THE CLOSE BUT ADVERSARIAL MODEL OF SUPPLIER RELATIONS IN THE US AUTO INDUSTRY

Ram Mudambi, Temple University (USA) and University of Reading (UK)

Susan Helper, Case Western Reserve University (USA)

Abstract

While cooperative buyer-supplier relations are an important source of sustainable competitive advantage, non-cooperative behavior persists widely. This paper tests a model incorporating non-cooperative behavior within a context of formal commitment, using data from the US auto industry. This ‘close, but adversarial’ model appears to be reasonably well supported by the data, suggesting that even within professed cooperative buyer-supplier relationships adversarial behavior persists. In contrast, a small but significant minority of the relationships were found to be characterized by high levels of trust as well as informal commitment. The results suggest specific strategies for developing cooperative supplier relations.

Contact Address:
Institute of Global Management Studies
Fox School of Business & Management
Temple University
Philadelphia PA 19122, USA
Email: rmudambi@sbm.temple.edu