Understanding Supplier Resistance -
Overcoming Obstacles to Supply Innovation

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ABSTRACT

This paper explores an important but unexplored theme in the development of 'total quality' relationships in the supply chain: why suppliers may exhibit resistance to quality initiatives, and why what seems to customers as co-operation can appear as unwelcome interference or even exploitation to suppliers. This is a question of great relevance to all those seeking to understand current business practice, and also to those seeking to bring about practical improvements in supply chain quality. Too much of the supply chain and quality literature assumes the issue of supplier's compliance with customer initiatives is unproblematic(unable to understand this sentence); experience suggests it is one of the major obstacles in developing the quality-oriented, integrated supply chain.

Keywords: suppliers, supply chain innovation, resistance

1.0   Introduction

Despite the extraordinary developments in supply management that have emerged in recent years, it is fair to say that there is still a serious theoretical shortfall. Although the bundle of ideas that have initiated transformation in industrial practices in many industries and national settings through TQM and Lean Manufacturing, academic observers have struggled to understand what exactly has happened. Theory has lagged practice by some distance, and there are three main reasons why this is so. Firstly, there is a natural delay in academics understanding the scale and scope of the changes that have emerged. Secondly, there are considerable epistemological problems in accessing reliable data about supply chain collaboration; firms are understandably wary of revealing commercially sensitive data, and are particularly alert to the way in which information about their supply and marketing practices might affect relationships with trading partners. This means that much research in supply chain management makes do with rather incomplete data; often the information is drawn form only one side in a commercial relationship, and then misses out the really interesting data on prices and costs. Finally, academic work in management has often been shaped rather simplistically around the language and rhetoric used by practitioners; this would not be a problem were it not for the case that it is obvious that there is rather more to some of that rhetoric (for example, about partnership) than a superficial reading would suggest. This paper seeks to contribute the task of 'catching up' by exploring the notion of supplier resistance; this is a theoretical issue, but it is also of practical significance.

The issue of supplier resistance is interesting because of its omnipresence in the day-to-day language of those who work at commercial interfaces. Buyers routinely gripe at the recalcitrance of supplying firms to do, that which is asked of them; in the experience of the author, this phenomenon is almost universal. Meanwhile, counterparts in supplying firms can often be found complaining at the unreasonable behaviour and incompetence of their customers. Yet this issue is curious because of its near absence in both the prescriptive and theoretical literature, in which suppliers' compliance with the quality (and other) initiatives is to a large extent taken for granted, or cast merely as an issue of implementation. This is possibly because many of the case studies and examples commonly cited are drawn from situations relating to large and powerful customers (supermarkets, automotive assemblers) interacting with less sophisticated or less powerful suppliers.

To be clear on definitions, supplier resistance is here taken to refer to the reluctance to participate in, and sometimes explicit rejection of, initiatives pursued by industrial customers. Examples may be drawn from a number of directions; here three broad areas will suffice to illustrate the range of the problem. Suppliers are increasingly faced with a range of enquiries about their environmental performance; in a recent research project involving the author, a retail buying group found that several brewing suppliers declined to return a questionnaire about environmental issues (Morton et al [1997]; see also MacKenzie [1998]). Suppliers may also refuse or be reluctant to participate in quality and logistics initiatives (Manoochehri [1984]; Porter [1998]). Suppliers may also be slow to give information to their customers about their readiness in regard to the Year 2000 computer problem (the so-called millennium bug) for fear of being sued (Black [1998]; Taylor [1999]). A rather extreme illustration of supplier resistance is given in an advertisement by the BLWA, a trade association for laboratory equipment suppliers in the UK, published in the trade journal *Laboratory News* in August 1998. The advert says:

> *"Once again, we seem to have entered the season when Approved and Preferred Supplier Questionnaires have started to appear. Various organizations put forward different reasons for sending out these documents, many of them containing detailed questions on profitability, rejection rates, etc. Companies may be concerned that failure to provide answers to all of the questions that are asked, could prejudice future business with the body concerned...Public Procurement Law lays down criteria for the evaluation of suppliers to public bodies, including financial and technical information...suppliers must be prepared to provide any such data but there can be no compulsion to supply additional information, and, if they do so, then it is an entirely voluntary act on their part...do not be bullied into revealing more than is only right and proper. You have the law of the land on your side if you choose to ignore those questions that temptingly invite you to supply 'additional information."*

The large body of prescriptive writing on supply chain partnerships tends to treat non-co-operative behaviour as dysfunctional, and as something of a challenge for managers in the buying firm. A frequently used device to escape from the intellectual problem of dealing with this is to resort to injunctions about 'trust', even though it is clear that this is a rather complex issue (Lane and Bachmann [1996]).

The discussion below uses three 'frameworks' to open this discussion out. The frameworks are presented here as merely a staring point for developing a more rigorous theory. Constraints of space naturally mean that the coverage of these is rather cursory, but the intention is to lay the foundation rather than to develop definitive theoretical conclusions.

2.0   Some Useful Frameworks

2.1   Industrial Relations

Within the field of industrial relations there are well-established conceptual frameworks for understanding employee responses to quality and other related initiatives. The framing of the problem is the construction of the employment relation, and the way in which this relationship is viewed. It is common, for example, to focus on the intrinsically adversarial element of the labour contract, in that the interests of employee and employer are naturally at odds. As the power in the relationship with an individual rests largely with the employer, there are   sensible reasons why employees should seek collective protection, and so should organise as trades unions.

In the field of quality and production innovations, critiques based on Marxist models of the labour process have been trenchant and unpersuaded by the apparently benign language of total quality and continuous improvement. From this perspective, efforts to introduce quality management are just more attempts at Taylorist work intensification, with the insidious extra dimension of appropriating the last fragments of

workers' ability to personalise their working practices by the systematic appropriation of workforce innovations. Furthermore, total quality management attempts the reprogramming of employees' attitudes and mode of discourse with the spurious identification of corporate and personal objectives. Employees have a variety of ways in which they can resist quality initiatives from outright refusal to co-operate to ironic subversion of quality rhetoric (see Rinehart et al [1997]; Zbaracki [1998] and also Clegg [1998] and McKinlay and Taylor [1998]).

There are very fruitful comparisons which may be drawn form comparing the supply and employment relationship, but for the current discussion, three points are worth exploring. The first is that in the supply relationship, there is little notion of the existence of property rights. In the employment contract as constructed in most legal systems, there is an understanding that a job is something owned by the employee, at least after some qualification period. The employee has certain rights, and in general cannot be disowned by the employer without some form of compensation. Similarly, it is understood that the particular definition of the employment contract has some legal persistence; in other words, the employer cannot change the nature of the contract arbitrarily. This contrasts significantly with the supply contract, where the legal constraints are often less rigid, and often framed in ways that mean that buyers can constantly seek alternative suppliers; indeed, some approaches to purchasing require that there is a constant credible threat of substitution. Even though purchasing contracts may be in place, there is considerably more scope for industrial buyers to change their requirements and use market mechanisms; employers, on the other hand, are more constrained. The consequence of this is that employees who interpret quality initiatives as a threat have often rather more scope for resistance; in many situations an employer may find it difficult to explicitly or implicitly threaten staff about participation in quality initiatives. In the commercial buyer-seller relationship, however, the persistence of obligation to a particular vendor may only be to the next contract renewal, or in many cases, the next purchase order. From this one might infer that that supplier resistance is likely to be rather more subtle than that which is found in the industrial relations context.

The second point about the comparison with industrial relations concerns the use of collectivity in resistance. Trades Unions and other more informal mechanisms of group activity within the workplace allow a degree of counter-balance of power, and again constrain the scope of action of the employer, and limit the extent to which quality initiatives can be imposed by *diktat*. For suppliers, this type of collective action is more difficult, although there are some opportunities through trades associations (see Abrahams [1994]).

The third issue, which arises as a consequence of the preceding two, is that employers seeking to establish quality initiatives are forced to work hard to promote the identity of interest of employee and corporation. In other words, the promotion of quality within the firms works with the logic that employees should co-operate in their own self-interest; their jobs will be more secure, there may be scope for added remuneration and so on. In the realm of supplier relations, this type of mutual benefit argument operates in slightly different ways. Firstly, there is a similar line, which emphasizes that there may be future commercial benefits (in terms of the buying firms shifting more work to that supplier, or of the buying firms' net requirements rising due to its improved ability to compete). Secondly there is the more immediate threat of negative benefits. Thirdly though, there is the additional benefit which arises from quality initiatives from a customer having the potential for immediate cost and competitiveness advantages for the supplier. The argument here would be that conformance to new or stringent requirements from one customer will be beneficial to the supplier in their dealings with other customers, and even more so, may have immediate financial payback (See Burnes and New [1997]).

There are, then several fruitful points of comparison between the supply and employment relationship in this context. These will be examined further below.

2.2   *Social Anthropology*

The explanation of social relationships is usefully assisted by comparisons with vastly different contexts. The use of ideas from social anthropology to explicate contemporary behaviour is well-established, although there are clear dangers; it would be foolish for example, to assume that a given pattern of behaviour in a modern context was 'really' just the outworking of some more fundamental principle evident in less complex societies. Nevertheless, there are interesting comparisons to be made. Here is an example is drawn from a type of resistance connected with the exchange of yams between Trobriand Islanders, as discussed by Davis [1992]. In the village of Omarakana the 'chief' may ask for a tribute, as recognition of his position. However, the precise status of the chief is not fully recognised by the villagers, and there is a degree of resentment at the request. In the event seventy-seven villagers give up twenty thousand baskets of yams, but only two villagers acknowledge the tribute as tribute; the rest classify the gift as Urigubu, a different sort of offering that is connected to obligations to give gifts to relatives. This is what Herzfeld [1987] calls 'disemia' – the presentation of an exchange in which the giver reinterprets the meaning of the gift from that understood by the recipient. As such, it represents a form of resistance; the yams are given, and the chief's sensibilities are not offended. Yet the givers have retained their dignity by a semantic device.

This analogy is pertinent to the issue of supplier-buyer relationship because of the importance of rhetoric and sense making in inter-organizational interaction. If firms are pressurized by customers into certain types of action, it may be necessary for them to re-interpret what has happened in ways in which are more tolerable.

2.3   *Political Philosophy*

The final clutch of ideas worth briefly touching upon at this point in the discussion stem from theoretical and philosophical work related to the idea of power, how power is mediated by language and how power connects with notions of knowledge which themselves legitimate types of discourse. The idea is pertinent because the concept of resistance itself is closely tied to the idea of power; see Clegg [1998]. Briefly, two simple insights can be usefully extracted in a rather pragmatic way from the ideas of Steven Lukes and Jurgen Habermas.
Steven Lukes' elegant 1974 book, "Power: A Radical View", develops an interesting framework which distinguishes simple coercive power from the more subtle agenda-setting and false-consciousness- inducing types of power which operate in less visible ways. This has implications for the supply chain in that it is suggestive of a type of power that may be exercised between organisations which depends on more than simple commercial dependency and relative scale. Alternative sources of power arise from the ability to control the terms of the debate, and even the perceptions of the other party. This thought can be complemented by the Habermasian view of communication and rationality, which can be distorted by asymmetries of power and divergence of interests.

To illustrate the practical relevance of these rather lofty ideas, it is useful to consider a scenario (based on a case study researched by the author) in which a major defence company embarked on supplier development work with a supplier, but in which the supplier was a slightly reluctant partner. Over a period of a year or so, teams of engineers from the buying company were dispatched to the supplier, and modest industrial engineering, quality and logistics-related projects were undertaken. Both parties subscribed to a language of mutual benefit for the exercise; managers in both organisations appeared to use the activity for internal political advantage, although both were privately sceptical about the amount of genuine improvement accomplished. After a period, managers in the buying firm ceased the activity, beginning to wonder how the benefits would eventually come back to their organisation. The selling organisation, on the other hand, were relieved that a partially cosmetic exercise was over. In this case, there was a kind of resistance in operation; however, it was not that the supplier was refusing to co-operate – far from it. Neither was this particular incident a simple example of disemia; the co-operation from the supplier was more than a grudging gift. This is because the of the 'language game' at work. The resistance in this case was more complex, and was

interwoven by ways in which each side sought to appropriate the discourse of quality and improvement for its own ends.

3.0   Conclusions

This paper has explored some simple ideas about the nature of supplier resistance. It has been argued that understanding this phenomenon is important, and that analysis should go beyond merely ascribing supplier resistance to a failure in implementation or to simple dysfunction. Parallels have been drawn between supply chain relationships and industrial relations, and consideration of some ideas from social anthropology and political philosophy has pointed to the potentially sophisticated and subtle ways in which resistance can work. Resistance may be explicit or tacit, direct or subtle; in addition to refusal to co-operate, in can include a reluctant co-operation, or even an ironic or subversive co-operation. The systems of discourse in place need to be carefully understood.

There is an obvious need for more research in this field, but there are some interesting practical consequences even from this abbreviated discussion: firms should be wary of assuming that suppliers will be ready to collaborate on quality issues, and even an apparent willingness may hide a more complex mode of resistance behaviour.

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Author's Background

Dr. Steve New is University Lecturer in Operations Management at Saïd Business School and Fellow of Hertford College at the University of Oxford. His areas of expertise include supply chain management and process improvement. A leading authority on supply chain management, New's interests lie in developing a more rigorous appreciation of how individuals and organisations construct and interpret their environment and the systems in which they operate. His research takes a multi-faceted approach analysing the meaning and interpretation of supply chain partnerships, exploring the way in which ethical and environmental issues are reflected in the chain, and on the impact of the internet and rise of B2B commerce. His current work on the concept of provenance in supply chains was the subject of a recent article, "The Transparent Supply Chain' in the Harvard Business Review.