Bensaou’s buyer-supplier relationships

An exploratory study to factors and conditions

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Summary

Problem statement
Much is written about the types of buyer-supplier relationships. Based on respectively buyer and supplier specific investments Bensaou (1999) identifies 4 types of buyer-supplier relationships: captive buyer, captive supplier, strategic partnerships and market exchange relationships. Besides buyer and supplier specific investments, many other factors may determine Bensaou’s types of buyer-supplier relationships. Many questions remain regarding these factors and the conditions under which the types of relationships occur. This study tried to fill this gap, investigating the following problem statement:

What factors could be used to characterize the four types of buyer-supplier relationships as identified by Bensaou and what conditions result in the occurrence of these relationships?

Research method
To address the problem statement this study first elaborates on Bensaou’s types of buyer-supplier relationships and then examines relevant theoretical literature and scientific articles to establish an overview of the characteristic factors of these relationships. The literature study is concluded with an outline of theoretical expectations. In a dyadic and embedded case study both buyers and suppliers of a company in the aerospace industry are interviewed, analysing their relationships and factors and conditions from both point of views. Finally the theoretical expectations are compared with these empirical observations.

Results
The outcome of the case study indicates that a certain set of factors, explanatory variables, result in a distinctive condition of the factor’s power and (inter)dependence, which determine the specific type of buyer-supplier relationship. Captive buyer and captive supplier relationships in this study were determined by the absence of substitutes, non-retrievable investments, legal property rights and difference in company size. Market exchange relationships were characterized by the combination of the availability of substitutes and the presence of mutual goals. Strategic partnerships seemed to be determined by the presence of legal property rights on both sides, which result in limited or no substitutes for both parties, and high non-retrievable investments on both sides, which results in a high level of interdependence. The high level of shared technology made both parties vulnerable and dependent upon a successful strategic partnership.

The remaining factors, as indentified in this study, are outcome variables and therefore, although they characterize the relationship, they do not determine what type of relationship occurs. Outcome variables in this study were reputation, trust, performance satisfaction, information sharing, cooperation, and bonds. In general, strategic partnerships score high on these outcome variables, whereas market exchange relationships reveal relatively low scores on these variables. In captive relationships trust plays an important role, although parties do not share norms. Only the captive party is inclined, or even forced, to transfer technology.
Conclusions, discussion and recommendations

The outcome of this study both confirms some of the theoretical expectations but it also sheds new light on the area of buyer-supplier relationships. In this study it was found that, besides non-retrievable investments, more explanatory variables determine what type of buyer-supplier relationship is applicable. In addition to Cox’s power matrix (Cox, 2001) this study finds other variables as being equally decisive for the type of relationship. Regarding mutual goals a difference occurred between the empirical findings and the theoretical expectations. Based on the current body of knowledge one would expect a low level of mutual goals for captive supplier, captive buyer and market exchange relationships. However, during the interviews it became clear that the presence of mutual goals in one way or another is an explanatory variable for all types of relationships.

When it comes to outcome variables an even more remarkable conclusion can be made. Current literature mentions that these variables will have a certain state for each type of buyer-supplier relationship. For example, one could expect a high level of trust in a strategic partnership and a low level of trust in a captive buyer relationship. The empirical observations show that a strategic partnership can also be characterized by a low level of trust whereas a fruitful captive buyer relationship can be based on a high level of mutual trust. A comparable discrepancy between the theoretical expectations and empirical observations were found for other outcome variables. From this it can be concluded that, although some conditions might occur more often for a certain type of buyer-supplier relationship than others, in practice all different outcome variables can occur in all types of relationships. These variables therefore do not determine the type of relationship, but they characterize the nature of the relationship.

Future research might determine which explanatory variable or group of variables have the biggest influence on the applicable type of relationship. Other future research could focus on the factors that have an influence on the direction the relation evolves and what consequences exist for the (un)balance of power and the type of relationship.
1. Introduction

This chapter serves as an introduction and preparation for the chapters to come. It describes the background and the relevancy of the problem statement. In section 1.2, the methodology will be discussed and in section 1.3, the structure of the thesis will be presented.

1.1. Problem statement

In recent literature much is written about the types of buyer-supplier relationships (e.g. Bensaou, 1999; Dubois, 2002; Gelderman & Van Weele, 2002, Wynstra & Ten Pierick, 2000). Based on his research of buyer and supplier specific investments Bensaou (Bensaou, 1999) identifies 4 types of buyer-supplier relations:

- Captive buyer: high buyer specific investments and low supplier specific investments;
- Captive supplier: low buyer specific investments and high supplier specific investments;
- Market exchange: low buyer specific investments and low supplier specific investments;
- Strategic Partnership: high buyer specific investments and high supplier specific investments

Besides the factors as identified by Bensaou, researchers have identified other factors that characterize Bensaou’s buyer-supplier relationships. Gelderman & Caniëls (2005) propose that the differences in power and dependence between the buyer and the supplier are a key factor used to differentiate between different types of buyer-supplier relationships. However, other authors emphasize on a variety of other factors, such as trust and satisfaction (e.g. Parsons, 2002), reputation, social bonds and adaptation (e.g. Powers and Reagan, 2007). An even more complex issue concerns the conditions under which certain buyer-supplier relationships are to be expected in a specific situation and/or are to be considered appropriate. In his study Bensaou administered a questionnaire to 447 managers from U.S. and Japanese automobile manufacturing companies. Bensaou uses determinants of buyer and supplier specific investments forming a matrix with four types of buyer-supplier relationships. The actual correlation between these various other factors as described in recent literature and Bensaou’s types of relationship is unexplored territory. A qualitative study could shed more light on the actual occurrence and impact of conditions favouring the development of certain buyer-supplier relationships.

We must conclude that many questions remain unanswered concerning Bensaou’s buyer-supplier relationships, the factors that characterize these relationships and the conditions under which these relationships occur. This study will try to fill this gap, investigating the following problem statement:

What factors could be used to characterize the four types of buyer-supplier relationships as identified by Bensaou and what conditions result in the occurrence of these relationships?
1.2. Methodology
In this study answers will be given to the questions raised in the problem statement using an analysis of the relevant literature and an exploratory case study. First, Bensaou’s types of buyer-supplier relationships will be described. Then, a theoretic framework will be developed, containing factors that describe and characterize these relationships. Finally, the theoretic framework is completed with a prediction of the conditions under which each type of relationship is expected to occur.

In a dyadic and embedded case study both buyers and suppliers of a company in the aerospace industry will be interviewed, analysing relationships from both points of view. The nature of buyer-supplier relationships in the aerospace industry can be very versatile which offers a potentially rich field of activity for the study of various types of relationships.

The case company (focal organization) concerns Fokker Aerostructures B.V.. Interviewing at least four suppliers, four purchasers, four salespersons and four customers, results in a study of eight buyer-supplier relationships.

When selecting the customers at least one company will be chosen which suggests a “captive buyer” situation for this customer. Another company is chosen which suggests a “captive supplier” situation for Fokker. The third customer is chosen with whom a suggested “strategic partnership” exists whereas the fourth buyer-supplier relationship is chosen as it suggests a “market exchange” relationship. Even so the sales managers/directors will be interviewed that have the selected customers in their
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portfolio. On the buyer side the same strategy will be used when selecting the suppliers that will be interviewed.

1.3. Essay lay-out
This study will have an explorative character and will use the following framework.

1.3.1 Problem Statement

1.3.2 Theoretical background

1.3.3 Embedded case study

1.3.4 Results

1.3.5 Discussion

Chapter 2 will describe the theoretical background, using recent scientific theories, research results and literature. Chapter 3 will present and clarify the explorative case study. In this same chapter the findings and results of the case study will be presented. In chapter 4 the results of the empirical part of the study will be compared with the theoretical background. The thesis will be completed with a chapter on conclusions and recommendations.

2. Theoretical backgrounds
In this chapter peer-reviewed articles and literature are used to describe the dynamics of buyer-supplier relationships and the various phases and circumstances these relationships can be in. The types of relationships as described by Bensaou and the factors that determine these will be discussed in the following sections.

2.1. Establishing a buyer-supplier relationship
Long-term buyer-supplier relationships are in constant movement, and can be described as a continuous growing process. It takes time and effort to build, and also maintain, a successful buyer-supplier relationship. Powers and Reagan (2007) define the following steps to come to a maintainable buyer-supplier relationship:

Stage 1: Partner selection. In this stage an appropriate potential partner is identified;
Stage 2: Defining purpose. In this stage both partners define a common understanding of the purpose of the relationship, which is formalized between them and in each separate organization;
Stage 3: Setting relationship boundaries. In this stage both parties decide to what extent the other party penetrates the organization and what level of cooperation will be pursued.
Stage 4: Creating value. In this stage the relationship becomes effective and creates value because of the synergy from the partnership.

Stage 5: Relationship maintenance. If the previous stages were successful, this stage of stability will occur and effort will be put into the continuation and maintenance of the partnership.

Stage 5 could be interpreted as a “they lived happy ever after”-situation but it could also be a situation where one of both parties was forced into this relationship because of various reasons. This study focuses on buyer-supplier relationships that are already in stage 5 and can therefore be described by one of Bensaou’s 4 types of relationships.

2.2. The types of Buyer-supplier relationships of Bensaou

Through his research Bensaou discovered that the level of specific investments made by either partner to the relationship and the mutual exchange of specific investments appear to be a valid criteria to compare buyer-supplier relationships. As stated in the Problem Statement Bensaou uses these specific investments to create a four cell matrix:

![Figure 3, 4 types of buyer-supplier relationships (Bensaou, 1999)]

Specific investments are investments that are difficult or expensive to transfer to another relationship or that may lose their value when redeployed to another supplier or customer. The vertical axis represents buyer specific investments that are divided into:

- Tangible investments such as buildings, tooling and equipment dedicated to the supplier or in products and processes customized to the components procured by the supplier;
- Intangible investments such as investments in people or in time and effort spent learning the supplier’s business practices.

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The horizontal axis represents supplier specific investments that are also divided in the same type of investments:

- Tangible investments such as a plant or warehouse location or layout and specialized facilities;
- Intangible investments such as sending guest engineers and the development of information systems that are compatible with the buyer’s information systems.

Based on buyer and supplier specific investments Bensaou identifies 4 types of buyer-supplier relations:

1. Captive buyer: high buyer specific investments and low supplier specific investments. In this asymmetric relationship the buyer is held hostage by a supplier that is free to switch to another customer;
2. Captive supplier: low buyer specific investments and high supplier specific investments. This relationship is characterized by a supplier that enters the trap of unilaterally making idiosyncratic investments to win and keep the business with the customer;
3. Market exchange: low buyer specific investments and low supplier specific investments. In this relationship neither of the parties has developed specialized assets to work with each other. Both parties can work together by using general-purpose assets. Both the buyer and the supplier can go to the market and shift to another partner at low cost and minimal damage;
4. Strategic Partnership: high buyer specific investments and high supplier specific investments. In this partnership both parties put unusually high value assets into the relationship.

Bensaou states that each cell of the matrix can contain low and high performing relationships meaning that each type of relationship can be successful or unsuccessful. The level of success can be determined by using a simple framework to compare the coordination, information and knowledge-exchange capabilities of the actual relationship against the relationship requirements determined by the product and its market.

There are two kinds of successful relationships: high requirements in combination with high capabilities and low requirements in combination with low capabilities. The two kinds of unsuccessful relationships are characterized by under-designed relationships and overdesigned relationships. An example of an overdesigned relationship is if a firm heavily invests in building trust when the product and market calls for a simple, impersonal control and data-exchange mechanism.
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![Relationship Requirements Diagram]

Figure 4, High- and low performing relationships (Bensaou, 1999)

Bensaou furthermore states that in order to design and/or redesign a successful relationship one has to follow three analytical steps:

1. Select the strategic relational types to match the external conditions that are determined by the product, the technology and the market;
2. Identify an appropriate management profile for each type of relation (relational design);
3. Match the design of the relationship to the desired management profile.

2.3. Factors that characterize buyer-supplier relationships

Section 2.2. describes the four types of buyer-supplier relationships as identified by Bensaou. But what underlying factors, other than or related to specific investments, actually determine which type of buyer-supplier relationship is applicable? This section outlines the various factors that may determine the type of relationship.

2.3.1. Groups of factors characterizing buyer-supplier relationships.

Bensaou states that, while searching for naturally occurring patterns within his data, he found a set of management variables that tend to co-vary together and interact with one another in creating effective buyer-supplier relationships. He discovered that the level of specific investment made by either partner significantly correlates with the four types of relationships. Nevertheless, he also states that the level of specific investments is not the only factor that characterizes the types of relationship.

In various peer reviewed articles much is written about factors that characterize buyer-supplier relationships. One can find a number of similarities between the factors that each author introduces. Using the commonalities and parallels between the characterizing factors, five groups of factors can be found:

1. Factors related to power and dependence
2. Factors related to relationship performance
3. Factors related to collaboration
4. Factors related to technology and investments
5. Factors related to bonds
The following subsections discuss the five groups and their underlying factors as described by the various authors. Further, the various factors are projected onto Bensaou’s various types of relationships and estimations are made as to what the conditions of the factors will be.

### 2.3.2. Factors related to power and dependence

This study examines Bensaou’s types of buyer-supplier relationships but moreover the factors that influence these relationships. In this context the factor of relative power is mentioned regularly by researchers (Bensaou (1999), Cox (2001), Powers & Reagan (2007), Tuten and Urban (2001)). In his dissertation, Gelderman explains that Bensaou’s four types of buyer-supplier relationships appear to be correlated with relative power positions. For example, the ‘captive’ buyer depends heavily on the supplier and has less power. The opposite is applicable for the ‘captive’ supplier. The ‘strategic partnership’ and the ‘market exchange’ relationships reflect a state of balanced power.

Since power appears to be an important factor in evaluating buyer-supplier relationships, further clarification of the term power context is necessary. For clarification the definitions of the terms “power” and “dependence” in the context of buyer-supplier relationships were explored.

The internet offers a wide variety of general definitions of power. (http://www.thefreedictionary.com/power):
1. The ability or capacity to perform or act effectively;
2. A specific capacity, faculty, or aptitude;
3. Strength or force exerted or capable of being exerted;
4. The ability or official capacity to exercise control;
5. A person, group, or nation having great influence or control over others;
6. The might of a nation, political organization, or similar group.

But the power that exists in a buyer-supplier relationship is actually the relative power of one party compared to the other. Gelderman and Caniëls use the following definition: The relative power of an organization over another is the net result of the net dependence of the one on the other.

This would indicate that if A depends more on B than B depends on A, then B has power over A. This definition raises questions about what determines that A depends more on B and what factors play a role in this relative power and net dependence issue.

In general terms “dependence” can be defined as “relying on something in order to be able to survive or operate properly” (http://www.thefreedictionary.com/dependence).

In their article Kumar, Scheer and Steenkamp (Kumar et al., 1995) state that dependence on a trading partner has been defined in channels as a firm’s need to maintain a relationship with the partner to achieve its goals. Below six factors are discussed that are related to power and dependence.
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Power and dependence: Legal property rights
In his article, A. Cox (2001) describes 12 factors, which he refers to as sources that determine supplier power over competitors and buyers. One of these factors is the level of legal property rights. These grant companies the right to protect materials created by them including business information (www.gillhams.com/dictionary). Legal property is comprised of copyrights, designs, patents, confidential information and trademarks. Depending on the buyer-supplier relationship, property rights can be a significant source of power. Bensaou also refers to proprietary technology with respect to power and dependence. The following conditions are expected (Bensaou, 1999):

- Captive buyer: Supplier has more important proprietary technology;
- Captive supplier: Buyer has more important proprietary technology;
- Strategic partnership: Supplier and buyer have equally important proprietary technology;
- Market exchange: Neither the buyer nor supplier has significant proprietary technology.

Power and dependence: Power
Powers & Reagan (2007) describe power as the advantage of one partner over the other and the extent to which one partner can force the other to take actions it otherwise would not do. There is a balance of power if neither partner has an advantage over the other. This is very similar to how Bensaou (1999) describes “bargaining power”.

By evaluating a buyer-supplier relationship on the various factors related to power and dependence, Cox designed a four quadrant power matrix (figure 5) in which any buyer-supplier relationship can be located. There is a clear resemblance between Cox’ 4 types of relationships based on power and dependence and the 4 types of relationships as described by Bensaou.

To illustrate the dynamics of a buyer-supplier relationship Cox states that a buyer will try to reposition their relationship to the “buyer dominance” quadrant in the power matrix while a supplier will simultaneously try to move to the “supplier dominance” quadrant. An analogy can be made to two teams eternally pulling a rope on both sides. And if neither party is more powerful the teams remain balanced either in a state of independence or interdependence.
Based on the figure above the following conditions are expected (Cox, 2001):

- Captive buyer: Relative power of supplier over the buyer;
- Captive supplier: Relative power of the buyer over the supplier;
- Strategic partnership: Balance of power at a high level;
- Market exchange: Balance of power at a low level.

**Power and dependence: Lack of substitutes**

This is defined as the minimum level of outcomes a partner accepts as available alternative relationship opportunities (Powers and Reagan, 2007). Bensaou refers to market characteristics that are determined by the level of demand, the market growth and the number of players. In case of a significant number of substitutes the comparison level can be defined as “many”. When there are no or hardly any substitutes the comparison level can be defined as “few”. The following conditions are expected (Cox, 2001):

- Captive buyer: Many buyers and few suppliers;
- Captive supplier: Few buyers and many suppliers;
- Strategic partnership: Few buyers and few suppliers;
- Market exchange: Many buyers and many suppliers;
Power and dependence: Size of the supplier
A larger size gives a supplier the ability to achieve benefits/economies of scale and thereby create power over competitors and buyers (Cox, 2001). The size of the supplier, according to Bensaou, is considered as one of the characteristics that has an influence on the buyer-supplier relationship. The following conditions are expected:

- Captive buyer: High ability of the supplier to achieve benefits of scale;
- Captive supplier: Low ability of the supplier to achieve benefits of scale;
- Strategic partnership: Low ability of both the supplier and buyer to achieve benefits of scale;
- Market exchange: High ability of both the supplier and buyer to achieve benefits of scale.

Power and dependence: Interdependence
In their article Kumar, Scheer and Steenkamp (Kumar et al., 1995) state that dependence has been defined as one party’s need to maintain a relationship with the other party to achieve its goals. One party can depend more on the other party or both parties can equally depend on each other. The following conditions are expected:

- Captive buyer: Buyer depends on the supplier to achieve its goals;
- Captive supplier: Supplier depends on the buyer to achieve its goals;
- Strategic partnership: Buyer and supplier have a high level of equal dependence;
- Market exchange: Buyer and supplier have a low level of equal dependence;

Power and dependence: Market share
Market share, one of Bensaou’s market characteristics, can be defined as the percentage share of the total market for the supplier that is controlled by the buyer (Cox, 2001). In case the percentage share is high the supplier is dependent on the buyer with limited alternatives. In case the percentage share is low the supplier is not at all dependent on the buyer for revenue and has many alternatives. The following conditions are expected:

- Captive buyer: Buyer has low percentage share of total market of the supplier;
- Captive supplier: Buyer has high percentage share of total market of the supplier;
- Strategic partnership: Buyer has relatively high percentage share of the total market of the supplier;
- Market exchange: Buyer has relatively low percentage share of the total market of the supplier.

2.3.3. Factors related to relationship performance
The next group of factors relate to the performance of the buyer-supplier relationship.

Relationship performance: Reputation
Both Cox (2001) and Powers and Reagan (2007) state that reputation represents one party’s perception of the capabilities of the other party. A reputation can be defined as “good” if the perception of the capabilities of the other party is positive. A reputation can be defined as “poor” if the perception of the capabilities of the other party is
negative. For the factor of reputation, using one of Bensaou’s climate and process characteristics, the following conditions are expected (1999):

- Captive buyer: Supplier does not necessarily have a good reputation;
- Captive supplier: Buyer does not necessarily have a good reputation;
- Strategic partnership: Supplier and buyer have an excellent reputation;
- Market exchange: Supplier and buyer have a good reputation and track record.

**Relationship performance: Trust**

The factor “trust”, which is the willingness to rely on the other partner, is mentioned by Bensaou (1999), Parsons (2002), Power and Reagan (2007), Mohr and Spekman (1994) and Tuten and Urban (2001). In their article about the US, Korean and Japanese automotive industry, Dyer and Chu (2000) conclude that trust is highly correlated with stable and consistent buyer processes/routines that represent credible commitments toward long term interactions. A high degree of stability of organizational personnel on both sides might also be a determinant of trust since it was an accurate predictor in Japan, but not in the U.S. or Korea, the other areas included in their research. Finally, the institutional environment also has an important influence on the development of interorganizational trust. Interesting buyers face actual costs when establishing high trust supplier relations including the expense of providing assistance to suppliers and the loss of the opportunity to use a more competitive supplier if one came along.

Trust can be defined as “high” if one party is willing to rely on the other party. Trust can be defined as “low” if one party is not willing to rely on the other party. The following conditions are expected (Bensaou, 1999):

- Captive buyer: Lack of mutual trust;
- Captive supplier: High mutual trust but limited to direct joint action and cooperation;
- Strategic partnership: High mutual trust and commitment to the relationship;
- Market exchange: Fair level of trust.

**Relationship performance: Performance satisfaction**

The level of performance satisfaction indicates the degree to which the business aspect of the partnership gives each party their expected or desired value (Powers and Reagan, 2007). In this context Parsons (2002) and Mohr and Spekman (1994) measure the relationship’s quality. Tutan and Urban (2001) define satisfactory performance indicators as when sales, market share and profitability are in line with the expectations. Performance satisfaction is defined as “good” if the performance of one party meets the expectations of the other. The performance satisfaction is defined as “poor” if the performance of one party doesn’t meet the expectations of the other. The following conditions are expected:

- Captive buyer: Poor supplier performance;
- Captive supplier: Good supplier performance;
- Strategic partnership: Good supplier and buyer performance;
- Market exchange: Good supplier and buyer performance.
2.3.4. Factors related to relationship performance

The next group of factors are factors that relate to the level of collaboration between the buyer and the supplier.

Collaboration: Information sharing

In his article Bensaou (1999) states that information-sharing mechanisms are determined by the level of exchange of information, frequency of visits and the direction of the visit. Tutan and Urban (2001) discuss improved communication, including frequency, accuracy and willingness to share important information. Parsons (2002) concludes that the level of mutual disclosure of information as one of the interpersonal variables that can determine the quality of the relationship. The quantity and quality of the information that is shared within a buyer-supplier relationship can vary. The following conditions are expected (Bensaou, 1999):

- Captive buyer: “Broadband” and important exchange of detailed information at a continuous basis;
- Captive supplier: Little exchange of information;
- Strategic partnership: “Broadband” and frequent and “rich media” exchange;
- Market exchange: “Narrow-band” and limited information exchange, heavy at time of contract negotiation.

Collaboration: Cooperation

Cooperation is coordinated action of both partners to achieve mutual goals and by doing so, benefit from the relationship (Powers and Reagan, 2007). Cooperation can be defined as “good” if both parties act to achieve common goals. Cooperation can be defined as “poor” if the parties act in their own interest and not toward mutual goals. Supplier involvement as defined by Bensaou is expected to have the following conditions (Bensaou, 1999):

- Captive buyer: Strong (good) effort by buyer toward cooperation;
- Captive supplier: Limited (poor) cooperation;
- Strategic partnership: Extensive joint action and cooperation;
- Market exchange: No systematic joint effort and cooperation.

Collaboration: Mutual goals

The level of mutual goals are determined by to what extent common goals can be achieved by the established relationship (Powers and Reagan, 2007; Parsons, 2002). Both Bensaou (1999) and Mohr and Spekman (1994) relate mutual goals to a high level of commitment, a pledge of relational continuity between both partners, and a willingness towards joint problem solving. When these conditions extensively apply to a relationship then there will be many mutual goals. When these conditions are applicable only to a small extent there will be few mutual goals. The following conditions are expected:

- Captive buyer: Few mutual goals;
- Captive supplier: Few mutual goals;
- Strategic partnership: Many mutual goals;
- Market exchange: Few mutual goals.
2.3.5. Factors related to relationship bonds
The next group of factors are factors that relate to the level of bonding between the buyer and the supplier.

Relationship bonds: Social bonds
Social bonds represent the shared norms and standards of behaviour that are required for the relationship (Powers and Reagan, 2007). Parsons (2002) states that the nature of relational selling behaviour, being the nature of the salesperson’s behaviour during customer interactions, is a measure of the level of shared norms and standards. If there are many shared norms and standards the social bonds can be defined as “high”. If there are only few shared norms and standards the social bonds can be defined as “low”. The following conditions are expected:
- Captive buyer: High level of shared norms and standards imposed by the supplier;
- Captive supplier: High level of shared norms and standards imposed by the buyer;
- Strategic partnership: High level of shared norms and standards;
- Market exchange: Low level of shared norms and standards.

Relationship bonds: Structural bonds.
Structural bonds consist of the dependence of each partner on the other’s accomplishment (Powers and Reagan, 2007). The following conditions are expected (Bensaou, 1999):
- Captive buyer: Buyer heavily depends on the supplier’s technology and skills;
- Captive supplier: Supplier heavily depends on the accomplishments of the buyer;
- Strategic partnership: Strong recognized skills and capabilities in design, engineering and manufacturing;
- Market exchange: Only economic reliance on general business.

2.3.6. Factors related to technology and investments
The final group of factors relate to shared technology and the level of non-retrievable investments.

Technology and investments: Shared technology
This is the degree to which each of the partners recognizes that the technology added by each partner is beneficial for both parties and thus the relationship (Powers and Reagan, 2007). The following conditions are expected (Bensaou, 1999):
- Captive buyer: Technically complex, based on mature and well-understood technology. Little innovation and improvement to the product;
- Captive supplier: Technically complex, new technology developed by suppliers. Important and frequent innovations and heavy capital investment required;
- Strategic partnership: Technically complex, new technologies and large capital investments required;
- Market exchange: No significant shared technology.
Technology and investments: Non-retrievable investments (switching costs).

Powers and Reagan (2007) identified that there are costs that are associated with ending the relationship and starting a new one with another partner. If these switching costs make a party reluctant to search for an alternative then the costs can be defined as “high”. If the switching costs are not an issue when looking for an alternative, then the costs can be defined as “low”. The following conditions are expected (Cox, 2001):

- Captive buyer: Supplier’s switching costs are low, buyer’s switching costs are high;
- Captive supplier: Supplier’s switching costs are high, supplier’s switching costs are low;
- Strategic partnership: Both buyers’ and suppliers’ switching costs are high;
- Market exchange: Both buyers’ and suppliers’ switching costs are low.

2.4. SubConclusion: Factors that characterize a buyer-supplier relation and their conditions.

Every factor described above, but more importantly, every change in these factors, can cause the actual relationship to change or at least the perception of the relationship to change. If, for example, the reputation of the supplier is degraded because of some failure, the buyer doesn’t want to be associated with this supplier and would at least consider searching for alternative suppliers. Moreover, if the power shifts and the supplier starts to force the buyer to take actions it doesn’t like and the buyer has an alternative supplier, this will directly influence the buyer-supplier relationship. It will shift, for example, from a strategic partnership to a captive supplier relationship.

This section on factors, and their conditions, that characterize the buyer-supplier relationships as described by Bensaou is concluded with an overview (figure 6). In the next chapter this overview is studied further during an explorative case study.
<table>
<thead>
<tr>
<th>subgroup</th>
<th>Factors</th>
<th>Captive Buyer</th>
<th>Captive Supplier</th>
<th>Strategic Partnership</th>
<th>Market Exchange</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal property</td>
<td>Supplier has important technology</td>
<td>Strong buyer proprietary technology</td>
<td>Both buyer and supplier proprietary technology</td>
<td>No proprietary technology</td>
<td></td>
</tr>
<tr>
<td>rights</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Power</td>
<td>Supplier &gt; Buyer</td>
<td>Supplier &lt; Buyer</td>
<td>Buyer = Supplier (high level)</td>
<td>Buyer = Supplier (low level)</td>
<td></td>
</tr>
<tr>
<td>Lack of</td>
<td>Many buyers, few suppliers</td>
<td>Few buyers, many suppliers</td>
<td>Few buyers, few suppliers</td>
<td>Many buyers, many suppliers</td>
<td></td>
</tr>
<tr>
<td>substitutes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Size of the</td>
<td>High ability for the supplier to achieve</td>
<td>Low ability for the supplier to achieve benefits</td>
<td>Low ability for both the buyer and supplier to</td>
<td>High ability for both the buyer and</td>
<td></td>
</tr>
<tr>
<td>supplier</td>
<td>benefits of scale</td>
<td>benefits of scale</td>
<td>achieve benefits of scale</td>
<td>supplier to achieve benefits of scale</td>
<td></td>
</tr>
<tr>
<td>Interdependence</td>
<td>Buyer depends on supplier</td>
<td>Supplier depends on buyer</td>
<td>Equal dependence</td>
<td>Low level of equal dependence</td>
<td></td>
</tr>
<tr>
<td>Market share</td>
<td>Buyer has low % share of suppliers market</td>
<td>Buyer has high % share of suppliers market</td>
<td>Buyer has relatively high % share of suppliers</td>
<td>Buyer has relatively low % share of</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>market</td>
<td>suppliers market</td>
<td></td>
</tr>
<tr>
<td>Relationship</td>
<td>Supplier has poor reputation</td>
<td>Buyer has poor reputation</td>
<td>Supplier and buyer have excellent reputation</td>
<td>Supplier and buyer have good reputation</td>
<td></td>
</tr>
<tr>
<td>Performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reputation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trust</td>
<td>Lack of mutual trust</td>
<td>High mutual trust, limited cooperation</td>
<td>High mutual trust, high commitment</td>
<td>Fair level of trust</td>
<td></td>
</tr>
<tr>
<td>Performance</td>
<td>Poor supplier performance</td>
<td>Good supplier performance</td>
<td>Good supplier and buyer performance</td>
<td>Good supplier and buyer performance</td>
<td></td>
</tr>
<tr>
<td>satisfaction</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collaboration</td>
<td>Continuous exchange of important information</td>
<td>Little exchange of information</td>
<td>Frequent and &quot;rich media&quot; exchange</td>
<td>Limited information exchange</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information</td>
<td>Strong effort by the buyer</td>
<td>Limited cooperation</td>
<td>Extensive cooperation</td>
<td>No cooperation</td>
<td></td>
</tr>
<tr>
<td>sharing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cooperation</td>
<td>Few mutual goals</td>
<td>Few mutual goals</td>
<td>Many mutual goals</td>
<td>Few mutual goals</td>
<td></td>
</tr>
<tr>
<td>Mutual goals</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds</td>
<td>High level of shared norms and standards</td>
<td>High level of shared norms and standards</td>
<td>High level of shared norms and standards</td>
<td>Low level of shared norms and standards</td>
<td></td>
</tr>
<tr>
<td></td>
<td>imposed by the supplier</td>
<td>imposed by the buyer</td>
<td>imposed by the buyer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social bonds</td>
<td>Buyer depends on supplier</td>
<td>Supplier depends on buyer</td>
<td>Strong mutual recognition</td>
<td>Economic reliance on general business</td>
<td></td>
</tr>
<tr>
<td>Structural bonds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology and</td>
<td>Technically complex, mature technology</td>
<td>Technically complex, new technology</td>
<td>Large investments on technology required</td>
<td>No significant shared technology</td>
<td></td>
</tr>
<tr>
<td>investments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shared technology</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-retrievable</td>
<td>High buyer switching costs</td>
<td>High supplier switching costs</td>
<td>High mutual switching costs</td>
<td>Low mutual switching costs</td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 6. Factors and conditions
3. Embedded case study

3.1. Introduction to the case study

In this chapter a dyadic and embedded case study is discussed in which multiple cases of both buyers and suppliers of a company in the aerospace/defence industry are interviewed, and their relationships analysed from both points of view. The reason for choosing this particular company is that the versatile nature of buyer-supplier relationships in the aerospace industry offers a potentially rich source of examples of various types of Bensaou’s relationships.

The case company (focal organization) concerns Fokker Aerostructures B.V.. By interviewing at least four suppliers, four purchasers, four salespersons and four customers, eight buyer-supplier relationships were examined.

![Diagram of embedded case study]

Figure 7, Diagram of embedded case study
3.2. Methodology

3.2.1. Introduction to the embedded case study
In their article Kumar, Stern and Anderson (1993) state that it is widely recognized that, to survive in competitive environments, firms must seek cooperative relationships with other firms. This can result in various types of buyer-supplier relationships. Correspondingly, an increasing number of empirical studies on buyer-supplier relationships have taken place in management and marketing areas. Since researchers are frequently confronted with a lack of archival data, they must often rely on the reports of key informants.

This exploratory and descriptive case study also uses the Key Informant Method since complete and in-depth information is not expected from representative survey respondents. Respondents tend to describe their personal feelings and opinions, whereas informants can generalize patterns of behaviour and actual or prescribed organizational relations. The key informants are not chosen from a statistical point of view but they are chosen because they are supposed to have significant knowledge about the issues that are being studied and are willing and able to discuss them.

The Key Informant Method however, has two drawbacks (Kumar, Stern and Anderson, 1993). The first drawback, the so called selection problem, is the challenge of identifying two or more key informants that are competent to report on the buyer-supplier relationship. The second drawback, the perceptual agreement problem, occurs if the reports of multiple competent informants show dissimilarities.

For this case study the two drawbacks are taken into account by asking a number of competency questions to all identified informants prior to the actual interview (see appendix A and B). The competency questions contain questions concerning their role in the organization and their role within the buyer-supplier relationship.

3.2.2. Measurement
As stated in the introduction this study contains the following problem statement:

What factors could be used to characterize the four types of buyer-supplier relationships as identified by Bensaou and what conditions result in the occurrence of these relationships?

During the literature study an answer has been given to the first part of the problem statement, and the factors that characterize the four buyer-supplier relationships were outlined. During the embedded case study multiple cases are used to provide an answer to the second part of the question, and the conditions that result in the occurrence of the various types of relationships will be investigated.

For the eight cases the informants were interviewed using a semi-structured interview-scheme leaving enough room for elaboration, clarification and in-depth discussions. In preparation of the interview the interviewees were asked to fill in a survey using a 5-point Likert scale. The interview guides, one for buyers and one for suppliers, can be found in appendix A and B. The survey can be found in appendix C. Altogether 16
Interviews were executed with 16 informants: 4 suppliers (procurement-side), 4 buyers (Fokker), 4 Sales Managers (Fokker) and 4 buyers (customer-side).

Within the Key Informant Method a snowballing technique was chosen for the selection of informants whereby the first informant nominated other key-informants. For this particular study Fokker’s Director of Procurement and a Vice-President were interviewed and nominated the 4 buyer-supplier relationships that are predicted to represent the 4 types of relationships as described by Bensaou. For this purpose the power and dependence factors were used to determine the predicted type of buyer-supplier relationship.

<table>
<thead>
<tr>
<th>Captive Buyer: The buyer depends on the supplier. The supplier overpowers the buyer.</th>
<th>Strategic Partnership: High level of interdependence. High level of equal power.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market exchange: Low level of interdependence. Low level of equal power.</td>
<td>Captive supplier: The supplier depends on the buyer. The buyer overpowers the supplier.</td>
</tr>
</tbody>
</table>

Figure 8, Power and dependence and the 4 types of buyer-supplier relationships

Afterwards they nominated the 4 buyers and 4 sales managers within their own organization who are responsible for that particular account. The buyers and sales managers in turn nominated informants on the external buyer and supplier side respectively.

Figure 9, Snowballing Technique I
Days before the interview the interviewees were asked to fill in a survey using a 5-point Likert-scale. The purpose of the survey is twofold. First, it is used to determine if the predicted type of buyer-supplier relationship is applicable. Second, it is used to form a baseline and starting point for the interview. The in-depth semi-structured interviews were conducted by means of face-to-face contact, videoconferencing and teleconferencing, depending on the geographical challenges. At the end of the interview, the informants had the opportunity to respond on a summary of the interview and to make remarks, if necessary. During the interviews the factors, as summarized in figure 6, and the applicable conditions of those factors are measured. Thus, all factors are measured using a qualitative (interview) and quantitative (survey) approach using various sources for existing and new survey questions and open questions (see figure 11). There are two interview guides, one for buyers and one for suppliers.
<table>
<thead>
<tr>
<th>Subgroup</th>
<th>Factors</th>
<th>Possible conditions</th>
<th>Qualitative approach</th>
<th>Quantitative approach</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power and Dependence</td>
<td>Legal property rights</td>
<td>From strong proprietary technology to no proprietary technology</td>
<td>Open and factor-related questions (see appendix A &amp; B)</td>
<td>Survey, 5-point likert scale</td>
<td>Bensaou, 1999</td>
</tr>
<tr>
<td></td>
<td>Power</td>
<td>Buyer overpowers supplier, supplier overpowers buyer, high and low level equal power</td>
<td>Open and factor-related questions (see appendix A &amp; B)</td>
<td>Survey, 5-point likert scale</td>
<td>Cox, 2001</td>
</tr>
<tr>
<td></td>
<td>Lack of substitutes</td>
<td>Many or few supplier, many or few buyers</td>
<td>Open and factor-related questions (see appendix A &amp; B)</td>
<td>Survey, 5-point likert scale</td>
<td>Cox, 2001</td>
</tr>
<tr>
<td></td>
<td>Size of the supplier</td>
<td>Low or high ability to achieve benefits of scale</td>
<td>Open and factor-related questions (see appendix A &amp; B)</td>
<td>Survey, 5-point likert scale</td>
<td>Cox, 2001</td>
</tr>
<tr>
<td></td>
<td>Interdependence</td>
<td>Buyer depends on supplier. Supplier depends on buyer, high or low level of equal dependence</td>
<td>Open and factor-related questions (see appendix A &amp; B)</td>
<td>Survey, 5-point likert scale</td>
<td>Kumar et al, 1999</td>
</tr>
<tr>
<td></td>
<td>Market share</td>
<td>Buyer has high or low level of market share</td>
<td>Open and factor-related questions (see appendix A &amp; B)</td>
<td>Survey, 5-point likert scale</td>
<td>Cox, 2001</td>
</tr>
<tr>
<td>Relationship Performance</td>
<td>Reputation</td>
<td>Good or a poor reputation</td>
<td>Open and factor-related questions (see appendix A &amp; B)</td>
<td>Survey, 5-point likert scale</td>
<td>Bensaou, Coyne, Venkateshaman, 1998</td>
</tr>
<tr>
<td></td>
<td>Trust</td>
<td>Lack of mutual trust, fair level, high level</td>
<td>Open and factor-related questions (see appendix A &amp; B)</td>
<td>Survey, 5-point likert scale</td>
<td>Bensaou, 1999, Rempel et al, 1996</td>
</tr>
<tr>
<td></td>
<td>Performance satisfaction</td>
<td>Poor performance, good performance</td>
<td>Open and factor-related questions (see appendix A &amp; B)</td>
<td>Survey, 5-point likert scale</td>
<td>Tutan and Urban, 2001, Skarmes et al, 2002</td>
</tr>
<tr>
<td>Collaboration</td>
<td>Information sharing</td>
<td>Continuous, little, limited, frequent exchange of information</td>
<td>Open and factor-related questions (see appendix A &amp; B)</td>
<td>Survey, 5-point likert scale</td>
<td>Bensaou, 1999</td>
</tr>
<tr>
<td></td>
<td>Cooperation</td>
<td>No, limited or extensive cooperation</td>
<td>Open and factor-related questions (see appendix A &amp; B)</td>
<td>Survey, 5-point likert scale</td>
<td>Bensaou, 1999</td>
</tr>
<tr>
<td></td>
<td>Mutual goals</td>
<td>Many or few mutual goals</td>
<td>Open and factor-related questions (see appendix A &amp; B)</td>
<td>Survey, 5-point likert scale</td>
<td>Mohr and Siggelkamp, 1994</td>
</tr>
<tr>
<td>Bonds</td>
<td>Social bonds</td>
<td>Low or high level of shared norms</td>
<td>Open and factor-related questions (see appendix A &amp; B)</td>
<td>Survey, 5-point likert scale</td>
<td>Parsons, 2002</td>
</tr>
<tr>
<td></td>
<td>Structural bonds</td>
<td>Unequal dependence, mutual recognition, economic reliance</td>
<td>Open and factor-related questions (see appendix A &amp; B)</td>
<td>Survey, 5-point likert scale</td>
<td>Bensaou, 1999</td>
</tr>
<tr>
<td>Technology and Investments</td>
<td>Shared technology</td>
<td>New or mature technology, shared or non-shared technology</td>
<td>Open and factor-related questions (see appendix A &amp; B)</td>
<td>Survey, 5-point likert scale</td>
<td>Bensaou, 1999, Kostabe et al, 2003</td>
</tr>
<tr>
<td></td>
<td>Non-retrievable Investments</td>
<td>High or low switching costs</td>
<td>Open and factor-related questions (see appendix A &amp; B)</td>
<td>Survey, 5-point likert scale</td>
<td>Cox, 2001, Skarmes et al, 2002</td>
</tr>
</tbody>
</table>
4. Results
In this chapter the results of the embedded case study are presented. This study, using a dyadic approach, focuses on Bensaou’s four types of buyer-supplier relationships and the different conditions of the factors that characterize these types. In the following sections the points of agreement and the points of disagreement are laid out per group of factors, looking at Fokker in a suppliers role (S<sub>FA</sub>) and then in a buyers role (B<sub>FA</sub>). Furthermore a sub conclusion is given per group of factors. This pattern is followed for all four types of buyer-supplier relationships.

4.1. Captive buyer relationships
Based on table 1 it can be concluded that in a captive buyer relationship the supplier dominates the buyer and the buyer depends on the supplier. In these particular captive buyer relationships this dependence of the buyer is due to the unique intellectual property of the supplier. Because of this intellectual property the buyer has limited or no substitutes to turn to creating a dependence on the supplier. Despite this dependence a high level of trust plays an important role in making this relationship fruitful for both parties. Apparently the dominance of the supplier is limited to the extent that the mutual trust stays intact. But the level of trust also has its limits from the supplier’s perspective. The supplier is not willing to trust the buyer with its intellectual property. The obvious reason for this is the risk that the supplier would lose its dominating position. Thus, the supplier has a special interest in maintaining its dominant position.

<table>
<thead>
<tr>
<th></th>
<th>Captive buyer</th>
<th>Captive buyer</th>
<th>Subconclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B&lt;sub&gt;1&lt;/sub&gt; – S&lt;sub&gt;FA&lt;/sub&gt;</td>
<td>B&lt;sub&gt;FA&lt;/sub&gt; – S&lt;sub&gt;1&lt;/sub&gt;</td>
<td></td>
</tr>
<tr>
<td>Power &amp; Dependence</td>
<td>Points of agreement.</td>
<td>Points of agreement.</td>
<td>The supplier’s power over the buyer is caused by the presence of intellectual property and therefore the buyer depends on the supplier. Because of this Intellectual Property there are limited or no substitutes for the buyer.</td>
</tr>
<tr>
<td></td>
<td>The supplier’s intellectual property is of importance and dominates the relationship. Lack of substitutes plays an important role. Although the supplier is bigger in size it can not create power over the buyer due to this. The buyer depends on the supplier to achieve its goal.</td>
<td>The supplier’s intellectual property is of great importance and dominates the relationship. Lack of substitutes plays an important role. Both parties depend on the other party.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Points of disagreement.</td>
<td>Points of disagreement.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Not applicable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relationship Performance</td>
<td>Points of agreement.</td>
<td>Points of agreement.</td>
<td>Trust plays an important role in captive buyer relationships.</td>
</tr>
<tr>
<td></td>
<td>Reputation and trust plays an important role and both parties think well of the other parties’ reputation and performance.</td>
<td>Trust plays an important role in this relationship.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Points of disagreement.</td>
<td>Points of disagreement.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Not applicable</td>
<td>The buyer feels that reputation doesn’t play a role whereas the supplier does feel that reputation plays an important role.</td>
<td></td>
</tr>
<tr>
<td>Collaboration</td>
<td>Points of agreement.</td>
<td>Points of agreement.</td>
<td>The relevance of Information sharing, mutual goals and cooperation is rated differently by each party in the two examined captive buyer relationships.</td>
</tr>
<tr>
<td></td>
<td>Information sharing, mutual goals and cooperation play an important role.</td>
<td>The supplier is sharing more information than the buyer. Mutual goals play an important role although the supplier identifies limited mutual goals whereas the buyer identifies mutual goals.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Points of disagreement.</td>
<td>Points of disagreement.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Not applicable</td>
<td>The buyer is neutral towards the</td>
<td></td>
</tr>
</tbody>
</table>
Bensaou’s buyer-supplier relationships

### Bonds

<table>
<thead>
<tr>
<th>Points of agreement.</th>
<th>Points of disagreement.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not applicable</td>
<td>The buyer feels it has no shared norms and standards of behaviour whereas the supplier feels the contrary.</td>
</tr>
</tbody>
</table>

### Technology and Investments

<table>
<thead>
<tr>
<th>Points of agreement.</th>
<th>Points of disagreement.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The interviewed party feels that the other party is willing to transfer knowledge to them.</td>
<td>The buyer in fact willing to transfer knowledge whereas the supplier didn’t. The buyer feels that switching costs are an issue whereas the supplier thinks the opposite.</td>
</tr>
</tbody>
</table>

### Points of agreement.
- Intellectual Property and interdependence plays an important role in this relationship.
- There are significant switching costs involved for both parties. The buyer overpowers the supplier.

### Points of disagreement.
- The supplier feels that power plays an important role and due to its size the buyer can create power over the supplier. The buyer’s market share plays a role in this unbalance of power.

### Technology and Investments

<table>
<thead>
<tr>
<th>Points of agreement.</th>
<th>Points of agreement.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reliance on the other party plays an important role. Switching costs are not an issue when looking for an alternative party.</td>
<td>Only in one of the two examined captive buyer relationships are non-retrievable investments an issue for the buyer.</td>
</tr>
</tbody>
</table>

### Technology and Investments

<table>
<thead>
<tr>
<th>Points of agreement.</th>
<th>Points of disagreement.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The other party’s intellectual property plays an important role. The buyer dominates the supplier.</td>
<td>The supplier isn’t willing to transfer knowledge and risk losing its position that’s based on its intellectual property.</td>
</tr>
</tbody>
</table>

### Points of agreement.
- The supplier feels that power doesn’t play an important role in this relationship. The buyer has limited substitutes to turn to and the switching costs are significant. This plays an important role in the relationship according to the buyer. The supplier is overpowered by the buyer due to the buyer’s size and/or market share.

Table 1, Captive buyer relationships

### 4.2. Captive supplier relationships

Taking the outcome in table 2 into account one can conclude that in a captive supplier relationship the supplier depends on the buyer and the buyer therefore overpowers the supplier. This unbalance of power can have one or a combination of factors: the size of the buyer and its market share but also the switching costs for the supplier contribute to the dependence of the supplier on the buyer. Despite the fact that the supplier has important intellectual property this is not sufficient to balance the level of power towards the buyer. To make this relationship a fruitful one cooperation and mutual goals are of great importance. Via these mutual goals the buyer does depend on the supplier to some extent, thus preventing the buyer from abusing its dominance over the supplier. For this reason, in a captive supplier situation the buyer will also invest (heavily) in the relationship but not to the extent that it loses its dominating position.
### Bensaou’s buyer-supplier relationships

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Performance</th>
<th>Collaboration</th>
<th>Bonds</th>
<th>Technology and Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Points of agreement.</strong></td>
<td>Reputation, trust and performance satisfaction plays an important role.</td>
<td>Points of agreement. Mutual goals and cooperation play an important role in this relationship.</td>
<td>Points of agreement. Shared norms play just an average role in this relationship.</td>
<td>Points of agreement. Both companies invested heavily in the relationship and switching costs play an important role.</td>
</tr>
<tr>
<td><strong>Points of disagreement.</strong></td>
<td>The supplier does not think highly of the buyer’s reputation for holding to its commitments, its performance or its trustworthiness.</td>
<td>Points of disagreement. The buyer doesn’t think that information sharing plays an important role.</td>
<td>Points of disagreement. The supplier is not relying on the buyer to complete its tasks whereas the buyer is.</td>
<td>Points of disagreement. The supplier is not willing to transfer technology to the buyer although the buyer feels that sharing technology is of importance to the relationship.</td>
</tr>
<tr>
<td><strong>Points of agreement.</strong></td>
<td>The buyer doesn’t think highly of the supplier’s performance and reputation.</td>
<td>Points of disagreement.</td>
<td>Points of agreement.</td>
<td>Points of agreement.</td>
</tr>
<tr>
<td><strong>Points of disagreement.</strong></td>
<td>Reputation, trust and performance satisfaction play an important role but the conditions can be different.</td>
<td></td>
<td>Points of disagreement.</td>
<td>Both parties invested heavily in the relationship but the relevance for the relationship can differ.</td>
</tr>
</tbody>
</table>

#### Table 2, Captive supplier relationships

4.3. Strategic partnerships

In these strategic partnerships, see table 3, both parties greatly depend on each other and neither of the parties dominates the relationship. In other words, there is a high level of interdependence between the parties. For that same reason trust and performance satisfaction plays an important role. Loss of trust or the non-performance of one party would immediately have an effect on the other party. The reason for this interdependence is both parties investing heavily in the relationship causing the switching costs to be high. The presence of intellectual property also means that there are no or very limited substitutes for both parties, again creating a high level of interdependence. To make the strategic partnership as fruitful as possible the parties will be open to information sharing, cooperation and even sharing technology. However, both parties will be careful about sharing their technology preventing loss of the balance of power due to the fact that the relevance of their intellectual property diminishes.
Bensaou’s buyer-supplier relationships

<table>
<thead>
<tr>
<th></th>
<th>Strategic partnership</th>
<th>Strategic partnership</th>
<th>Subconclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Power &amp; Dependence</strong></td>
<td>Points of agreement. Both parties’ intellectual property is of importance for the relationship but doesn’t dominate the relationship. Neither of the parties dominate the relationship, there’s an equally high level of power based on interdependence. Both parties have limited or no substitutes. Switching costs can be very high for both parties.</td>
<td>Points of agreement. The other party’s intellectual property plays an important role in this relationship. Each party can force the other to actions it may otherwise not do. None of the parties dominates the relationship. Switching costs, lack of substitutes and interdependence play an important role.</td>
<td>The other party’s intellectual property plays an important role in this relationship. Neither of the parties dominate the relationship. Switching costs, lack of substitutes and interdependence play an important role.</td>
</tr>
<tr>
<td></td>
<td>Points of agreement. The buyer feels that power does play an important role. The buyer does feel that the supplier’s size is of importance.</td>
<td>Points of disagreement. The buyer does feel that supplier’s size is of importance for this relationship.</td>
<td></td>
</tr>
<tr>
<td><strong>Relationship Performance</strong></td>
<td>Points of agreement. Reputation, trust and performance satisfaction play an important role in this relationship.</td>
<td>Points of agreement. Trust and performance satisfaction play an important role in this relationship.</td>
<td>Trust and performance satisfaction play an important role in this relationship.</td>
</tr>
<tr>
<td></td>
<td>Points of disagreement. Not applicable.</td>
<td>Points of disagreement. The perception of the other party’s performance and reputation differs.</td>
<td></td>
</tr>
<tr>
<td><strong>Collaboration</strong></td>
<td>Points of agreement. Information sharing, cooperation and mutual goals play an important role in this relationship.</td>
<td>Points of agreement. Information sharing and cooperation play an important role in this relationship.</td>
<td>Information sharing and cooperation play an important role in this relationship.</td>
</tr>
<tr>
<td></td>
<td>Points of disagreement. Not applicable.</td>
<td>Points of disagreement. Only the buyer feels that mutual goals play an important role in the relationship.</td>
<td></td>
</tr>
<tr>
<td><strong>Bonds</strong></td>
<td>Points of agreement. Both parties share the same norms and standards.</td>
<td>Points of agreement. The level and importance of shared norms and standards is limited. Reliance on the other party to accomplish its tasks is of great importance.</td>
<td>Reliance on the other party to accomplish its tasks is of great importance.</td>
</tr>
<tr>
<td></td>
<td>Points of disagreement. Only the buyer feels that these are of importance for this strategic partnership.</td>
<td>Points of disagreement. Not applicable.</td>
<td></td>
</tr>
<tr>
<td><strong>Technology and Investments</strong></td>
<td>Points of agreement. Reliance on the other party and sharing technology play an important role in this relationship. Switching costs are an issue and play an important role.</td>
<td>Points of agreement. Sharing technology as well as switching costs play an important role in this relationship.</td>
<td>Sharing technology as well as switching costs play an important role in this relationship.</td>
</tr>
<tr>
<td></td>
<td>Points of disagreement. Not applicable.</td>
<td>Points of disagreement. Not applicable.</td>
<td></td>
</tr>
</tbody>
</table>

Table 3, Strategic Partnerships
**4.4. Market exchange**

In the market exchange relationship, as summarized in table 4, neither party depends on the other and neither of the parties dominates the relationship. The most important reason for this situation is that both parties have sufficient substitutes so that they do not depend on the other party. Although intellectual property plays a role, it doesn’t affect the relationship to the extent that there is an unbalance of power or a high level of interdependence. Due to the lack of interdependence the influence of factors like mutual goals, trust, sharing technology, cooperation and information sharing is very limited. The success for a fruitful market exchange relationship can be found in performance satisfaction: all that matters is on time deliveries, at the desired quality and for an acceptable price.

<table>
<thead>
<tr>
<th></th>
<th>Market exchange B₁ − S₁</th>
<th>Market exchange BFA − S₁</th>
<th>Subconclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Power &amp; Dependence</strong></td>
<td>Points of agreement. Neither of the parties dominates the relationship but both parties depend on each other. Intellectual Property plays an important role in the relationship. Switching costs are limited.</td>
<td>Points of agreement. Intellectual property plays an important role in this relationship. Neither of the parties dominates the relationship. Both parties have many substitutes.</td>
<td>Intellectual property plays an important role in this relationship. Both parties have substitutes.</td>
</tr>
<tr>
<td></td>
<td>Points of agreement. The supplier feels that the size of the other party is of importance. The supplier doesn’t feel that the buyer’s intellectual property plays an important role.</td>
<td>Points of agreement. Only the supplier feels that power plays a role in this relationship and that switching costs play a role. Only the supplier feels that the others party's size and market size play an important role.</td>
<td>The parties’ opinions on the relevance of trust and reputation differ.</td>
</tr>
<tr>
<td><strong>Relationship Performance</strong></td>
<td>Points of agreement. Reputation and trust play no or a limited role whereas performance satisfaction plays an important role.</td>
<td>Points of agreement. Reputation, trust and performance satisfaction play an important role in this relationship.</td>
<td>The parties’ opinions on the relevance of mutual goals differ.</td>
</tr>
<tr>
<td></td>
<td>Points of disagreement. The supplier doesn’t feel that the relationship has been very productive so far.</td>
<td>Points of disagreement. Only the supplier feels that the other party may pursue new opportunities at his expense.</td>
<td>The relevance of mutual goals, information sharing and cooperation is perceived differently by both parties.</td>
</tr>
<tr>
<td><strong>Collaboration</strong></td>
<td>Points of agreement. The level of cooperation is limited. Both parties try to achieve a common goal which plays an important role in this relationship.</td>
<td>Points of agreement. Information sharing plays an important role.</td>
<td>The parties’ opinions on the relevance of mutual goals, information sharing and cooperation differ.</td>
</tr>
<tr>
<td></td>
<td>Points of disagreement.</td>
<td>Points of disagreement. The relevance of mutual goals and cooperation is perceived differently by both parties.</td>
<td>The amount of shared technology and the willingness to share technology is very limited and doesn’t play a role in</td>
</tr>
<tr>
<td><strong>Bonds</strong></td>
<td>Points of agreement. Shared standards and norms have no or a limited role in this relationship. Reliance on the other party does play an important role.</td>
<td>Points of agreement. Both parties share the same standards and norms.</td>
<td>The amount of shared technology and the willingness to share technology is very limited and doesn’t play a role in</td>
</tr>
<tr>
<td></td>
<td>Points of disagreement. Not applicable.</td>
<td>Points of disagreement. Reliance on the other party and shared norms are only found to be of importance by the supplier.</td>
<td>The amount of shared technology and the willingness to share technology is very limited and doesn’t play a role in</td>
</tr>
<tr>
<td><strong>Technology and Investments</strong></td>
<td>Points of agreement. Neither party is willing to transfer its technology to the other party. Switching costs have no or limited</td>
<td>Points of agreement. The amount of shared technology and the willingness to share technology is very limited and doesn’t play a role in</td>
<td>The amount of shared technology and the willingness to share technology is very limited and doesn’t play a role in</td>
</tr>
</tbody>
</table>
Bensaou’s buyer-supplier relationships

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>influence on this relationship.</td>
<td>this relationship.</td>
<td>a role in this relationship.</td>
</tr>
<tr>
<td></td>
<td>Not applicable.</td>
<td>Only the supplier invested heavily in the relationship and feels that switching costs play an important role.</td>
<td></td>
</tr>
</tbody>
</table>

Table 4, Market exchange

4.5. Conclusions
As can be seen in the previous paragraphs, many factors influence a buyer-supplier relationship, each having a variety of conditions that can occur. This might give the impression that all factors determine which type of Bensaou’s buyer-supplier relationship is applicable. But, at the end of each interview the question was raised as to what factors actually determine the type of buyer-supplier relationship that was applicable. These explanatory variables actually determine the occurrence of a particular type of buyer-supplier relationship, as mentioned by the respondents, can be found below.

4.5.1. Captive buyer relationship
The survey and interviews indicate that for captive buyer relationships the explanatory variables were the lack of substitutes, legal property rights and size of the supplier. Apparently the legal property rights of the supplier, and the resulting lack of substitutes, causes the buyer to depend on the supplier. These factors, combined with a supplier that is much larger than the buyer, results in a relationship that can be described as a captive buyer situation.

4.5.2. Captive supplier relationship
While studying the captive supplier relationships, it became apparent that the explanatory variables were market share, lack of substitutes, legal property rights, non-retrievable investments and the size of the supplier. These factors resulted in a captive buyer situation.
Again the presence of legal property rights, this time of the buyer, causes the supplier to have limited or no substitutes. Furthermore the relationship involved significant non-retrievable investments for the supplier, making it even more difficult to switch to another buyer. Finally, the high market share of the buyer compared to the small size of the supplier was a significant factor. The net result of these explanatory variables is a captive supplier relationship.

4.5.3. Market exchange
For the market exchange relationship it became clear that both the explanatory variables mutual goals and presence of substitutes determine this particular type of relationship. Apparently there’s no or limited unbalance in the other explanatory variables: neither of the parties has dominating legal property rights, the parties are similar in size and/or market share. Whereas in the previous types of relationship the lack of substitutes play an important role, in this situation it’s the presence of substitutes that causes the relationship to have a market exchange character. The existence of mutual goals is important for making the relationship fruitful. The nature of these mutual goals can be
manifold: shared interest in quality, price, business development and/or revenue enhancement.

4.5.4. Strategic Partnership
The strategic partnerships, as reviewed in this study, are determined by the following explanatory variables: lack of substitutes, mutual goals, interdependence, legal property rights, non-retrievable investments and shared technology. The number of applicable explanatory variables shows that these types of relationships are characterized by significant interaction. The presence of legal property rights on both sides, which result in limited or no substitutes for both parties and high non-retrievable investments on both sides, leads to a high level of interdependence. This is amplified by a high level of shared technology, which makes both parties vulnerable and dependent upon a successful strategic partnership.
4.5.5. Power & Dependence and outcome variables

Besides the explanatory variables, as mentioned earlier, the respondents stated that the factors power and (inter)dependence were inseparably connected with each other (Gelderman and Caniëls, 2005) and the conditions of both factors were determined by some or all of the explanatory variables as described above. In other words, power and dependence are a result of the various explanatory variables.

It appears that the remaining factors are outcome variables and therefore, although characterizing the relationship, do not determine what type of relationship occurs. In figure 12 this is graphically illustrated. Nevertheless, some features of the outcome variables will be applicable more often for a certain type of buyer-supplier relationship than others. For example a high level of trust is likely to occur in a Strategic Partnership but the outcome of the dyadic survey indicates that cracks in a trustful relationship can occur as well.

Figure 12, Explanatory and outcome variables
5. Conclusions, discussion and recommendations

5.1. Conclusions
As stated in chapter 1 much is written about the types of buyer-supplier relationships. Based on buyer and supplier specific investments respectively, Bensaou (Bensaou, 1999) identified 4 types of buyer-supplier relationships. Besides specific investments, many other factors, as seen in chapter 2, were identified to characterize Bensaou’s buyer-supplier relationships. Since, many questions remained unexplored concerning Bensaou’s buyer-supplier relationships, the factors that characterize these relationships and the conditions under which these relationships occur, this study tried to fill this gap, investigating the following problem statement:

What factors could be used to characterize the four types of buyer-supplier relationships as identified by Bensaou and what conditions result in the occurrence of these relationships?

After a theoretical study, in chapter 2, in which the various factors and expected conditions were discussed, the dyadic and explorative case study in chapter 3 shed more light on the practical side of the matter. In chapter 4 the outcome of the case study was presented and a distinction was made between explanatory variables and outcome variables. To provide an answer to the problem statement both the theory and the outcome of the surveys and interviews were taken into account.

The following conclusions were drawn, based on an analysis of the case study results. A certain set of explanatory variables will lead to a specific type of buyer-supplier relationship that will be characterized by its outcome variables. Only the explanatory variables result in the distinctive condition of the factors power and (inter)dependence, which define the specific type of buyer-supplier relationship. Figure 13 provides an overview for the four buyer-supplier types.
Bensaou’s buyer-supplier relationships

Captive Buyer:
- Supplier has Legal Property Rights, and/or;
- Buyer has no or limited substitutes, and/or;
- Supplier is bigger in size than the buyer, and/or;
- Supplier has large market share, and/or;
- Mutual goals possible, and/or;
- Limited or no shared technology, and/or;
- Supplier has high non-retrievable investments

Result: Relative power of the supplier over the buyer.
The buyer depends on the supplier.

Strategic Partnership:
- Both parties have Legal Property Rights, and/or;
- Both parties have no or limited substitutes, and/or;
- Both parties have the same size, and/or;
- Both parties have a large market share, and/or;
- The parties share mutual goals, and/or;
- Significant shared technology, and/or;
- Both parties have non-retrievable investments

Result: Both parties have a high level of equal power.
Both parties depend on each other.

Market Exchange:
- No or limited Legal Property Rights, and/or;
- Both parties have many substitutes, and/or;
- Both parties are equal in size, and/or;
- Both parties have limited market share, and/or;
- Temporary mutual goals, and/or;
- Limited or no shared technology, and/or;
- Limited non-retrievable investments

Result: Both parties have a low level of equal power.
Both parties do not depend on each other.

Captive Supplier:
- Buyer has Legal Property Rights, and/or;
- Supplier has no or limited substitutes, and/or;
- Buyer is bigger in size than the buyer, and/or;
- Buyer has large market share, and/or;
- Mutual goals possible, and/or
- Limited or no shared technology, and/or;
- Buyer has high non-retrievable investments

Result: Relative power of the buyer over the supplier.
The supplier depends on the buyer.

Figure 13, Factors that determine the type of relationship and their conditions

5.2. Discussion
In this paragraph a comparison will be made between the theoretical expectations and the empirical observations. The outcome of this study both confirms some of the theoretical expectations but it also sheds new light on the area of buyer-supplier relationships. Bensaou (1999) states that the four types of buyer-supplier relationships are determined by the non-retrievable investments. In this study was found that besides non-retrievable investments more explanatory variables determine what type of buyer-supplier relationship is applicable. Multiple explanatory variables can be in place at the same time but even one variable can also determine what type will result. For example: in a captive buyer relationship it is possible that the buyer has limited substitutes, that the supplier has Legal Property Rights and that the supplier is bigger in size. But it can also occur that in another captive buyer relationship only the variable Legal Property Rights determines that this type of relationship will occur. In addition, it is also possible that one or more explanatory variables determine the type of relationship whereas another variable predicts a different condition. Example: In the Strategic Partnership as seen in this study (with Fokker as the supplier) both parties have intellectual property, mutual goals, limited substitutes etc. One could expect that both parties have the same size but in this example the buyer is much bigger in size than the supplier. Apparently the various variables have different weights in determining the resulting type of relationship (see paragraph 5.4.).

The outcome of this study shows some significant similarities with Cox’s power matrix (Cox, 2001). Both explored the effect of the following factors on buyer-supplier relationships: lack of substitutes, market share, non-retrievable investments (switching costs), Legal Property Rights (presence or absence of commoditized and standardised parts). But in addition to Cox’s factors, this study finds the following variables as being
Bensaou’s buyer-supplier relationships

decisive for the type of relationship: mutual goals, shared technology and company size. Besides the distinction between explanatory variables and outcome variables this study presents Cox’s “power and dependence” as a result of the explanatory variables.

Regarding the explanatory variable ‘mutual goals’ a difference was found between the theoretical expectations and the empirical study. Based on the current body of knowledge (Powers and Reagan, 2007; Parsons, 2002; Bensaou (1999); Mohr and Spekman (1994)) one could expect few mutual goals for the captive suppliers, captive buyers and market exchange relationships. This study could not confirm this. During the interviews it became clear that the presence of mutual goals in one way or another is an explanatory variable for all types of relationships.

When it comes to outcome variables an even more remarkable conclusion can be made. Current literature mentions that these variables will have a certain state for each type of buyer-supplier relationship. For example: Based on the works of Cox (2001), Powers and Reagan (2007), Parsons (2002), Mohr and Spekman (1994), Tutan and Urban (2001) and Bensaou (1999) one could expect a high level of trust in a strategic partnership and a low level of trust in a captive buyer relationship. The empirical observations show that a strategic partnership can also be characterized by a low level of trust whereas a fruitful captive buyer relationship can be based on a high level of mutual trust. This same discrepancy between the theoretical expectations and empirical observations also holds for the other outcome variables. From this it can be concluded that, although some conditions might occur more often for a certain type of buyer-supplier relationship than others, in practice all different outcome variables can occur in all types of relationships. These variables therefore do not determine the type of relationship, but they characterize the nature of the relationship.
After comparing the theoretical expectations of paragraph 2.4. and the empirical observations in chapter 4, observations and remarks can be made, see figure 14. Instead of using the subgroups of paragraph 2.4, the factors are being divided in explanatory variables and outcome variables.

<table>
<thead>
<tr>
<th>Factors</th>
<th>Captive Buyer</th>
<th>Captive Supplier</th>
<th>Strategic Partnership</th>
<th>Market Exchange</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal property rights</td>
<td>Supplier has important technology → confirmed</td>
<td>Strong buyer proprietary technology → confirmed</td>
<td>Both buyer and supplier proprietary technology → confirmed</td>
<td>No proprietary technology → confirmed</td>
</tr>
<tr>
<td>Lack of substitutes</td>
<td>Many buyers, few suppliers → confirmed</td>
<td>Few buyers, many suppliers → confirmed</td>
<td>Few buyers, few suppliers → confirmed</td>
<td>Many buyers, many suppliers → confirmed</td>
</tr>
<tr>
<td>Size of the supplier</td>
<td>High ability for the supplier to achieve benefits of scale → confirmed</td>
<td>Low ability for the supplier to achieve benefits of scale → confirmed</td>
<td>Low ability for both the buyer and supplier to achieve benefits of scale → confirmed</td>
<td>High ability for both the buyer and supplier to achieve benefits of scale → confirmed</td>
</tr>
<tr>
<td>Market share</td>
<td>Buyer has low % share of suppliers market → confirmed</td>
<td>Buyer has high % share of suppliers market → confirmed</td>
<td>Buyer has relatively high % share of suppliers market → Not confirmed, both parties have high market share</td>
<td></td>
</tr>
<tr>
<td>Mutual goals</td>
<td>Few mutual goals → Not confirmed, many mutual goals can be applicable</td>
<td>Few mutual goals → Not confirmed, many mutual goals can be applicable</td>
<td>Many mutual goals → Confirmed</td>
<td>Few mutual goals → Not confirmed, many mutual goals can be applicable</td>
</tr>
<tr>
<td>Shared technology</td>
<td>Technically complex, mature technology → Not confirmed, limited shared technology</td>
<td>Technically complex, new technology → Not confirmed, limited shared technology</td>
<td>Large investments in technology required → confirmed</td>
<td>No significant shared technology → confirmed</td>
</tr>
<tr>
<td>Non-retrievable Investments</td>
<td>High buyer switching costs → confirmed</td>
<td>High supplier switching costs → confirmed</td>
<td>High mutual switching costs → confirmed</td>
<td>Low mutual switching costs → confirmed</td>
</tr>
<tr>
<td>Power</td>
<td>Supplier &gt; Buyer</td>
<td>Supplier &lt; Buyer</td>
<td>Buyer = Supplier (high level)</td>
<td>Buyer = Supplier (low level)</td>
</tr>
<tr>
<td>Interdependence</td>
<td>Buyer depends on supplier</td>
<td>Supplier depends on buyer</td>
<td>Equal dependence</td>
<td>Low level of equal dependence</td>
</tr>
</tbody>
</table>

Although some conditions might occur more often for a certain type of buyer-supplier relationship than others, practice shows that all conditions can occur in all types of relationships. These factors therefore do not determine the type of relationship but they only influence the nature of the relationship.
5.3. Recommendations for management

For both buyers and suppliers it is advisable to raise awareness for one’s role within the relationship and to identify the type of relationship that one is in. Secondly, one should decide whether that type of relationship is the desired type. If this is not the case then it is advisable to focus on those explanatory variables that enable the buyer/supplier to change the relationship. For example: In a captive supplier relationship the supplier could focus on bringing more intellectual property to the relationship to change the balance of power towards a strategic partnership or even a captive buyer relationship.

In this respect it is important to recognize that each desired change in the type of relationship will require different efforts. If a supplying company finds itself in a captive supplier relationship it has three alternative types of relationships that it can strive for. Reversing a captive supplier relationship into a captive buyer relationship will obviously require more effort than turning this same relation into a market exchange relation. Not only should a company decide what type of relationship it desires but also what explanatory variables it can change to achieve this goal. This study shows that it’s more advisable for a captive buyer to focus on substitutes to achieve a market exchange position than focussing on developing its intellectual property. On the other hand, if this company desires a strategic partnership then focusing on developing its intellectual property might be advisable.

When it comes to outcome variables it is important to understand that changes in these variables will not directly influence the type of relationship. Although it might be wise to focus on increasing the mutual trust between two companies, or launching a branding campaign to give your company’s reputation a significant boost, this will not directly help a captive supplier to establish a strategic partnership with the buying company. As this study shows, the factors affect relationships in a more complex manner.

5.4. Recommendations for further research

This study tried to fill a gap in the field of buyer-supplier relationship research. Nevertheless, there’s still a lot of ground to cover. Further research can be done using a larger group of respondents filling in the survey to further test the outcomes of this study.

As mentioned previously it appears that the explanatory variables and/or a combination of explanatory variables have a certain weight factor. Future research might shed a light on what factors or group of factors have the biggest influence on the resulting type of relationship. This type of information from future research would instruct buyers and suppliers as to what factors they might focus in order to move towards their desired type of buyer-supplier relationship.

It became clear during the interviews that even mature relationships continue evolving. Caniëls, Gelderman and Ulijn (2010) describe 4 phases (transitions) through which a mature relationship can go through. Furthermore they state that as soon a partnership becomes undesirable, commitment and trust will drop immediately, while the supplier’s dependence slackens. The buyers’ dependence will remain stable and will weaken slightly when the relationship enters into an ending partnership. Future research could therefore focus on the factors that have an influence on the direction that the
relationship evolves and what the consequences will be for the (un)balance of power and the type of relationship.

Finally, this study concludes that though the outcome variables do not determine the type of relationship, they do have a great influence on the day-to-day fruitfulness of a relationship. Research on the importance of every variable (prioritization) and their features might enable buyers and suppliers to improve their relationships.
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References


Appendix A

Interview Guide for buyers

1. Introduction
The interviewer provides background information about the study, and emphasizes the importance of interviews for it. Emphasis is also given to the confidentiality with which the interview will be treated. The interviewer informs the interviewee that he/she will receive a copy of the final report for review and approval if this is desired.

The interviewee receives a general explanation about the subject “buyer-supplier relationships”, and Bensaou’s approach. Finally the actual goal and purpose of the interview is explained in relation to the entire study.

2. Free part of the interview
Possible questions but not limited to:
- Can you describe the buyer-supplier relationship?
- Under what conditions did the relationship evolve?
- Can you please elaborate on the various variables, specific situations that occurred etc?
- What are your expectations for the future?

3. Semi-structured part of the interview
During this part of the interview the outcome of the survey is used as a starting point and the following questions are raised leading to an in-depth interview by adding ad-hoc questions and asking for examples and elaboration.

Power and dependence: Legal property rights
- Are there many legal property rights (Intellectual Property etc) applicable within the relationship?
- How do they influence the relationship?
- Are the legal property rights of importance for the relationship?

Power and dependence: Power
- To what extent is the supplier in a position to force you to actions you may otherwise not do? What factors are applicable in this matter?
- Which party dominates the relationship?
- Is there a high or low level of equal power?

Power and dependence: Lack of substitutes
- Are there many other suppliers (substitutes) that can and are willing to deliver?
- Are you one out of a few or one out of many buying companies for the supplying company?
- Are there significant costs involved (switching costs) in case you switch to a different supplier?
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Power and dependence: Size of the supplier
- What’s the size of the supplier in terms of number of personnel and yearly turnover compared to your own company?
- Does the supplier have the abilities to achieve benefits of scale? And can it create power over you as a buyer and over the supplier’s competitors?

Power and dependence: Interdependence
- To what extent do you depend on the supplier to achieve your company’s goals?
- What factors influence this possible dependence?
- Do you depend on the supplier? Is it the other way around? Or is there an equal level of dependence (high or low)?

Power and dependence: Market share
- What’s the market share of your company within your line of business?
- What’s the market share of your supplier?
- What’s the % share of the total market for the supplier that is controlled by you as a buyer?

Relationship performance: Reputation
- What’s your perception of the capabilities of the supplier?
- How would you define the reputation of the supplier?
- Would you consider this good or poor?

Relationship performance: Trust
- What role does trust play in this buyer-supplier relationship?
- How would you describe your willingness to rely on the supplier?
- How would you describe the willingness of the supplier to rely on your company?

Relationship performance: Performance satisfaction
- To what extent does the supplier’s performance meet your expectations?
- To what extent are you satisfied with the supplier’s performance?
- How would you characterize your level of satisfaction over the supplier’s performance (poor or good)?

Collaboration: Information sharing
- How does the information sharing take place within the relationship?
- What’s the quality and quantity of the information that’s shared within the relationship?
- Is there an exchange of confidential information or just public released information?
- How would you describe the level of information sharing (little, limited, frequent, continuous)?
Collaboration: Cooperation.
- To what extent are you relying on cooperation within the relationship?
- How would you describe the level of cooperation within the relationship (no, limited or extensive)?

Collaboration: Mutual goals
- Can you identify mutual goals between both parties?
- How do coordinated actions enable both parties to achieve mutual goals?
- To what extent are both parties trying to achieve those common goals?

Relationship bonds: Social bonds
- To what extent are there shared norms and standards of behaviour within the relationship?
- To what extent are these social bonds required from your point of view?

Relationship bonds: Structural bonds.
- What’s your need for the supplier to accomplish his tasks?
- How would you describe the structural bonds between both companies?

Technology and investments: Shared technology
- What’s the level of technology that’s added by the supplier?
- To what degree do you recognize the technology that’s added by the supplier to be beneficial for your company and for the relationship?

Technology and investments: Non-retrievable investments (switching costs).
- How would you characterize the amount of non-retrievable investments your company put into the relationship?
- Do you feel that switching costs are an issue when looking for an alternative supplier?
- How would you characterize the level of switching costs if you would decide to change to another supplier?

4. Closing questions
- Do you have any remarks or things to add to this interview?
- Do you recommend other people that I should talk to in your company with respect to the relationship with the supplier?

5. Closure of the interview
- As said, the content of this interview will be used in an anonymous manner.
- Thank you very much for your cooperation!
Appendix B

Interview Guide for suppliers

1. Introduction
The interviewer provides background information about the study, and emphasizes the importance of interviews for it. Emphasis is also given to the confidentiality with which the interview will be treated. The interviewer informs the interviewee that he/she will receive a copy of the final report for review and approval if this is desired.

The interviewee receives a general explanation about the subject “buyer-supplier relationships”, and Bensaou’s approach. Finally the actual goal and purpose of the interview is explained in relation to the entire study.

In order to confirm if the examined buyer-supplier relationship can be considered as the supposed type of relationship a selection questions is raised:

2. Free part of the interview
Possible questions but not limited to:
- Can you describe the buyer-supplier relationship?
- Under what conditions did the relationship evolve?
- Can you please elaborate on the various variables, specific situations that occurred etc?
- What are your expectations for the future?

3. Semi-structured part of the interview
During this part of the interview the outcome of the survey is used as a starting point and the following questions are raised leading to an in-depth interview by adding ad-hoc questions and asking for examples and elaboration.

Power and dependence: Legal property rights
- Are there many legal property rights (Intellectual Property etc) applicable within the relationship?
- How do they influence the relationship?
- Are the legal property rights of importance for the relationship?

Power and dependence: Power
- To what extent is the buyer in a position to force you to actions you may otherwise would not do? What factors are applicable in this matter?
- Which party dominates the relationship?
- Or is there a high or low level of equal power?

Power and dependence: Lack of substitutes
- Are there many other buyers (potential customers) that can and are willing to buy your products?
- Are you one out of a few or one out of many suppliers for the buying company?
- Are there significant costs involved (switching costs) in case you switch to a different buyer/customer?
Bensaou’s buyer-supplier relationships

Power and dependence: Size of the buyer
- What’s the size of the buyer in terms of number of personnel and yearly turnover compared to your own company?
- Does the buyer have the abilities to achieve benefits of scale? And can it create power over you as a supplier and over its competitors?

Power and dependence: Interdependence
- To what extent do you depend on the buyer to achieve your company’s goals?
- What factors influence this possible dependence?
- Do you depend on the buyer? Is it the other way around? Or is there an equal level of dependence (high or low)?

Power and dependence: Market share
- What’s the market share of your company within your line of business?
- What’s the market share of the buying company?

Relationship performance: Reputation
- What’s your perception of the capabilities of the buyer?
- How would you define the reputation of the buyer?
- Would you consider this good or poor?

Relationship performance: Trust
- What role does trust play in this buyer-supplier relationship?
- How would you describe your willingness to rely on the buyer?
- How would you describe the willingness of the buyer to rely on your company?

Relationship performance: Performance satisfaction
- To what extent does the buyer’s performance meet your expectations?
- To what extent are you satisfied with the buyer’s performance?
- How would you characterize your level of satisfaction over the buyer’s performance (poor or good)?
- How would you characterize your level of satisfaction over your own company’s performance (poor or good)?

Collaboration: Information sharing
- How does the information sharing take place within the relationship?
- What’s the quality and quantity of the information that’s shared within the relationship?
- Is there an exchange of confidential information or just public released information?
- How would you describe the level of information sharing (little, limited, frequent, continuous)?
- How would you rate the level of information sharing on a scale from 1 to 10?
Bensaou’s buyer-supplier relationships

Collaboration: Cooperation.
- To what extent are you relying on cooperation within the relationship?
- How would you describe the level of cooperation within the relationship (no, limited or extensive)?

Collaboration: Mutual goals
- Can you identify mutual goals between both parties?
- How do coordinated actions enable both parties to achieve mutual goals?
- To what extent are both parties trying to achieve those common goals?

Relationship bonds: Social bonds
- To what extent are there shared norms and standards of behaviour within the relationship?
- To what extent are these social bonds required from your point of view?

Relationship bonds: Structural bonds.
- What’s your need for the buyer to accomplish his tasks?
- How would you describe the structural bonds between both companies?

Technology and investments: Shared technology
- What’s the level of technology that’s added by the buyer?
- To what degree do you recognize the technology that’s added by the buyer to be beneficial for your company and for the relationship?
- What’s the level of technology that’s added by your own company?
- To what degree do you recognize the technology that’s added by your own company to be beneficial for the buying company and for the relationship?

Technology and investments: Non-retrievable investments (switching costs).
- How would you characterize the amount of non-retrievable investments your company put into the relationship?
- Do you feel that switching costs are an issue when looking for an alternative buyer?
- How would you characterize the level of switching costs if you would decide to change to another buyer?
- Do you feel that switching costs are an issue for the buyer when looking for an alternative supplier?
- How would you characterize the level of switching costs for the buyer if he would decide to change to another supplier?

4. Closing questions
- Do you have any remarks or things to add to this interview?
- Do you recommend other people that I should talk to in your company with respect to the relationship with the buyer?

5. Closure of the interview
Appendix C

Survey for buyers and suppliers

Introduction
As an introduction to our planned interview you’re kindly asked to fill out this survey by putting a “X” in front of the applicable answer or in the applicable cell and send it back to bfluren@gmail.com. This survey contains 50 multiple choice questions and will take approximately 15 minutes of your time. Both the survey and the results of the interview will be treated as confidential.

Thank you very much for your cooperation!
Bob Fleuren

Name: …………..
Company: …………..
Function: …………..

Questions
Please note the figure below.

<table>
<thead>
<tr>
<th>Captive Buyer:</th>
<th>The buyer depends on the supplier. The supplier overpowers the buyer.</th>
<th>Strategic Partnership:</th>
<th>High level of interdependence. High level of equal power.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market exchange:</td>
<td>Low level of interdependence. Low level of equal power.</td>
<td>Captive supplier:</td>
<td>The supplier depends on the buyer. The buyer overpowers the supplier.</td>
</tr>
</tbody>
</table>

The following situation is applicable to the buyer-supplier relationship with the other party.
0 Captive buyer
0 Captive supplier
0 Market exchange
0 Strategic Partnership

<table>
<thead>
<tr>
<th></th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
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<tbody>
<tr>
<td>Our intellectual property is of importance in our relationship with the other party</td>
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<td>The other parties intellectual property is of importance in our relationship with the other party</td>
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<tr>
<td>Intellectual property plays an important role in this buyer-supplier relationship</td>
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<td>The other party is in the position to force me to actions I may otherwise not do</td>
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<td>Strongly Disagree</td>
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<td>The other party dominates our buyer-supplier relationship</td>
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<tr>
<td>Power plays an important role in this buyer-supplier relationship</td>
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<td>There are many other parties that I can turn to as a substitute</td>
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<td>There are significant costs involved in case I want to switch to another party</td>
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<td>The lack of substitutes plays an important role in this buyer-supplier relationship</td>
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<td>The other party’s company is bigger in size (employees and turnover) than my own company</td>
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<td>Due to its size, the other party can create power over me</td>
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<tr>
<td>The size of the other party plays an important role in this buyer-supplier relationship</td>
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<td>I depend on the other party to achieve my company’s goals</td>
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<td>The other party depends on me to achieve its goals</td>
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<td>Interdependence plays an important role in this buyer-supplier relationship</td>
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<td>The other party’s market share plays an important role in this buyer-supplier relationship</td>
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<td>The other party has an excellent reputation for holding to its commitment</td>
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<td>Reputation plays an important role in this buyer-supplier relationship</td>
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<td>The other party has always been even handed in negotiations with me</td>
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<td>The other party is trustworthy</td>
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<td>The other party may use opportunities that arise to profit at my expense</td>
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<td>Trust plays an important role in this buyer-supplier relationship</td>
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<td>The performance of the other party meets my expectations</td>
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<td>I’m satisfied about the other parties performance</td>
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<td>We have a very rewarding</td>
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<tr>
<td>Relationship with the other party</td>
<td>Strongly Disagree</td>
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<tr>
<td>The relationship between our firm and the other party has been very productive</td>
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<td>Performance satisfaction plays an important role in this buyer-supplier relationship</td>
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<td>I’m sharing more information with the other party than the other party is sharing with me</td>
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<td>The other party is sharing more information with me than I’m sharing with the other party</td>
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<td>Information sharing plays an important role in this buyer-supplier relationship</td>
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<td>The level of cooperation of the other party is extensive</td>
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<td>Cooperation plays an important role in this buyer-supplier relationship</td>
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<td>Our company shares a high level of mutual goals with the other party</td>
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<td>Both parties are trying to achieve those common goals</td>
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<td>Mutual goals play an important role in this buyer-supplier relationship</td>
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<td>Our company shares norms and standards of behaviour with the other party</td>
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<td>Shared norms and standards play an important role in this buyer-supplier relationship</td>
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<td>Our company strongly relies on the other party to accomplish his tasks</td>
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<td>Reliance on the other party plays an important role in this buyer-supplier relationship</td>
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<td>There’s a great level of shared technology between both parties</td>
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<td>We are willing to transfer technologies to the other party</td>
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<td>The other party is willing to transfer technology to us</td>
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<td>Sharing technology plays an</td>
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Bensaou’s buyer-supplier relationships
## Bensaou’s buyer-supplier relationships

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<tr>
<td>important role in this buyer-supplier relationship</td>
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<td>My company invested (non-retrievable investment costs) heavily in our relation with the other party</td>
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<td>The switching costs are an issue when looking for an alternative party</td>
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<td>Switching costs play an important role in this buyer-supplier relationship</td>
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My company’s market share is:
0 0 - 20 %
0 21 - 40%
0 41 - 60%
0 61 - 80%
0 81 - 100%

The level of information sharing can be defined as:
0 None (1)
0 Little (2)
0 Limited (3)
0 Frequent (4)
0 Continuous (5)