. Furthermore, it was pointed out that videoconferencing which is used for training and for internal communication purposes, slowed down the implementation of certain processes.

2.5. Intra-organisational relationships

All the interviewees shared the opinion that problems occur in GME because of the lack of synergy among departments and units and that GME tries to optimise its performance at the suppliers' expenses. This view is supported by IA who stressed that GME is trying to overcome problems that arise by decreasing prices of purchased goods and services, instead of optimising the internal processes and paying careful attention to "engineering change management". In addition, IA stated that there is evidence that departments operate as if being isolated and that cross-functional teams do not occur. It was mentioned by IB that there are signs of conflicting interests between GME's departments in terms of cost management objectives. He believes that a conceived internal network, such as the case of GM, falls victim to "corporate politics". Similarly, IG implied that there are several levels of power within Opel which are not easy to identify and that they influence not only the performance of the company but also the development of inter-organisational relationships.

3. Opel Portugal

3.1. Activity structure, organisational structure, resources, strategy and policies

The interviewees at Opel Portugal were made up of one member of the purchasing department and one technician from Opel Spain, temporarily working at Azambuja's plant. Several topics were covered during the interviews, and both interviewees brought insights into the organisational structure of Opel Portugal and its relations with other units in Europe.

Opel Portugal was presented as a subsidiary of Opel Germany and of Opel Spain, and not completely autonomous in a decision making process, and in the implementation of many of its activities. The interviewees uncovered several aspects of the company, including the allocation of activities and related responsibilities, allowing building a picture of Opel Portugal, as it is shown in the following tables.

Buyer – Opel Portugal

Activity Structure	R&D	Missing
	Finance	Limited
	Purchasing	Limited
	Quality Management	Limited
	Production	Low Volume
	Planning	Limited
	Sales Management	Limited
	Information Management	Important
	Logistics	Important
Organisational Structure	Degree of autonomy in decision making	Low
	Turnover of personnel at top	High
Strategy		Set elsewhere
Policies		Set elsewhere
Resources	Technology	Important - painting line

Activity	Perceptions of buyer characteristics from suppliers
R&D	Located in Germany and dictated by OPEL to suppliers in conformity with its global R&D policy.
Financial Management	Conducted through Opel Spain, making suppliers to have contacts with this unit. Payments to suppliers are made through Opel Spain.
Purchasing	Opel Portugal does not directly negotiate with suppliers for the appointment of most supply contracts, but it is responsible for the outsourcing of services up to a certain amount and also of those it urgently needs. Opel Portugal places the orders once a negotiation process is over, and Opel Germany does the follow-up on those orders. Due to the division of purchasing activities and responsibilities within Opel, suppliers are required to contact the purchasing departments of Germany, Spain and Portugal.
Quality Management	Opel Germany, Opel Spain and Opel Portugal share quality management responsibility for their output, as well as suppliers' assessment, and the analysis of any defective items. Again it requires suppliers to contact all 3 divisions of Opel to discuss issues.
Production	Opel Portugal is a final assembly plant and the engineering of the process relies mainly on the painting process. Opel Portugal is considered as having a low volume of product per range, in comparison to other units and other manufacturers' plants. This state of affairs brings effects in terms of inventory management and logistics.
Planning	Opel Portugal follows the planning that is established for Europe. However, it develops its own internal planning. These plans are not jointly developed with suppliers. Instead, they are given to suppliers once they have been developed.
Sales Management	Opel Portugal only has the management of sales for the internal market.
Information Management	Information management has become an important activity, as the management of the internal and external flows of information, with EDI as a critical aspect of the communication process between the buyer and the suppliers.
Logistics	Logistics is an important function in Opel Portugal. This unit keeps stocks, which are not so high as those that suppliers are required to keep.

COMPANY CASE FINDINGS

In order to explore and understand the nature of dyadic relationships, the materials that were collected during the interviews will be presented in accordance with the conceptual framework, previously described. The activity links, actor bonds and resource ties constructs are used to characterise the nature of dyadic relationships. The data was organised into the main constructs and discussed within those contexts.

Suppliers perceive Opel as a single entity although with different subsidiaries with which they have to develop contacts for the same item/product class. Opel can be considered part of a networked organisation with the subsidiaries in Germany, Spain and Portugal being closely interlinked.

The suppliers either form part of a wider corporation geographically scattered in different units or part of other network forms, some of them characterised by the creation of strategic alliances, such as joint ventures. In this picture of the network-style, production functions appear to be geographically dispersed (Dickens, 1998), and affect the interdependence and relationships among the network members.

1. Business relationships between Opel Portugal and its Portuguese based suppliers

1.1. Activity / Business Process Links

Low activity link levels concern the non-existence of cross-functional teams for joint quality improvement. Opel Portugal and its suppliers do not often work together. Opel Portugal operates much on its own, as the interviewees pointed out. IA gave an example of non-existing multi-functional teams working together with regard to a defective item. If a defective part is found during the manufacturing process, the part is sent by Opel Portugal to the Spanish unit for analysis. The results are then sent to the supplier who makes the required changes. This process does not describe two organisations working together to solve problems, but two companies working separately on the same problem. There was no evidence of Opel Portugal working with its suppliers to jointly improve processes and to obtain cost reductions.

The interviewees were unanimous is saying that there is no joint planning of production volumes. Opel Portugal makes forecasts of production volumes and the suppliers have to adapt to the planning developed by the buyer.

Opel Portugal may not have contacts with one or other supplier for weeks, if there are no quality problems, but one of the interviewees said that visits from Opel Portugal were quite frequent (ID).

Computer linkages were seen as facilitating the communication between buyer and supplier, which is established via EDI (Electronic Data Interchange) with certain suppliers.

IE pointed out that relationships between Opel Portugal and it suppliers are often based on documents and written procedures. This was perceived as "rigid" and even unnecessary taking into account the huge effort they require in terms of discipline and organisation methods. The Opel organisation's methods seem to collide with a Portuguese way of conducting business, which can be characterised by a high propensity for flexibility.

The above description of the activity link construct indicates that Opel Portugal prefers to operate on its own rather than working closely with suppliers. Joint activities do not occur and collaboration rarely happens, thus making the process of interaction (Häkansson, 1982) a very one-sided affair.

1.2. Actor bonds

The Portuguese subsidiary of Opel has a low level of autonomy and relies on other units for several functions. This low level of autonomy meant that the suppliers in Portugal needed to contact Opel in Spain and in Germany while conducting their business. As a consequence, there was a high level of dispersion in terms of contacts, and difficulties in establishing close contacts were evident, as it was noted by IE. He also observed that staff turnover at Opel Portugal was high, which did not help the development of either strong links between people or trust. Supplying companies indicated that by the time a strong link began to

develop, the representative of the buying company could be replaced within that job position.

In summing up the description of the actor bond construct, there was perceived to be a low level of emphasis by Opel Portugal on developing strong bonds with suppliers.

1.3. Resource ties

The interviewees pointed out that Opel Portugal does not share resources with suppliers, such as information, with suppliers, but instead, expects from its suppliers the disclosure of information of a varied nature. It emerged from the interviews that Opel Portugal does not invest much in the relationships it develops with suppliers.

Delivery is a critical issue for Opel Portugal and its suppliers. Opel Portugal expects a high level of flexibility of delivery from its suppliers. According to the interviewees, Opel Portugal relies on the suppliers to maintain a certain inventory level. The keeping of safety stock by the supplier is perceived to be very difficult and costly, given that Opel Portugal does not inform the supplier with certainty on future demand requirements (ID). Some of the suppliers have invested in warehouses located close to Opel Portugal in order to keep stocks and maintain a high level of flexibility of delivery.

There is evidence that resource ties between Opel Portugal and suppliers are not strong and that the resource dimension of business relationships does seem not to be fully exploited between these parties.

1.4. Summary

The interviewees did not expect high levels of collaboration between Opel Portugal and its direct domestic suppliers due to the dispersion of functions across a range of subsidiaries. The results of the interviews show activity links and actor bonds as being weak and resource ties as being mostly weak with the exception for the issue concerning delivery.

2. Business relationships between Opel and its Portuguese based suppliers

2.1. Activity / Business Process Links

According to the interviewees, Opel keeps improving the product during its lifetime. It is worth emphasising that most interviewees did not imply that Opel takes an active role in identifying, jointly with the supplier, what could be improved and how.

IC noted that Opel expected suggestions on how to decrease the costs of the component parts. Cost management is not necessarily always perceived as a joint activity, with one interviewee pointing out (IB) that target costs are not jointly discussed, but rather imposed. It was insinuated that Opel places a high emphasis on price, forcing suppliers to cut margins and pushing the prices down. Furthermore, it was said that Opel does not look for avenues where these price cuts can be jointly explored.

It was revealed by IB that negotiations do not involve a mutual agreement on the establishment of contracts. Instead, contracts are written and imposed by Opel in such a way that suppliers will have to conform to them, with very little leeway given by Opel.

The supplier involvement at an early stage of the development of an item/product class may occur with Opel in Germany (IE). It was noted that supplier involvement in product engineering is a practise within Opel which is much more accepted nowadays than it was some years ago. In more recent years, Opel started showing signs of change in terms of openness to a supplier involvement (B2) in the development of the product, but not in the improvement of internal processes of the organisation.

Most suppliers see Opel as a "difficult customer. ID finds that, in general, representatives of Opel establish a climate where dispute has to happen. He added that people from Opel might know that their company is responsible for a mistake, but their first reaction is not to accept any kind of responsibility for the error. Another interviewee (IA) indicated that Opel was very bureaucratic and that communication with the several units was not easy.

In general there seems to be a low level of collaboration to ensure an efficient supply chain and to provide important synergies between organisations.

2.2. Actor bonds

The climate of the relationship was not seen as being not based on mutuality and cooperative dealings but rather characterised by pressure. Opel was perceived as having a kind of arm's length attitude towards suppliers. There were signs of a low level of commitment by Opel, as suppliers mentioned that they could be replaced by competitors in the middle of a contract, in spite of specific investments previously made by suppliers to fulfil Opel's requirements and amount of orders. All the interviewees shared an identical perspective on personal relationships as not being intensive and as being quite impersonal.

2.3. Resource ties

The interviewees share the same view concerning the pressure employed by Opel upon suppliers in order to obtain information from them. Information disclosure seems to be more of the "one-sided type". It was mentioned (IB) that Opel uses historical data not for establishing a dialogue having in mind mutual goals, but for exerting pressure on the supplier complying with its self-interests.

Opel is not perceived as sharing, in certain situations, the supplier's risk when this one makes a new investment to meet Opel's future demands. It was pointed out by ID that Opel does not accept to give any kind of guarantees of a steady supply contract in those situations where specific investments have to be made by the supplier to meet Opel's requirements. Thus, Opel will not guarantee that the exchange process will continue into the future even when the supplier is taking the risk on behalf of Opel. However, there are situations, more at the stage of new product development, where both parties make investments (IC). There seems to be no sharing of risks concerning raw material commodity prices fluctuations, inflation or increase in salaries (IB). It was mentioned that suppliers are charged for the costs of defective items in case they are responsible for the errors.

One Portuguese supplier was integrated in a supplier development program. A program of the kind the intended to provide technical support to the company so that it would become capable in future, of meeting Opel's requirements. The inclusion of the supplier in such a program is the result of a request made by the Top Management of Opel Portugal.

DISCUSSION

The relationships between Opel and suppliers can be considered as being complex, with numerous interactions occurring, due to the dispersed organisational structure of Opel and of some of the suppliers. Similarly, Cheung and Turnbull (1998) found that inter-organisational relationships are multi-dimensional, directional, structured, varied and dynamic. The findings support the perspective of Häkansson and Snehota (1995) who argue that although there is a variation between different relationships, there is still a certain pattern. The research indicates a pattern of relationships where the activity links, actor bonds and resource ties seem, in general, to be weak. More detailed observations show not only stronger activity links related to R&D (Research and Development) activities and logistic issues, but also stronger resource ties which provide valuable resource elements to undertake those activities. We infer that there is not a high level of integration between the organisations but rather a one sided relationship where the large automotive manufacturer dictates its supplier organisations.

The findings show a focal organisation that is very transaction oriented with little emphasis on the expectation of continuous and close working relationships. Opel takes an arm's length approach to its relationship building strategy where relations appear as a combination of cooperative and non-cooperative behaviour. The findings brought to light an inflexibility portrayed by Opel in the relations with suppliers which do not contribute to close actor bonds. We believe that flexibility to adapt to the requirements of a business partner is an important component of learning to work with that partner, of building long-term relationships and of sharing of risks and rewards. Opel did not show this aspect of the actor bond construct as being important within the relationship. We claim that this attitude is not compatible with the Portuguese culture, which is typically expressed in the development of personal relations. We believe that these personal relations would be important for the development of collaborative relationships.

Metcalf *et al* (1982) claimed that the development of close relationships between buyers and suppliers is dependent on the processes of exchange, cooperation and adaptation. These authors recognise that cooperation is often a precondition for adaptation. Adaptation is defined as substantial investment actions, and that it occurs more easily if buyer and supplier have established a cooperative atmosphere. Findings from the case study indicate that cooperation does not play a major role in the relationships established between buyer and suppliers. Therefore, specific investments made by suppliers are made in spite of the existing low levels of cooperation. This may be explained by the strategic importance of Opel as this company for suppliers means GM, which is a very big worldwide manufacturer (ID). The threat of losing Opel's supply contracts encourages suppliers to make investments although they are aware of the risks that they take.

Sufficient empirical evidence was gathered to assert that Opel uses a perceived power in its business relationships with suppliers. Logistics is an issue where the perceived power of Opel is exerted on the suppliers as their inventory management follows Opel's demands and needs. Another influence of power-dependence can be seen in regard to suppliers' adaptations (e.g. specific investments, alteration of production schedules), which is consistent with the view of Hallen *et al* (1991). Opel has the ability to dictate to suppliers a one-way flow of resources, which are provided more by the suppliers than by the buyer.

Campbell (1985) used a nine cell matrix to classify the types of relationships that can be developed depending on the strategy undertaken by the organisations involved. For this particular case the cell pertaining to Opel and its suppliers located in Portugal would be a dependent relationship strategy. According to the author, dependent relationships result from the power exerted by one party over the other. Power is regarded in literature as an important construct in the relationship and as *per* the Opel case it plays a role in relationship development. Campbell (1985) also suggested that suppliers, in their marketing strategy, should ensure that personal relationships are maintained. Such a strategy has not been possible to implement by Opel suppliers, due to the dispersed organisational structure of Opel, and the rigid behaviour and arm's length attitudes taken by Opel in its relationships with suppliers.

The findings, purposively or not, keep the suppliers at a distance. Simultaneously Opel does not seem to encourage expectations of relationship continuity with its suppliers. Many times Opel does not nourish expectations of future business to suppliers although relationships may be continuous over a longer time period, as the renewal of contracts show. Most suppliers tend to foresee the relationship as having a high probability of being interrupted. Opel's behaviour may endanger, in many ways, the quality of relationships in the present and in future exchanges. As Young and Wilkinson (1997) implied, it is the "shadow of the past" in terms of a history, and the "shadow of the future" in terms of expectations and aspirations, that shape the future of relationships. First, suppliers may be reluctant to commit to investments with a long pay back period (Sako *et al*, 1994). Second, a low level of expectations of future business may affect the development of trust. As it has been argued, the concept of trust is important in any exchange relationship (Cousins, 1994). In the footsteps of Patterson *et al* (1999) who believe that a long-term orientation is necessary to favour high levels of trust between parties, we also believe that trust is clearly facilitated by expectations of continuity of a relationship. Opel is perceived as forming relationships with suppliers that are not based on constructs commonly used in the literature, such as trust and commitment (Morgan and Hunt, 1994) and trust and satisfaction (Anderson and Narus, 1990).

It is believed that several factors influence the nature of relationships between Opel and its suppliers located in Portugal. In the next section we will explore these factors.

FACTORS SHAPING DYADIC PROCESSES

The previous section is rich in examples of the nature of the business relationships between Opel and its suppliers located in Portugal. Relationships appeared complex, dynamic and varied. It is the purpose of this section to review the variables which shape the nature of the dyadic relationships involved.

From the empirical work a wide variety of driving forces shaping the nature of the dyadic relationships involved, have emerged. In the course of research many variables presented as being important when discussing the nature of dyads. Also the analysis of the empirical data with the support of literature focusing on buyer-supplier relationships and dyads in particular, uncovered variables as well as linkages between them. Some of these variables are illustrated in Table 2.

Table 2: Sample of relevant contextual factors influencing dyadic relationships as drawn from the interviews

FACTOR	EMPIRICAL EVIDENCE	SOURCE
Corporate strategy of the supplier	"Opel is a strategic customer for this firm, in spite of all the difficulties felt. Opel means GM which is a very big world-wide manufacturer."	ID
Corporate strategy of the buyer	"Corporate strategy of the buyer in terms of global sourcing, reduction of the direct supply base, purchasing policies and quality requirements is an important factor that influences buyer-supplier relationships."	IB
National Culture	"Germans do not believe in others' opinions when situations don't follow the standards they are used to. Germans see themselves more capable of solving situations than the Portuguese workers, and this fact makes it difficult for them to change their point of view. The Portuguese worker shows flexibility, a capacity to accept change and a capacity to adapt to different environments. In a changing world, the Portuguese worker can easily adapt to different automotive manufacturers. On the contrary, Germans are more attached to their principles and discipline and that makes change difficult for them. The Germans follow a pattern in the relationships they establish and by doing so they deal with everyone in the same way."	IC
Organisational structure of supplier	"The location of the decision center of the firm is in Germany. This makes contacts with Opel in Germany to be easier and quicker"	IC
FACTOR	EMPIRICAL EVIDENCE	SOURCE
Nature of competition	"The domestic and international competition within this type of industry is strong. The higher the competition, the less power has the supplier has to negotiate with the buyer."	IA
Demand pattern	"Competition is based on price and capability for R&D (Research and Development). Price is a very important criteria in supplier selection. Opel is willing to pay the supplier more for the development of the product."	IE
Communication	"Opel is a very bureaucratic company which makes communication a difficult process."	IE
Climate of pressure	"Opel pressures suppliers to decrease prices to limits the supplier cannot afford. Opel uses a dual source purchasing strategy to pressure the suppllier."	ID

For the sake of simplification the authors have selected a number of variables which they feel are relevant to the development of buyer-supplier relationships and which are explored in this section.

Communication issues are of great significance. Poor communications have been cited as a major barrier to the development of trust between a buyer and a supplier (Langfield-Smith and Greenwood, 1998) and to information exchange (Leverick and Cooper, 1998). Impersonal channels of communication and the high degree of formality in the establishment of contacts characterise the relationships between Opel Portugal and its domestic suppliers. The relative importance of information exchange, particularly of data on specifications and delivery, seems to dominate the extent of contacts. Information disclosure reflects the operational pressures within the interaction process. A high degree of formality in relationships is expressed in written procedures that are used by Opel Portugal for communicating and in a formal vendor rating system which evaluates supplier performance, especially on quality and delivery, on an ongoing basis. Opportunities for personal relationship building are considerably reduced as the social dimension of the exchange is not encouraged by the buyer. Difficulties in establishing close contacts are increased by staff turnover.

All these aspects have a significant impact on the development of strong actor bonds, activity links such as problem solving, and trust. In this case study data supports the view of Mudambi and Helper (1998) who claim that trust will be easier in some institutional and socio-economic environments than others. Opel Portugal, by favouring the adversarial approach or arm's length behaviour and by keeping suppliers at distance, seems to create considerable barriers to trust development. With low levels of trust between parties risk appears as a major determinant on the decision making process of suppliers.

According to Lagendijk (1997) automotive manufacturers have used collaborative strategies for their own strategic benefit. This author further noted that automotive manufacturers have imposed rather than negotiated predefined collaborative styles on their suppliers during the late 1980s. The findings from this research show a similar scenario, where a customer dominance type of relationship is present. The ability showed by Opel to exercise power over the other party's behaviour is demonstrated by suppliers adaptations to the production planning developed by Opel Portugal, the level of safety stocks they are required to keep, and investments in warehouses close to the buyer in order to guarantee on time delivery. Suppliers appear not to be able to stand against Opel's impositions, which at the end seem to endanger the quality of present and future relationships. The regular exercising of power by Opel has significant impact on suppliers' adaptations. Although these may be of great value, Opel does not show signs of making efforts to ensure the continuity of relationships as would be expected, according to Metcalf *et al* (1992). In spite of Opel's attitudes, suppliers are not reluctant to make investments with a long payback period, even expecting a low level of commitment from Opel and that orders may be shifted in the middle of a contract. These findings support the view of Saxton (1997) who argue that asset specificity alone will not explain firm behavior because firms exist in a system of markets beyond each individual transaction. In fact the empirical data reveals forces influencing the dyad that do not originate within the dyad. These forces are from the wider network in which firms are embedded. We have classified these externally initiated forces as network constraints

(Purchase, 1999) and we claim that they play a significant role in influencing dyads. The network constraints construct comprehends those factors comprising the "network context" (Anderson, Hakansson and Johanson, 1994) and the political and socio-economic environment. As Ford (1998) suggested, no relationship between two firms should be considered in isolation. Hakansson and Snehota (1995) noted that all dyads are influenced through the connectedness they have with other actors in the network. These authors stated that "relationships are connected when a given relationship affects or is affected by what is going on in certain relationships" (Hakansson and Snehota, 1995, p.17). In this particular study some of the network constraints that appear to influence the dyadic relationships involved are: mergers and acquisitions undertaken by Opel and also by some "transnational" (Dickens, 1998) suppliers, the network embeddness of Opel and of suppliers, the internationalisation of Opel and of suppliers, competition in terms of its nature (domestic or global), demand pattern (e.g. price, product differentiation, service differentiation), and competitive forces such as technology (e.g. increasing demand for modules and systems solutions), and European Union policy on environment. Cheung and Turnbull (1998, p.42) noted that inter-organisational relationships are affecting and being affected by various factors and the relationships themselves are "self-generative and influencing". These authors view relationships as a process with dynamic changes where this dynamism also arises from the fact that relationships are substitutable. Their view is supported by the findings of this case study where empirical evidence shows that substitutability of relationships is a current policy of Opel.

In summary, the nature of relationships between Opel and its suppliers located in portugal is contingent upon various contextual factors. The variables uncovered during the investigation were grouped and labelled as it is illustrated in fig. 2.

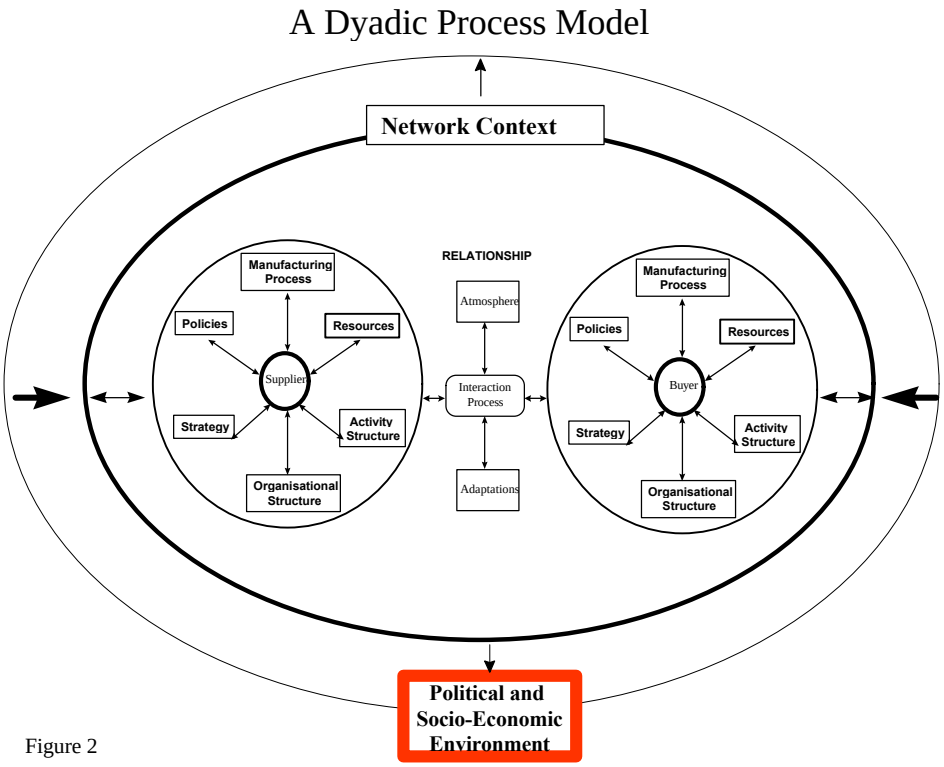

Figure 2

The conceptual framework previously introduced, allied to the IMP (Industrial Marketing and Purchasing) Group model, were crucial in providing the basis for a model where connections between contextual factors that comprise a dynamic, iterative process of development of dyadic relationships, are specified. The IMP model was used for several reasons. First, on the importance of the model in the IMP literature as challenging the traditional perspective in the field (Araújo, 1989) and thus, remaining as a landmark in literature. Secondly, the main components of the model are built on a number of factors which our empirical work also indicates. Thirdly, relations between variables pointed out in the IMP model are verified by the findings of this study. Finally, the IMP model is presented in a form which is useful for analysis (Hakänsson, 1982). The Dyadic Process Model is a model constructed in the light of field work experience.

It was the belief of IF that business relationships vary in their characteristics and that there is no "rule" to explain that diversity. He added that a diversified scenario of relationships may be explained by the different combinations of several factors, some with more significance than others. According to this interviewee each company will have to weight each factor and hierarchisise it in terms of its significance. In fact in any two dyads it is not unusual to find a different emphasis placed upon the influencing factors within the relationship (e.g. type of item, supplier's expertise). IC, when asked about key factors which is his opinion would have as strong influence in shaping dyadic relationships, stated that it is the combination of policies, strategies and people that provokes different types of relationships.

At this stage of the research it is the belief of the authors that from all the factors uncovered by the study there are three contextual factors (defined as variables influencing business relationships within a specific context) which have a stronger weight and a higher significance in influencing the dyadic relationships involved. These are: the network context where Opel and suppliers are embedded, the corporate strategy of the companies involved, and the individuals as reflecting a national culture and a management style.

CONCLUSIONS and FURTHER RESEARCH

The findings of this case study show the complex and diversified nature of unique relationships, where collaboration can occur in different areas of the firm and at different intensities. We discard the perspective of collaboration as an area on which we see a continuum of possible relationship-types from pure arm's length to extremely collaborative relationships (as suggested by Sako, 1992). Collaboration is seen as a wide combination of possible forms which may differ from one dyad to another (Veludo and Macbeth, 2000). The authors do not reject that in these types of relationships a possible combination of conflict and non-cooperation may emerge. Furthermore our findings support the view of Anderson, Hakänsson and Johanson (1994) who claim that to understand business dyads great attention must be directed to the embedded context where dyadic business relationships take place. According to Lagendijk (1997) the automotive industry operates as a complex organisational chain and its production system is embedded within national socio-political contexts. We share Lagendijk's (1997) view when he suggests that in order to understand the processes occurring in the automotive industry the actions of the firms should be seen in the light of their position in a wider political and economic system. In accordance to Anderson, Hakänsson and Johanson (1994, p.42), we also recognise that "every relationship should be viewed as being part of a network" and that the firm is embedded within a business network context which itself is enveloped by an environment "where forces are non-organisational in nature". Cheung and Turnbull (1998, p.42) claimed that business relationships "are influencing and being influenced by various factors and the relationships are themselves self-generative and influencing". This means that dyadic relationships influence the business networks in which they are embedded and in turn are influenced by them (Cheung and Turnbull, 1998). In this case study the network constraints construct appears to be a significant contextual factor influencing the nature and development of the dyadic relationships involved. It seems that there are factors with a stronger influence than others, thus presenting a combination of factors which are quite specific to each relationship. The research highlights the need to clarify the weight each factor may have in influencing each dyad and to investigate how the interplay of the contextual factors influences dyadic relationships and creates dynamic changes.

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