



Communication in International Purchasing

A Study of Communicational Influences

On the Purchasing Process

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Abstract

In recent years globalization has caused companies to internationalize the purchasing of material, products and services. By establishing supply-chains on foreign markets companies can buy products cheaper, which allows for the sustaining of competitiveness and the cutting of costs. One of the key aspects of purchasing is the interaction between the parties involved, the communication between buyer and supplier.

The purpose of this dissertation is to examine how communication between Swedish purchasers and Chinese suppliers affects the outcome of the trade and the buyer-supplier relationship. The research has adopted an inductive approach with some hints of deductive nature.

Problems in the purchasing process were identified by conducting pilot interviews. Based on these problems theories were reviewed and interpreted, followed by the collection of qualitative data through unstructured interviews with six companies in the manufacturing industry. The gathered material is presented in a cross-case analysis, accompanied by a discussion.

The findings indicate that communication between participants involved in the purchasing process affect both the outcome of the trade and the development of buyer-supplier relationships. How and why this affects trade is presented in models and through discussion. Suggestions for future research include a similar research from a HRM perspective.

By combining aspects of interaction and purchasing processes, this study has examined how communication affects purchasing on an international level. By so doing the results of this dissertation may be of interest to companies that purchase internationally or have plans to start doing so.

Keywords: Communication, buyer-supplier relationship, purchasing, purchasing process, international purchasing, supply-chain

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Kristianstad, 2008

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List of tables

Table 2.1	Four paradigms for the analysis of social theory	p.16
Table 2.2	Summary of interviews	p. 20
Table 2.3	Summary methodology	p. 24
Table 4.1	Key-Figures LiftTech	p. 37
Table 4.2	Key-Figures Steel Springs	p. 39
Table 4.3	Key-Figures New Foundry	p. 42
Table 4.4	Key-figures Fixit	p. 44
Table 4.5	Key-Figures Pipeline	p. 46
Table 4.6	Key-figures TubeTech	p. 48
Table 5.1	Problems identified in the Purchasing Process.	p. 57
Table 5.2	Measurements in the Buyer-Supplier relationship	p. 59

List of figures

3.1.	The process of buying	p. 31
3.2	Purchasing Process Model	p. 33
3.3.	Buyer-supplier model	p. 34

Tables of Contents

Abstract	2
List of figures	5
1 Introduction	9
1.1 Background	9
1.1.1 <i>What makes purchasing important?</i>	10
1.1.2 <i>What makes communication important?</i>	10
1.2 Research question	11
1.3 Research focus	11
1.4 Purpose	11
1.5 Limitations	12
1.6 Contribution	12
1.7 Outline of the dissertation	13
2 Methodology	14
2.1 Research philosophy	14
2.2 Research approach	16
2.2.1 <i>What kind of study is this?</i>	17
2.3 Research strategy	17
2.4 Choice of research method	18
2.5 Data collection	19
2.5.1 <i>Secondary and primary data</i>	21
2.5.2 <i>Case and respondent selection</i>	21
2.5.3 <i>Interview guidelines</i>	22
2.5.4 <i>Data analysis</i>	22
2.6 Credibility	23
2.6.1 <i>Reliability and validity</i>	23
2.6.2 <i>Generalisability</i>	24
2.7 Summary of methodology	24
3 Theoretical framework	25

3.1	Interaction.....	25
3.1.1	<i>The interaction Model</i>	27
3.1.2	<i>Relationships</i>	29
3.2	Communication between parties.....	29
3.3	The interaction process.....	30
3.4	Choice of model and theory.....	32
3.4.1	<i>Supply Chain Model</i>	32
3.4.2	<i>Purchasing Process as communication:</i>	34
3.4.3	<i>The buyer-supplier relationship</i>	35
3.4.4	<i>Description of Complexity, Continuity, Symmetry and Informality</i> 36	
3.5	Summary.....	37
4	Presentation and case analysis	38
4.1	Presentation of cases	38
4.1.1	<i>LiftTech</i>	38
4.1.2	<i>Steel Springs</i>	40
4.1.3	<i>New Foundry</i>	43
4.1.4	<i>Fixit</i>	45
4.1.5	<i>Pipeline</i>	47
4.1.6	<i>TubeTech</i>	49
4.2	Summary.....	51
5	Cross-case analysis.....	52
5.1	Cross-Case analysis in the Purchasing Process model.....	52
5.1.1	<i>Initiation phase</i>	52
5.1.2	<i>Negotiation phase</i>	54
5.1.3	<i>Follow-up</i>	55
5.2	Summary Purchasing Process analysis.....	57
5.3	Cross-case analysis in the Buyer-Supplier Relationship model.	60
5.4	Summary.....	62
6	Conclusion.....	63
6.1	Presentation of conclusions	63
6.2	Theoretical implications	66
6.3	Managerial implications	67
6.4	Methodological implications	68

6.5	Future Research.....	68
6.6	Concluding words	69
	Bibliography	70

1 Introduction

This chapter presents an introduction to the research conducted in this thesis. It involves the background from which research questions were formed, the focus and purpose of the research, limitations made and ending with the outline of the dissertation.

1.1 Background

A fundamental shift is occurring in the world economy. We are moving away from a world in which national economies were relatively self-contained entities, isolated from each other by barriers to cross-border trade and investment; by distance, time zones and language; and by national differences in government regulation, culture, and business systems. We are now moving towards a world in which barriers of cross-border trade and investments are tumbling; perceived distance is shrinking due to advances on transport and telecommunications technology; material culture is starting to look similar the world over; and national economies are merging into interdependence global systems. Globalization is emerging strongly. (Hills, 2005 p. 4)

Even though we are becoming more and more interacted with each other today, you can go to the shop and buy a sweatshirt, made in China, but how does the interaction between companies work? Why are there problems occurring in trade, even though we are trading more than ever? This dissertation will explore if and why problems occur in the purchasing process when two companies from different countries trade with focus on the communication between purchaser and supplier.

1.1.1 What makes purchasing important?

The competitive position of global industry is under high pressure. The industries face a heavy decline in employment in many countries. Many industrial companies have had difficulties to maintain their market position due to the pressure of companies from the Far East. Especially for the export countries this development has been alarming. According to Van Weele (1997) the largest part of the production value is taken up by purchased material and services. By cutting costs through purchasing companies can maintain profit margins while still meeting demands of lowered prices from customers. In business-to-business purchasing the selection of supplier usually depends on whether or not there is prospects for future cooperation. Companies strive to achieve long-term relationships with their suppliers, creating supply-chains in order to attain secure deliveries, high quality and efficient purchases.

1.1.2 What makes communication important?

The word 'communicate' is historically related to the word 'common'. It stems from the Latin word communicate, which means 'to share', 'to make common'.(Rosengren, 2000 p.1)

Communication can vary in size and complexity; it can take place between people or units, between individuals or groups, organizations, nations, countries, social classes and between technological systems. Obviously the character of communication varies in size and form. The space of time and distance between the communicating units is very important. (Rosengren, 2000)

Effective communication between trading partners is vital for operational efficiency and better trading relations. Such communication takes place at different managerial levels, using a variety of means. In the process of purchasing

the word communication can be seen as the way individuals involved in the process interact with each other. What is said, how is it said and how it affects the relationship.

1.2 Research question

By combining the two areas of purchasing and communication, two pilot interviews were conducted in order to investigate if the two areas are related. These interviews confirmed that purchasing and communication are in fact related and that problems faced in purchasing are often of communicational character. This in turn led to the forming of the following research questions:

- Where in the purchasing process do problems occur for Swedish companies buying from Chinese suppliers?
- How does the communication between purchaser and supplier affect the out-come of the trade and the buyer-supplier relationship?

1.3 Research focus

This research focuses on manufacturing companies in the metal product-segment. We have investigated the communication in the trade-processes with focus on purchasing departments. The objectives were to identify which factors that are the most influential in the purchasing processes. We investigated how communicational aspects influence the purchasing process and the relationship between buyer-supplier.

1.4 Purpose

The purpose was to pin-point which aspects are important in communication between buyer and supplier. Throughout this research the aim has been to

examine how communication affects purchasing and where problems can arise in the process of purchasing.

1.5 Limitations

To reach that goal the following limitations were made:

The first limitation is made on geographical terms towards the southern Sweden; this is mainly done with the reasons of travelling. We have not been able to travel to the north or middle of Sweden.

Since the interviews are based on access, we have chosen to keep the companies anonymous; this gives some limitations in our description of the companies and their products.

All businesses are of manufacturing industry, by choosing companies that are part of the same industry comparison and analysis is made easier and more representative.

Another limitation is that we have focused the research from the purchasing perspective, and not consider the other departments of the organization.

The last limitation is the focus of purchasing between Swedish and Chinese companies.

1.6 Contribution

This research contributes to deeper insights of communication and interactions between purchaser and supplier in a certain industry. The contribution in research would be to give other researches a more in-depth study of where in the supply-chain communication problems occur. How cultural aspects can influence the interaction between parties and how good communicational skills can help overcome problems in the purchasing process. How the establishment of long-term relationships is influenced by the different interaction phases.

1.7 Outline of the dissertation

Chapter 1: Introduction chapter, here the research background is presented as well as the forming of research questions. Purpose, focus, contribution and limitations are also included in this chapter.

Chapter 2: Method chapter, presented here is how the research has been conducted and what kind of approach was chosen.

Chapter 3: Theoretical framework, this chapter presents selected theories and explains why those were chosen.

Chapter 4: Empirical data, in this chapter the empirical material is presented in the form of separate case analysis. The purpose of this chapter is to provide a base for discussion.

Chapter 5: Data analysis, this is the main chapter of the dissertation. The cases are cross-analyzed and discussed in order to build the foundation for drawing conclusions.

Chapter 6: Presents the conclusions and answers the research questions. Research implications and suggestions for future research are also presented here.

2 Methodology

In this chapter the methodology is presented. First a discussion of the applied research philosophy and approach is presented, followed by choice of study, data collection and credibility. It ends with a short summary.

The term method referred to the techniques and procedures used to obtain and analyze data. Methodology refers to the theory of how research should be undertaken. (Saunders, 2007, p. 3)

2.1 Research philosophy

Saunders (2007) defines research philosophy as the development of knowledge and the nature about that knowledge. When conducting a research it will in turn create a development in knowledge, though it might not be as powerful as a new theory or method. Depending in which way the researcher chooses to view the world, it will influence his or her view of the relationship between knowledge and the process of comprehending knowledge. Depending on the research aim, the philosophy will reflect in what way to conduct the research and to examine the most important aspects.

In the positivistic philosophy the researcher views the world from a nature-science perspective. The nature-scientist would prefer “*working with observable social reality and that the end product of such a research can be law-like generalizations similar to those produced by physical and natural science.*” (Rymenyi *et al.*1998, qtd in Saunder, 2007, p. 103) In this philosophy it would be preferred to start from a theoretical approach and then construct hypothesis which

are then confirmed or rejected. This thesis does not match the positivistic philosophy since it is not conducted from theory to hypothesis.

Realism is within the same philosophic area as positivism. Research is seen from a scientific point of view in a development of knowledge. The essence of realism is that what the senses show us as a reality is the truth, that objects have an existence independent of the mind (Saunders, 2007). There are two forms of realistic philosophy: direct and critical realism. Direct realism is defined as what you see is what you get, through our senses we all perceive the same picture of the world. The critical view on the other hand says that what a person experiences are sensations, images of the real world, not the thing itself (ibid). The critical view brings out the difficulties with how we as human beings perceive the world differently from one and other. One can argue that this dissertation could to some extent fit in to the critical realistic philosophy, due to the fact that the respondents are people who have their own perspective of the situation. That taken in consideration this thesis has adopted a philosophy where people perceive the world differently, thus the ambition to contact both the Swedish and Chinese companies, to gain different perspectives.

A subjectivist believes that the social phenomenon is created from the perception and consequent actions of social actors. This is continuous throughout the processes of social interaction, these social phenomenon are in a constant state of revision (Saunders, 2007). Interaction is the key concept in this thesis, since without interaction there is no communication or trade. As somewhat similar to the subjectivism philosophy we would argue that this is the philosophy which this thesis identifies with. The subjectivism is found in the interpretivism philosophy, which argues that rich insights in this complex world are far too complex to turn into law-like generalizations.

Ontology- the nature of reality. As a problem oriented thesis with the aim to solve possible problems, the most suitable philosophy lies in the ontological philosophy in terms of objectivism. When focusing on the paradigms in research philosophy presented by Burrell and Morgan (1979), this thesis would best match with what they present as the functionalism paradigm "*it is often problem-oriented in approach, concerned to provide practical solutions to practical problems.*"(qtd in

Saunders, 2007, p. 113) This thesis is a study of communicational difficulties in international trade with the purpose of finding solutions to possible problems and to define why said problems occur.

Table 2.1. Four Paradigms for the analysis of social theory

		THE SOCIOLOGY OF RADICAL CHANGE			
		'Radical humanist'		'Radical structuralist'	
SUBJECTIVE					OBJECTIVE
		'Interpretative'		'Functionalist'	
		THE SOCIOLOGY OF REGULATION			

(Source: Sanders, 2007, *Research methods for business students*, p.112)

The philosophy used in this thesis is a combination of philosophies, with similarities to interpretivism and functionalism.

2.2 Research approach

There are different research approaches; inductive, deductive or a combination of them both. Deductive is presented as an approach which tests theory. It starts from theory to construct hypothesis or prepositions and then test their coherency. The inductive approach is within the positivism philosophy and looks at the world through a scientific view. It involves the development of a theory that is subjective to rigorous test (Saunders, 2007). In the inductive approach the research aim is to create its own theory, which is the opposite of the deductive approach and *“The purpose here would be to get an understanding about what is*

going on, so as to understand better the nature of the problem.”(Saunders, 2007, p. 118)

Here theory would follow the collected data and not the other way around. This research started with collection of primary data, and then theory in the area was reviewed followed by the construction of models. Both of these approaches are extremists. We would thereby state that this research is not strictly adopting one or the other, but rather a mixture of them both. The approach is leaning a bit more towards the inductive approach, as the research starts with the identification of a problem followed by the use of theories, which is then followed by the collecting of data. The collected data was then connected to the models and theories providing a base for analysis and the drawing of conclusions.

2.2.1 What kind of study is this?

An Exploratory study is described by Robson in 2002, as a study in which to find out “*what is happening, to seek new insights, to ask questions and to assess phenomena in a new light.*” (qtd in Saunders 2007, p. 133) An Explanatory study, on the other hand is when the researcher studies a situation and from that material try to find a relationship between the different variables of the situation (Saunders, 2007). A Descriptive study gives a description of data that has been collected where the aim is to find new insights and new focus areas, which then would be in line with the exploratory research and the inductive approach. However, the aim of this dissertation was to explain why these problems occur and how to overcome them, which matches the explanatory study and deductive approach. This study is primarily explorative with hints of an explanatory character.

2.3 Research strategy

The choice of strategy is guided from the research question and objectives, the extent of knowledge as well as the underpinning philosophies. Robson defines the case study as “*a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence.*” (qtd in Saunders, 2007, p. 139) The empirical

investigation in this thesis would be the investigation of where problems occur in the interaction between parties. Morris and Wood (1991) state that the case strategy would be of particular interest if one would wish to gain a rich understanding of the context of the research and the process therein (qtd in Saunders, 2007). To further show where problems occur this research will focus on the process of purchasing, which is described through the use of models in chapter four. The case study also has considerable an ability to generate answers to the questions *why?* as well as *what?* and *how?* (Saunders, 2007) These questions are commonly used in explorative and explanatory research, which matches this study. Yin (2003) distinguishes between four types of case studies; single vs. multiple and holistic vs. embedded. This thesis would embrace the multiple and holistic case study, where there are several cases and each company is emphasized as an organization and not embedded into sub-units of the organization. The initial idea was to send questioners to Chinese suppliers in order to get those perspectives, however due to access issues that material will not be representative nor presented in this research.

2.4 Choice of research method

This is a qualitative or so called in-depth study that looks into the problem, explores why the issues occur and how to overcome them. In comparison to a quantitative study, where the research is more focused on the general assumptions or descriptions of a problem, a qualitative data is a non-numerical data and cannot be measured in numbers. This research has used a multiple method, which means using more than one data collection technique and analysis (Saunders, 2007). The multiple method is divided in to two categories; multiple and mixed methods. The mixed method used in this research presents a combination of qualitative and quantitative method, where the material collected is analyzed from a qualitative point of view. However due to access problems there is no presentation or analysis of quantitative data in this thesis.

2.5 Data collection

The ability of collecting primary and secondary data depends on access to the appropriate sources. There are two levels of access, the physical which involves gaining access to a meeting and the second level where the researcher fails to generate interest (Saunders, 2007). Neither physical access nor gaining interest for the research area has been problematic. However problems were encountered in gaining access to the Chinese suppliers. Saunders (2007) states that in an exploratory study in-depth interview can be very helpful' to find what is happening' and 'to seek new insights'.

As a primarily explorative research conducting interviews would be the right choice. There are different ways of conducting interviews. In this case the interviews were done in an unstructured manner or so called in-depth interviews. Unstructured interviews are informal and often used for in-depth exploration of an area. Such interviews can either be informant or respondent. The informant is when the interviewee speaks more freely whereas in the respondent the interview is controlled by the interviewers. The interview questions posed in this research were designed to be open for interpretation on the respondent's behalf. The aim was to have the respondent speak freely and give his perspective on questions brought up. Who was interviewed, what their position in the organization is and why they were chosen are presented in table 2.2.

Table 2.2. Summary of interviews.

Who	Where	Why
LiftTech	Two people from the Purchasing Department	We had a scheduled interview with the Purchasing Manager, but due to unforeseen circumstances he could not attend and sent the two purchasers he thought were best suited as replacements.
Steel Springs	The person responsible for their Chinese purchasing department and management.	This was the person we first contacted and after a brief conversation came to the conclusion that he was well suited for our interview.
Fixit	The CEO of Fixit.	We first contacted the receptionist of Fixit and asked who had the most knowledge of and participation in purchasing from Chinese suppliers. We were then redirected to the CEO, to whom we presented our research and scheduled an appointment with.
Pipeline	The purchaser who had the most contact with their Chinese Trading Office.	The first person we spoke to was the manager of Pipeline and after briefly presenting our research he redirected us to the purchaser who was the most involved in purchasing from the Chinese trading office.
New Foundry	The manager and the production planner.	We contacted the manager of the company, presented our research and scheduled an appointment. Due to a mix-up on our behalf that meeting was cancelled, but we got an appointment with the production planner instead. After speaking to the production planner we contacted the manager again to apologize for the misunderstanding and booked another appointment with him.
TubeTech	The purchaser working with their Chinese Trading office.	We contacted this person, presented our research and were informed that he was the best target for our interview and we scheduled an appointment.

2.5.1 Secondary and primary data

In research, secondary data is collected and processed by people other than the researcher in question. Common sources of secondary data for social science include large surveys and organizational records. Advantages in using secondary data are that it saves time which would otherwise have been spent collecting it. The secondary data can act as an extension to the primary data, to give a broad view of the research area. Primary data is collected by the researcher. In this research primary data was collected through interviews. Secondary data used in this research came from official statistics, published researches, books, government publications and journals.

2.5.2 Case and respondent selection

For this research we chose a purposive, or judgmental, sampling which enabled us to use our judgments when selecting cases that would best match the research questions and objectives. This form is most commonly used in small case samples studies where researchers select cases that are particularly informative (Neuman, 2000). The case profile is to be representative within its field. In order to find companies that would be representative, we contacted the ministry of trade and commerce in the south of Sweden, which presented us with information of companies that could be representative. The six chosen companies are located in the south of Sweden, all are part of the manufacturing industry and do business with Chinese companies. The respondents of each company were chosen by availability and area of expertise, which in this case was affiliation with purchasing and communicating with Chinese suppliers.

In order to claim having a representative sample we refer to Eisenharts' article 'Building Theories from a Case Study Research' (The Academy of Management Oct. 1989, p. 535) which summarizes some of the most recent research conducted using the case-study strategy, showing samples where the amount of cases range from one to ten. It also explains that the most important aspect when gathering

research material being in the form of a satiation effect. Drawing on the contents of this article we can confirm that our sample is representative and that a satiation effect was attained at the sixth case.

2.5.3 *Interview guidelines*

Blumberg *et.al*, states that when one is undertaking an exploratory study or a study with underlying explorative elements, one is most likely to undertake non-standardized research interviews (qtd in Saunders, 2007). Interviews for this research were done face-to-face and the questions were open for interpretation but still objective, in order for the respondent to think out loud and speak freely. Follow-up questions were asked when necessary in order to gain further knowledge and understanding for their answers. The interviews were both recorded and written down.

2.5.4 *Data analysis*

In the analysis the companies are compared with one and other in order to investigate possible similarities and differences in occurring problems. This was done by presenting the collected data through discussion, categorization and inserting it into matrixes. *“By generating categories and reorganizing your data according to them, or designing a suitable matrix and placing the data gathered within its cells means that you are engaging in the process of analyzing your data.”* (Saunders, 2007 p. 482)

The matrixes and models presented in the analysis displays differences in communication and approaches to suppliers. There is no testing of hypothesis or prepositions, since this research mainly identifies with an inductive and explorative study. The analysis itself will explain the out-come of different approaches and indulge the importance of the different variables used in the models presented.

2.6 Credibility

2.6.1 Reliability and validity

Reliability refers to the extent in which techniques used for collecting data or to what approach and extent the analysis yields consistent findings. The reliability refers to which extent the material and results would be representative if another researcher would conduct the same research again. In this dissertation we have chosen to answer the questions posed by Saunders (2007), following directions from the book and common sense in order to determine whether or not the research is reliable.

1. Will the measures yield the same results on other occasions?

Yes, we claim that the results from our measurements would be similar on another occasion, unless the circumstances dramatically change.

2. Will similar observations be reached by other observers?

Yes, we argue that other observers would reach the same observations as we have, since our observations were conducted in a way that undermines subjectivity.

3. Is there transparency in how sense was made from the raw data?

Yes, through the models and theories we make sense of the gathered material.

Validity is whether there is a relationship between the variables in the collected data. Sometimes relationships occur between variables that are not actually influencing each other. If the research was to be conducted at another point in time the findings would not be the same and the relationship between the variables would differ (Saunders 2007). In order to overcome some issues that are common in validity, such as the respondents answers being influenced by recent events in their surroundings, two of the questions asked during the interviews was about recent changes made in the purchasing process and how the process has developed during the past five years. We would here by state that our research is both valid and reliable.

2.6.2 Generalisability

Generalisability is sometimes referred to as external validity, and focuses on whether or not the research results can be generalized. As we have conducted a case study with limitations in the industrial area, we do not claim our results and findings to be eligible for generalisability. Our findings are aimed at the manufacturing industry. We have not collected data from other industries and therefore cannot state that those suffer from the same problems or success factors.

2.7 Summary of methodology

Having embraced the philosophy of an interpretivist, the aim of this research is not to draw law-like generalizations. The starting point was to explore possible problems in purchasing by conducting pilot interviews which identifies with an inductive approach. The goal was to get in-depth knowledge of the research area which led to the qualitative case study in forms of unstructured interviews. The primary data was collected through interviews and secondary data from journals, public databases and books. Case selection was done in a geographical area and the respondents were chosen for to their knowledge in the field of purchasing. Analysis of qualitative data was done through interpretation and categorization. The research has both reliability and validity.

Table 2.3. Summary Methodology

Research philosophy	Interpretivist	Data collection	In-depth interviews
Research approach	Inductive	Case selection	Geographical, multi-stage
Research study	Explorative	Respondent Selection	Area experts
Research strategy	Case study	Interviews	Face-to-face, unstructured
Method	Qualitative	Analysis	Discussion & Categorization
Secondary data	Journals, books, statistics	Reliability	Yes
Primary Data	Collected material	Validity	Yes
		Generalisability	No

3 Theoretical framework

This chapter begins with an introduction to interaction and the interaction approach, followed by a presentation of business relationships and communication. The presentation of a model constructed to suit this research is also found in this chapter.

The presentation of interaction and relationships in this chapter serves the purpose of explaining how interview questions were formed. It is also meant to provide an insight to how business relationships work and lead up to the selection of theories used in this research.

3.1 Interaction

The interaction between companies is vital in order to achieve and sustain long term relations, which is often the goal of both parties. In order to understand the processes of these interactions and the importance good communication, one must first understand the basics of a business to business relationship.

The interaction approach to understanding business markets describes businesses in the following way (Ford, 2202, p. XI):

Business markets do not consist of active sellers and passive buyers. Often, a customer faced with a particular requirement has to seek out suitable suppliers, assess them and even sometimes persuade them to meet those requirements. This task is difficult if the customers' requirements are hard to satisfy or the potential purchases are small. More generally, what is supplied and bought is not a fixed, standard product determined by the seller. The product is often modified or even designed specially at the customers' request. It may also be manufactured in a particular way, perhaps even in a purpose-designed plant. It may be delivered on a mutually

agreed schedule and at a price that is individually negotiated. Lots of people from different functional areas in both companies are likely to be involved in the process; not just marketing, sales and purchasing staff, but also people from engineering, production and finance etc. This means that the process is not one of action and reaction; it is one of interaction.

One needs to understand that most companies are part of a network of organizations, where interaction is the key to success for each participant. An understanding of a company's network position involves a listing of those additional resources which have been built on interaction. (Ford, 2002) suggests a threefold categorization of these resources:

- *Access to the resources of other network members*- These include their financial and spending power as well as the ability to transform or transfer product or services. A company may also have access to the knowledge resources of other network members in the product process or marketing areas.
- *Reputation* – A function of other network members' experience in things like trust and quality.
- *Expectations* – These can both facilitate and restrict the freedom of action of a company. For example, network members could have the expectation that a particular company will effectively set prices for a number of other companies, or a company may not take advantage of product shortages by raising prices, conform conventional competition or to set higher ethical standards than others.

In order to achieve and sustain competitiveness one must meet the customers' needs and expectations. This means that a customers' choice of supplier is not conditioned simply by defined products, service attributes or by technical or commercial competence, but also through the pattern and characteristics of the interactions with the supplier. Thus the interaction skills and strategies as well as strategic approach to markets of a company can be viewed as a crucial ingredient

for competitiveness. Cunningham identified five strategic options used by British firms to enter markets (qtd in Ford, 2002):

- Technical innovativeness.
- Availability and supply security
- Low price competitiveness
- Product adaptation
- Total conformity as a second supplier

3.1.1 The interaction Model

Marketing and purchasing of industrial goods is seen as an interaction between two parties within a certain environment. In order to analyze industrial, marketing and purchasing there are four elements to take into account (Ford, 2002, p. 23):

- The interaction process.
- The participation in the interaction process.
- The environment within which the interaction takes place
- The atmosphere affecting and affected by the interaction.

In an industrial market relationship several exchanges are made between the two parties. These exchanges form the base of the relationship and can be identified as *episodes* and *relationships*. According to Ford (2002, p. 24) there are four elements to be considered in the episodes:

1. Product or service exchange: This is often the core of the exchange as the characteristics of the product or service are likely to have significant effects on the relationship.
2. Information exchange: The content of information is important and there are several aspects of the information exchange that are of importance.

Ford points out that the width and depth of the information in areas such as technology, economics and organizational questions can dominate the exchange. The information can be exchanged between the two parties by either personal or impersonal means. Finally the formality of the information exchange is of importance as the degree of formality can depend on wider organizational characteristics, which in turn can affect the nature of the interaction process and the relationship between the two companies (Ford, 2002).

3. Financial exchange: The quantity of money exchange is an indicator of the economic importance of the relationship. Another important aspect is connected with the need to exchange money from one currency to another and the uncertainties in these exchanges over time (Ford, 2002).

4. Social Exchange: According to Håkansson and Östberg social exchange has an important function in reducing the uncertainties between the two parties (Håkansson and Östberg, 1975). This is particularly important when there is a spatial or cultural distance between the two parties, or where the experience of the two parties is limited. Social exchange episodes may be important in themselves in avoiding short term difficulties between the two parties and in maintaining a relationship in the periods between transactions. However, Ford states that perhaps the most important function of social exchange is in the long term process by which successive social exchange episodes gradually interlock the two firms with each other (Ford, 2002). The relationship is built on mutual trust. Building up this trust is a social process which takes time and must be based on personal experience and on successful execution of the three other elements of exchange.

3.1.2 Relationships

Social exchange episodes are as described above, critical in the forming of long-term relationships. Exchanges of products and of the other elements such as money and information can also lead to the forming of long-term relations. The routinization of these exchange episodes over a period of time leads to clear expectations in both parties of the roles or responsibilities of their opposite numbers (Ford, 2002). Eventually these expectations become institutionalized to such an extent that they may not be questioned by either party and may have more in common with the traditions of an industry or a market than rational decision-making by either of the parties (Ford, 2002).

The communication or exchange of information in the episodes successively builds up inter-organizational contact patterns and role relationships. These contact patterns can consist of individuals and groups of people filling different roles, operating in different functional departments and transmitting different messages of a technical, commercial or reputational nature. This can interlock the two parties to a greater or lesser extent, which makes it an important variable to consider when analyzing buyer-supplier relationships. Note that social exchange between the two parties can continue for a long time prior to any money or product exchange take place (Ford, 2002).

Another important aspect of the relationship is the adaptations which one or other party may make in either of the process' of exchange. The benefits in these adaptations can be in cost reduction, increased revenue or differential control over the exchange (Van Wheel, 1997).

3.2 Communication between parties

At least two individuals, one from each organization, are involved in a relationship, often identified as a buyer and a salesman. It is more common to have several individuals from different functional areas, different levels of the hierarchy and fulfilling different roles, become involved in inter-company interactions. They exchange information, develop relationships and build up

strong social bonds which influence the decisions of each company in the business relationship (Rosengren, 2000).

Varied personalities, experience and motivation of each company's representatives will lead to them each taking part in the social exchange in different ways. Their reactions in individual episodes could condition the ways in which the overall relationship builds up (Håkansson & Snehota, 1995). The roles, levels and functions of the central persons in the interaction affect the chances of future development occurring in the relationship.

Individual experience may result in preconceptions concerning certain suppliers or customers in a certain country. These will affect attitudes and behavior towards those buyers or suppliers. The experience of a single social episode can radically change the attitudes between the companies which may then be held over a long period of time (Ford, 2002).

3.3 The interaction process

One of the most important parts of purchasing is the interaction between parties. The interaction model, published by David Ford (2002), offers a good base of understanding for how industrial purchasing can be analyzed and is divided into four elements, which in turn are divided into sub-categories:

1. The interaction process: *Product exchange, Information exchange, Financial exchange and Social exchange.*
2. The participants in the interaction process: *Technology, Organizational size, structure and strategy, Organizational experience and Individuals.*
3. The environment in which the interaction takes place: *Market structure, Dynamism, Internationalization, Position in the manufacturing channel and The social system.*
4. The atmosphere affecting and affected by the interaction: *The economic dimension and The control dimension.*

The theories presented thus far have served the purpose of building a pre-understanding of purchasing and the processes involved. Drawing on the pre-understanding allowed for the forming of in-depth interview questions used to collect data for analysis.

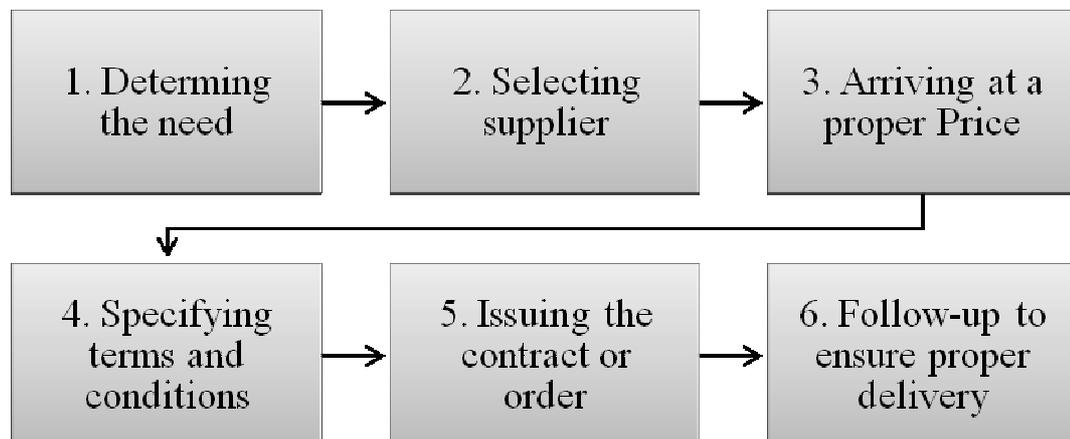
3.4 Choice of model and theory

3.4.1 Supply Chain Model

Van Weele (1997) identifies the process of buying as a six step process:

1. Determine the need
 2. Selecting supplier
 3. Arriving at a proper price
 4. Specifying terms and conditions
 5. Issuing the contract or order
 6. Follow-ups to ensure delivery
7. This process is presented in figure 3.1.

Figure 3.1. The process of buying.



(Based on; Van Weele, Purchasing Management, 1997, p. 8)

Definitions of the six steps based on Van Wheelles (1997) descriptions:

1. Determining the need explains the reasons for entering new markets.
2. Selecting supplier is the process in which the buyer searches the market for suppliers with the proper technology and knowledge to produce its products.
3. Arriving at a proper price is done through communication and discussion between the two parties involved.
4. Specifying terms and conditions include issues such as quantity and quality, documentation, law, union rules and standards.
5. Issuing the contract or order → preparing → place the order → monitoring and control.
6. Follow-ups to ensure proper delivery, means that the buyer monitors the production process to make sure all things are in accordance with agreements and follow time schedules. Follow-ups also include giving feedback to improve future trade.

Drawing on this model adaptations were made to suit how we perceived the process of purchasing, having conducted interviews with experts in the field. In this new model the steps of determining the need and selecting supplier were combined into an Initiation phase. Furthermore the different steps leading up to the issuing of the contract, were considered phases of interaction and by combining those the phase of Negotiation was created. The last phase of the new model was simply labeled Follow-ups and includes the steps of monitoring, control, feedback and follow-up from the original model. The new model is presented in figure 3.2.

3.4.2 Purchasing Process as communication:

Figure 3.2 The Purchasing Process model



(Source; Purchasing process, Marcus Malveholm and Maria Nilsson, 2008)

The description of these three steps is based on the interpretation of Van Wheelé's (1997) six steps of purchasing.

Step 1. Initiation – This phase includes finding and choosing the right supplier.

Step 2. Negotiation – In this phase the interaction between companies mainly concerns issues such as terms, agreements and issuing contracts.

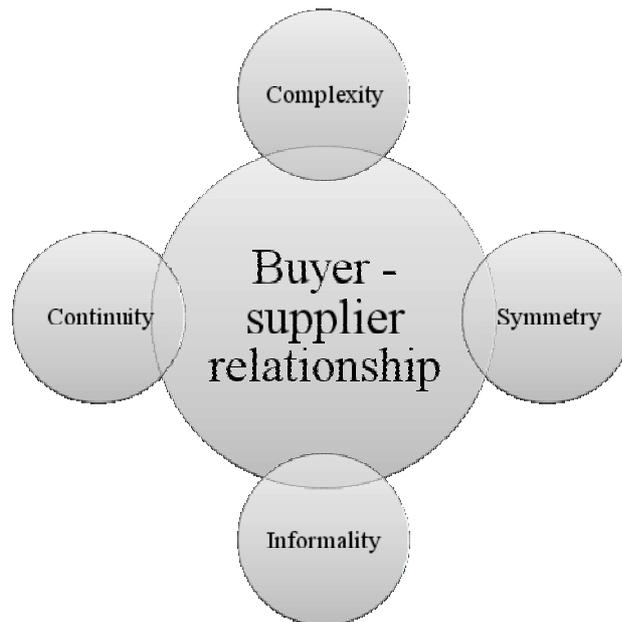
Step 3. Follow-ups – The term follow-up is used to describe changes made post-delivery and the information sent between parties in order to improve cooperation, promote development or to demand compensation.

By presenting the gathered material in the purchasing process model, we intend to provide an analysis and clear view on problems that can occur. The model itself

will act as the foundation for a discussion presented in chapter five and as a compliment to the buyer-supplier relationship analysis.

3.4.3 *The buyer-supplier relationship*

Figure 3.3 Buyer-supplier model



(Based on; Håkansson and Snehota, Developing Relationships in Business Networks, 1995, p. 7)

We have chosen the theory of comparative advantage in industrial purchasing (Håkansson & Gadde 1993) to understand why companies have chosen to internationalize their purchases. The theory involves aspects of trade, for example price, quality and quantity, all of which are reasons as to why companies are buying from for example, Chinese suppliers. Håkansson and Snehota (1995) have identified a few structural characteristics of the customer-supplier relationship that are readily evident. Those characteristics are: Continuity, Complexity, Symmetry and Informality. These characteristics are the cornerstones of purchasing and explain how a customer-supplier relationship function and also, to some extent, the different stages of purchasing in a business-to-business relation.

3.4.4 Description of Complexity, Continuity, Symmetry and Informality based on Håkansson and Snehota (1995) definitions

Complexity

According to Håkansson and Snehota (1995) complexity relates to how complex a business relationship is. In order to measure this we look at the individuals involved in the communicational aspects of the purchasing processes. More specifically the number, type and contact pattern of the individuals as well as how the company uses established relationships to gain competitive advantages in their line of business. For example, if there are several individuals from different departments involved in the purchasing process, the level of complexity would be considered high.

Continuity

Business transactions between two companies often stretch over a long period of time and involve continuous contracting, delivery, post-delivery assistance and service. Continuity is defined by Håkansson and Snehota (1995) as the companies' intentions to continued using the same suppliers. The level of continuity is determined by looking at how and if companies are striving to attain stability and continuity in business relationships, as well as previously established long-term relationships. For example: if the relationships are mutually beneficial to the companies and have led to development and change, this would indicate a high level of continuity.

Symmetry

Differences in resources such as human-knowledge, finance and technology are often superior on the buyer-side of a business relationship. Who has the power in a relationship can be judged by the amount of resources controlled by a company. The company with the most power often controls the relationship and has the most possibilities to influence and promote changes within it. In accordance with the definitions made by Håkansson and Snehota (1995) symmetry is measured in terms of mutual gains for the companies in the buyer-supplier relationships. For

example, if one company has complete control over a relationship and influences the other participant to adjust to their standards and norms, we would argue that this relationship is more symmetrical than if both companies are trying to gain control.

Informality

Formal contracts are commonly occurring in business relationships, but their use is often limited and ineffective in dealing with uncertainties, conflicts and crises that occur. Informal mechanisms are better suited and more effective for building trust and confidence in a relationship, which are important for the development of a business relationship. Håkansson and Snehota (1995) argue that the level of informality can be measured in terms of documentation, supervision of ongoing production, social interactions and adaptations in communication. For example, if the buying company demands a lot of documentation and supervision of ongoing production, a lack of trust in the relationship is evident and would result in a low level of informality.

3.5 Summary

The models presented in the beginning of this chapter served the purpose of building a pre-understanding for purchasing processes and allowed for the forming on interview questions. The theories The Purchasing Process and Buyer-Supplier Relationship were used to analyze, categorize, explain and present findings.

4 Presentation and case analysis

This chapter is a presentation of the empirical material in the form of separate case-analysis in the Buyer-Supplier Relationship Model.

By presenting the collected data in the buyer-supplier relationship model we aim to present interpretations of each company's approach to suppliers in terms of continuity, complexity, symmetry and informality. This material will then be the basis for a cross-case analysis.

4.1 Presentation of cases

4.1.1 LiftTech

LiftTech was started in 1928, producing tools and equipment for both Swedish and foreign manufacturing industry. Since 1950 production has focused on hydraulic cylinders and other hydraulic products. Today LiftTech is a subsidiary to a larger corporate group that has five production units in Sweden and is currently starting up a production plant in Qingdao, China. Their products are used in agricultural machinery, lift trucks and cranes, industrial applications, fork positioners and side shifters. In recent years there has been an increase in demand for these products which has resulted in a steady growth rate for LiftTech, as can be seen in table 4.1 where key figures for the past four years are presented.

Table 4.1 Key-figure LiftTech

Fiscal year:	2007	2006	2005	2004
Number of employees:	163	134	121	113
Turnover (MSEK):	337, 3	260. 903	203, 300	170, 504
Profit after Fin.items (MSEK):	22, 487	15, 910	9, 248	8, 529
Solidity (%):	18.75	22.74	26.42	29.55

By interpreting the information and insights gained from an interview conducted with LifeTech, the material has been summarized and inserted in the 4-variable model presented below.

Complexity

LiftTech is currently in the start-up process of its China entry. At this point there are three Swedish employees on site to supervise the start up phases of the production plant and purchasing. The purchasing manager of LiftTech handles the communication and agreements with Chinese suppliers. There is currently one person on site in China involved in finding suitable suppliers and conducting market investigations. LiftTech has also asked the Swedish Chamber of Commerce and Trade to help locate suppliers capable of handling the quality and material standards they require. There is currently no daily communication between the Swedish company and Chinese suppliers, but once settled on the Chinese market LiftTech plans to use telephone, invoice and supplier visits to interact with them.

Continuity

LiftTech has previously bought products from Chinese suppliers that can produce the required quality and have no intention of terminating these relationships, but rather develop them. Recently they have also chosen a new supplier to produce a test batch of products for testing in Sweden. Once the testing is finished they plan to continuously work with the supplier by providing feedback in areas where quality needs to be improved. The current plan is to generate a broad network of suppliers for their future production plant.

Symmetry

Being part of a corporate group, LiftTech has taken advantage of the experience of other subsidiaries already established in China to help ease their own entry. Since LiftTech is starting up a production plant, having the right suppliers at the ready before starting the production is important. By establishing a network of suppliers LiftTech intends to create long term supply chain relationships.

¹ www.ad.se will not be further referred to, due to the anonymity of the companies.

Informality

The communication between LiftTech and their Chinese suppliers is mainly of the formal nature: contracts, requests for samples and evaluations. The purchasing manager often visits China to supervise the work there and to attend social interactions, such as lunch or dinner, with suppliers. In the early stages of a buyer-supplier relationship it is important to show interest in each other and to discuss and solve problems.

4.1.2 Steel Springs

Steel Springs was founded in 1975. Its business ideas are: “development, design and manufacturing of springs of wire- and bandmaterial according to client specifications” and “manufacturing of products for cleaning of combustion gas from incineration plants”. Steel Springs has a production unit in Sweden but can also offer production resources in China and Serbia. Its current market areas are automotive, electronic, standard, industry, environment and gas struts. Table 4.2 shows a summary of key figures for the past four years.

Table 4.2 Key-figures Steel Springs

Fiscal year:	0705-0804	0605-0704	0505-0604	0405-0504
Number of employees:	111	104	108	101
Turnover (MSEK):	158, 543	133, 907	124, 636	111, 584
Profit after Fin.items (MSEK):	10, 588	11, 340	5, 256	3, 812
Solidity (%):	38.36	48.95	42.73	42.74

(Source; Affärsdata-ad.se)

The information gained through an interview with Steel Springs is presented in the 4-variable model below.

Complexity

Steel Springs mainly communicate with the Chinese Trading Office through e-mail and telephone. Steel Springs are also frequently visiting the Trading Office

and the suppliers, providing feedback and doing follow-ups. Two people from Steel Springs are involved in the purchasing process, sending requests and order to the two employees at the Chinese Trading office. The trading office locates suitable suppliers and sends information regarding potential companies to Steel Springs. The employees at the trading office are allowed, to some extent, to make deals with suppliers regarding smaller volumes of products but decisions for larger quantities are made by Steel Springs.

Continuity

The Chinese Trading Office has only existed for two years but Steel Springs has collaborated with a partner firm in Hong Kong since 1995. This partner firm has proven to be a good asset when entering the Chinese market and starting a trading office. The relationship with the partner firm has provided Steel Springs with a competitive edge through possibilities for production in Hong Kong and has eased the entry into the Chinese market. In return the partner firm has been influenced by European standards and norms, which has resulted in better working conditions for their employees and adaptations when it comes to their business approach to western companies. The partner firm houses an important quality control function for Steel Springs, allowing them to do last minute inspections of the goods being shipped to Europe.

All purchases made in China start off with small volumes to ensure the right quality, quantity and delivery time. Purchases made are also considered one step closer to a long term relationship with the supplier. It is the intention of Steel Springs to establish long term relationships with their suppliers. Steel Springs are frequent with supplier visits and are continuously trying to strengthen the relationships. Should problems arise regarding shipments from their Chinese suppliers, Steel Springs attempt to solve the issues with the supplier rather than removing them from the supply chain.

Symmetry

Steel Springs and its partner firm have had numerous information exchanges and opened up new possibilities for both companies. Steel Springs has provided technology, standards and insights to the European way of thinking, while the

partner firm has provided them with a foothold on the Chinese market, production and storage capacity as well as a social network in China.

The Chinese Trading Office is Steel Springs' establishment on the Chinese market. The two employees have been educated and trained to fit Steel Springs' needs. By bringing the two employees over to Sweden for educational purposes, they have established personal relationships with the Swedish company. This has reduced the need for management and control of the Chinese Trading Office for Steel Springs and instead allows for focus on things like motivating and giving feedback. The result is a stable and productive office in China.

The relationships with the Chinese suppliers have not yet resulted in any technology or knowledge exchange since the current technology is sufficient to the needs of Steel Springs.

Informality

The relationship with the partner firm is of a friendly nature. Both companies annually exchange Christmas cards and whenever the management from Steel Springs is in China they try to visit the management of the partner firm. Should problems arise regarding storage or products these are quickly solved.

When talking to suppliers, Steel Springs has found it very important to be clear with what they are looking for and that politeness and objectivity are key factors to understanding each other. The process leading up to a mutual understanding can be very time consuming. During visits to China it is common for the people from Steel Springs to have dinner or lunch with suppliers and the employees at their trading office. It is during these events most negotiations and decisions are made.

4.1.3 New Foundry

New Foundry was founded in 1971 and is part of a large corporate group with production units in Sweden, China, Finland, Estonia and India, specializing in light metal founding and their main markets are the telecom and automotive industries. In order to meet the growing Asian telecom market demand, the corporate group started a production unit in China in 2000. The business aim of New Foundry is to be able to offer as finished products as possible to its customers. Table 4.3 shows a summary of key figures for the past 4 years.

Table 4.3 Key-figures New Foundry

Fiscal Year:	2007	2006	2005	2004
Number of employees:	127	139	161	153
Turnover (MSEK):	174, 684	201, 671	217, 167	305, 438
Profit after Fin.items (MSEK):	-17, 105	2, 381	-11, 218	3, 303
Solidity (%):	35.99	42.93	40.38	27.34

(Source; Affärsdata-ad.se)

The information and insights gained from the interviews conducted with New Foundry is presented in the 4-variable model below.

Complexity

Several individuals from different departments and level in the company have daily or weekly contact with the Chinese company. The channels used are e-mail and telephone. New Foundry also send several production and quality technicians over to China to implore a form of informal training on the Chinese personnel. The management of the company in China becomes increasingly Chinese as the company grows. Sometimes this leads to new problems for New Foundry as most of the technical issues and other problems are solved by Swedish personnel and management.

On average there are three people from different departments in New Foundry involved in the purchasing process. These are sales department, purchasing department and technical department. The amount of people involved depends on

the complexity of the product. All prices and customer contracts are done exclusively by New Foundry in Sweden.

Continuity

The Chinese company was founded in 2000 and started up with 20 Chinese employees and five European managers and project leaders. Since then it has grown into a company with 1200 Chinese employees and ten, on site European managers and project leaders. Over the years New Foundry has introduced a European culture and way of thinking into the company.

By using an EDI system New Foundry can supervise and control the ongoing production in China and keep track of shipment schedules and deadlines. New Foundry expects continued growth in the Chinese company and tries to keep the experienced and trained employees by raising wages, conducting informal and formal training and through internal recruitment for managerial positions.

Symmetry

The Chinese company was founded as a subsidiary to New Foundry, with the intention of becoming a supplier for the European market. New Foundry supplied the Chinese company with production technology, market know-how, customer contracts, sales and purchasing departments. New Foundry also financed the start up process and introduced codes of conduct, labor manuals and guidelines. The Chinese company contributed with low prices, cheap labor and presence on the Chinese market and it eventually expanded and created its own sales and purchasing departments.

The Chinese company is still, and will continue to be, dependant on New Foundry. This is because the market it is operating on is highly fluctuant and its clientele are mainly European companies. All orders and contracts are issued by New Foundry. Though the relationship is codependent, New Foundry has the most power and is in control of the relationship.

Informality

With the integrated computer system, EDI, New Foundry can see everything going on in the Chinese company. An overview of production, invoices, orders and storage allows for control. The interaction between Swedish and Chinese

personnel is somewhat adapted. It is important for the Swedish management not to make the Chinese employees lose face in front of coworkers and the Chinese company was introduced to “keeping an open mind kind of philosophy” and not to enforce formal hierarchy.

When dealing with suppliers of the Chinese company it is important to keep the supplier’s manager happy and not lose face. It is also important that purchasing personnel have good Guanxi², since business in China is not made between two companies, but rather the individuals involved in the process. Once business relationships have been established the interaction becomes more informal and friendly. This makes the social interaction part of the purchasing process vital when establishing business relationships.

4.1.4 Fixit

Fixit is the largest company in a corporate group. Its main products are in the fastener market and they are the biggest Swedish wholesale dealer on the market with a stock consisting of 60.000 different articles. Besides the assortment of articles Fixit also offer its customers logistics solutions. Most of the products are purchased from suppliers in East Asia and Europe but Fixit also have production units in Sweden. Table 4.4 shows a summary of annual report key figures from the past four years.

Table 4.4 Key-figures Fixit

Fiscal Year:	2007	2006	2005	2004
Number of employees:	81	78	73	67
Turnover (MSEK):	543, 984	459, 527	375, 278	289, 206
Profit after Fin.items (MSEK):	77, 845	62, 818	59, 001	43, 220
Solidity (%):	18.16	21.40	26.23	27.68

(Source; Affärsdata-ad.se)

² Guanxi literally means relationships, although in business setting it can be understood as ‘connections’, The concept is deeply rooted in the Chinese culture, particularly the Confucian philosophy of valuing social hierarchy and reciprocal obligations (Hills, 2005).

The information and insight gained from the interview is presented in the 4-variable model below.

Complexity

Fixit has been present in China for 25 years and currently has an office there. It identified the need for being ahead of the competition early by purchasing cheap goods from Chinese suppliers. Today Fixit are not actively searching for new Chinese suppliers unless there are rumors of suppliers with better quality and lower prices. Instead suppliers approach Fixit, which puts them in a very favorable position on the Chinese market. The main mean of communicating within the company and with suppliers is through e-mail and telephone.

Continuity

Since Fixit has been established on the Chinese market for 25 years, it has built up a strong social network and a good reputation. Fixit purchases large volumes from China and its strategy is to find small suppliers, to whom they will be of great importance. This gives them the upper edge in a buyer-supplier relationship and allows Fixit to specify terms and conditions for the suppliers to adhere to. The company strives to achieve the best terms and conditions for all parties involved in their purchases.

Symmetry

By focusing on small suppliers and making them dependant on Fixit, new possibilities open up. Fixit is in control of the supply chain and can supervise activities through use of documentation. This has been well perceived by the suppliers who are proud of being part of Fixit's supply-chain and further strengthens its reputation on the Chinese market. One supplier even put the company logo of Fixit in front of their factory, proudly showing themselves as a part of that particular supply chain.

Informality

Company representatives of Fixit's Chinese company visits suppliers and maintain the relationships in the supply chain. Fixit is aware of that sometimes deliveries go wrong and use a gentle approach to suppliers when problems arise. Follow-ups are done as soon as deliveries are made. Since Fixit has a strong and good reputation on the Chinese market the necessity for informal social

interactions decreases, but company representatives still attend to keep the relationships stable

4.1.5 Pipeline

Pipeline is part of a large corporate group and specialize in total solutions regarding pipe bending with focus on the automotive and manufacturing industries. By offering advanced components based on pipe bending, robot welding and complete installations, Pipeline has grown into a successful business. The corporate group previously had a Chinese trading office that acted as a supplier to the companies in the group. That office was closed down. In table 4.5 a summary of key figures from the annual reports for the past four years is presented.

Table 4.5 Key-Figures Pipeline

Fiscal Year:	2007	2006	2005	2004
Number of employees:	107	96	88	84
Turnover (MSEK):	181, 476	171, 399	157, 858	157, 847
Profit after Fin.items (MSEK):	6, 681	6, 856	8, 335	9, 911
Solidity (%):	26.38	22.99	22.27	18.40

(Source; Affärsdata-ad.se)

Interpretation of the information and insights gained through the conducted interview is presented in the 4-variables-model below.

Complexity

Pipeline is part of a corporate group that previously had a Chinese trading office for four years. The trading office had three employees, one manager, one quality technician and one assistant. When buying from China, purchasing personnel from Pipeline sent product specifics to the trading office, which then proceeded to locate and contact potential suppliers. Prior to any purchases Pipeline personnel visited the suppliers to determine if the company suited its needs. The only contact Pipeline had with suppliers, except for the visits, was through the trading office. This sometimes led to communicational difficulties when encountering

problems with products or delivery schedules. Since Pipeline contacted the trading office which in turn contacted the supplier, feedback and response took time.

The communication channels used were e-mail and telephone, but on occasions Pipeline had to visit China in order to solve issues. The supervision of the Chinese trading office was done by the purchasing manager of the corporate group.

Continuity

Pipeline took part in education and training of the Chinese quality technician and office manager in company values, code of conduct and concept. This was done to help integrate the Chinese employees into the company as well as getting to know them. The Chinese trading office was meant to serve as a portal into the Chinese market and allow the corporate group to cut costs by buying cheaper products. By continuously educating the Chinese staff and to have them constantly searching for new potential suppliers whilst maintaining the relationships with already established suppliers, Pipeline aimed to remain on the Chinese market indefinitely. But problems such as overdue deliveries, incoherent price changes and poorly packaged goods caused loss. While these problems were worked on, bad luck struck the trading office as the two key employees became very ill and had to quit. Instead of starting over, the corporate group decided to close the trading office.

Symmetry

The corporate group had the main responsibility for the Chinese trading office and made all the necessary investments, hired personnel and acted as the supervisor. Pipeline depended on the trading office to find suitable suppliers and to ensure proper quality and on time delivery. The Chinese trading office depended on Pipeline to get invoices and income. Though Pipeline had little correspondence with the suppliers themselves, the Chinese office manager had good contact with the suppliers.

Informality

Whenever problems with deliveries arose, Pipeline spoke to the trading office to try to solve the issues and was usually successful. Both the Chinese quality technician and the office manager had been to Sweden for company training and getting to know the people in the organization. For the Swedish purchasing personnel, having met the Chinese employees eased the communication when orders were made and vice versa.

If requested by Pipeline, both the Chinese quality technician and office manager would visit suppliers. There was little communication between the Chinese suppliers and Pipeline, all communication was done through the trading office. The trading office manager often visited suppliers and attended social informal interactions. When visiting suppliers Pipeline also took part in these social interactions and held them in high regard to future cooperation.

4.1.6 TubeTech

TubeTech was started in 1986. The head office and production unit is located in Sweden as well as also have a purchasing and sales office in China. TubeTech specialize in the production of tubes, prototypes and specialized steel bars. TubeTech's customers are mainly found in the automotive, engineering and rubber industries. By actively working with purchasing and forging direct links with suppliers TubeTech can offer customers additional competitive advantages. Table 4.6 shows a summary of key figures for the past four years.

Table 4.6 Key-figures TubeTech

Annual accounts:	2007	2006	2005	2004
Number of employees:	41	34	32	33
Turnover (MSEK):	104, 880	86, 564	76, 722	64, 605
Profit after Fin.items (MSEK):	8, 317	9, 016	6, 264	4, 671
Solidity (%):	37.22	35.81	37.31	37.65

(Source; Affärsdata-ad.se)

Information and insights gained through an interview with TubeTech is presented in the 4-variables model below.

Complexity

The initial purchasing process has a low degree of complexity. From the office in Sweden one person communicates with the Chinese Trading Office employee, who in return locates suppliers or gives feedback from current suppliers. The means of interaction mainly used are Skype with a web camera, telephone and e-mail. The Chinese employee acts as TubeTech's representative on the Chinese market and is the link between supplier and home company. When searching for new suppliers or evaluating old ones, all information are forwarded to the Swedish office where all decisions are made. On the communicational aspect, the Swedish company has adapted to the cultural differences between China and Sweden by changing the way questions are asked and increasing the demand for documentation. There are also issues with trusting Chinese suppliers to honor agreements and keep time tables. This has resulted in an increasing need for control and supplier visits during ongoing production.

Continuity

TubeTech has been active on the Chinese market for five years and has continuously traded with some suppliers for three years. Due to the relatively short period of time it has been active in China, long term supply-chain relationships are yet not fully developed. Among the suppliers TubeTech has purchased from for a relatively long period of time, previous issues such as trust slowly declines and strengthens the relationship. This however does not generate a decline in the need for control and supplier visitations which are still considered necessary.

When evaluating new suppliers TubeTech not only visits them but also current suppliers. These visits serve as means to show the Chinese suppliers that they are important to TubeTech and that there are prospects of future business between them. This further strengthens TubeTech's reputation on the Chinese market as a reliable customer and also indicates that they have continuous buyer-supplier relationships in mind.

Symmetry

The target group of suppliers for TubeTech is those with 50-70 employees and with the right capacity and technology to produce the components. The main reason TubeTech entered the Chinese market was due to low prices. TubeTech has resources such as technology, financial capabilities, market knowhow and product development that is superior to the suppliers. These differences in resources between TubeTech and the Chinese suppliers complement each other and since lower prices on products grant the Swedish company a competitive edge on its domestic market, the Chinese supplier gains technology and knowledge due to increasing demand for quality or complexity on the products.

Informality

TubeTech has made some adaptations in the communication with the Chinese Trading Office employee. By using IP telephone programs and a web camera, the people involved in the process can see each other while speaking to one another. It also works as a mean for control when it comes to documentation and procedure since it can all be done in front of the camera.

The contact with suppliers is mainly handled by the Trading Office employee, by phone, e-mail or by visiting them. It is also common for this employee to attend dinner or lunch with people from the supply-firms. These social interactions serve the purpose of making the two companies get to know each other better as well as bringing up issues or problems in an informal way. It is also common for the Swedish employees to attend similar social interactions with suppliers when visiting China. These interactions are used as means to strengthen the relationship and to discuss and solve problems or making agreements.

4.2 Summary

The presentation of the empirical material in the form of separate case-analysis provides an insight into how the cases are identified in the 4-variable model. It also presents different approaches in communication between the Swedish companies and the Chinese suppliers. Combined this serves as the basis for discussion presented in chapter five.

5 Cross-case analysis

Chapter five presents two discussions based on the material presented in the previous chapters and material gathered from interviews with representatives from the different companies. The discussions involve the Purchasing Process model as well as the Buyer-Supplier Relationship model.

The first discussion presented below is based on the Purchasing Process model, which includes three different phases:

- Initiation
- Negotiation
- Follow-ups

By discussing our findings in these three phases, we analyze where, why and how problems occur in the process of purchasing.

5.1 Cross-Case analysis in the Purchasing Process model

5.1.1 *Initiation phase*

All the cases presented in this dissertation employed the services of other organizations in the start-up process of their China entry. This helped them make contact with suppliers and recruitment agencies as well as introduce them to Chinese Law and regulations. Most of the companies employed the services of The Swedish Consulate in China and the Swedish Chamber of Commerce for this purpose. LiftTech also received a lot of help from a subsidiary of its corporate group, which was already established in China and had a social network built up. A social network is important in all business relationships and being able to draw on the experience of the subsidiary will probably ease LiftTech's entry into the

Chinese market. Building a social network is also very time-consuming as it involves finding the right people for the right job. The respondent from New Foundry pointed out a few differences between Swedish and Chinese suppliers: *“In China there are thousands of suppliers for every small detail, where as in Sweden we have a few large wholesalers for the very same items. This means we can spend an entire day in China trying to find a supplier for light bulbs, and then the next day we have to find yet another one for screws and bolts.”*

These differences pose a lot of problems for Swedish companies trying to establish themselves on the Chinese market. Finding the right supplier during the initiation process can be made easier with a good social network and through experience and by learning from mistakes. All companies presented in this thesis also underline the importance of having company representatives on site to handle the communication and to show interest in both new and old suppliers.

The initiation phase is very important for a business relationship as it sets the foundation for future cooperation. In the early stages of a relationship the amount of risks and uncertainties are high and the level of trust is low, which is why all our cases start new supplier-relationships by buying small quantities. TubeTech presented an example of this: *“We have learned by experience that we need to control everything, from the beginning to the end. Even if the Chinese [representatives] says he can make this product for us, we still need to check if he is telling the truth, because a Chinese person cannot say no. That is why we have an employee in Sweden working fulltime towards the Chinese suppliers.”*

In China during the initiation process informal meetings are very important to build and strengthen business relationships. Being polite, adapting to Chinese customs, understanding cultural differences and being yourself are all important aspects for these meetings. One of our respondents at New Foundry pointed out that in China business is not done between two organizations, but rather between the people involved in the purchasing process. He also pointed out the importance of Guanxi for the people involved.

During the interviews we asked the respondents which meeting with the supplier they considered to be the most important. With the exception of New Foundry, who said that the entire process was important, the answer was unanimous: the

first one. This puts further emphasis on the importance of having the right person representing the company when meeting suppliers. The first impression must be the best impression.

5.1.2 *Negotiation phase*

It is common to use the Swedish purchasing department to handle negotiations with new suppliers. Negotiating product specifications, prices, conditions and delivery takes time, especially when the purchasing company has understood the cultural differences, such as the Chinese cannot lose face. This can lead to frustration and uncertainty in the business relationship. In order to overcome issues like this, some companies have learned never to ask yes or no questions, since they know the Chinese supplier or employee will always answer yes. Our respondent at TubeTech said: *“A Chinese person cannot lose face. To answer a question whether something is do able or not with a no, is unthinkable for them.”* Similar experiences also existed at Pipeline *“Even though the Chinese supplier told us he had done what was asked, we still had some doubts. Sometimes it even turned out he had said yes when in fact he should have said no.”*

This forces Swedish companies to adapt in order to make sure that the importance of what has been communicated is understood. This problem also leads to a lack of trust for the Chinese suppliers and results in a lot energy and effort being put into controlling and supervising ongoing production. Through experience and adaptation these kind of problems can be prevented which is the case for Fixit. Fixit has 25 years of experience on the Chinese market, and does not experience these problems to the same extent anymore.

Demands or requests for documentation are commonly occurring during negotiations. Swedish companies often require testing and documentation of products during ongoing production and prior to shipping, in order to prevent delivery of flawed products. This can be considered a mean of control and indicates uncertainty. TubeTech has taken the control of documentation one step further by using the IP telephony program Skype combined with a web camera, allowing them to watch the Chinese employee measurement products. New

Foundry and Fixit use an integrated computer program to allow them to monitor ongoing production, invoices, stock and deadlines.

During the negotiation phase most of the communication is done by e-mail. Though most of our respondents agree that using the telephone can be a better way of interacting and solving problems. The English spoken by the Chinese counterparts is often difficult to understand whereas their written English can be flawless. This is why e-mail is the favored mean of communication, but it also comes with potential problems which can be summed up by quoting a respondent at New Foundry: *“e-mail is a great way of communicating, but on occasions I can have over 200 unread e-mails in the morning and the chances of missing to read one is ever present.”*

In all our cases the most important negotiations are done face-to-face at either the supplier's company or when attending social interactions such as dinner or lunch. According to most of our cases it is more common to solve problems, make decisions and close deals around the dinner table than at an office desk. This makes the social interaction very important for both building new relationships and maintaining old.

Our cases state that there are several differences when purchasing from European and Chinese suppliers. In Europe the same standards and codes of conducts are used, for example specifying costs and expenses on invoices are considered standard procedures. In China, however, the purchasing companies can encounter problems when negotiating for example invoice specifications. Companies such as Pipeline, TubeTech and Steel Springs have found that by choosing suppliers which have previously worked with, or are working with European companies they encounter less problems when negotiating terms and agreements.

5.1.3 Follow-up

All cases in this research conduct follow-ups and give feedback to their suppliers. This is often done with improvement of future purchases in mind. Follow-ups play an important role in business relationships and can lead to the development of the supplying company. For the purchasing company it can be of importance to

check the quality of the goods or the packaging before shipping them to Sweden. This is often done by sending quality technicians to China or by having employees of their trading agencies conducting an inspection. If this is not done prior to shipping there is a risk of the goods not upholding the promised quality. Pipeline had a few incidents with this: *“When the goods arrived here there could be some severe quality problems. If our quality demands are not met we cannot sell the goods to our customers and demanding new goods in compensation is not an option, since besides the time it takes to produce them, they also have to spend six weeks at sea before arriving here.”*

This is a case of learning from mistakes and precautions can be taken by giving feedback to the supplier regarding quality and packaging demands, as well as introducing on site inspection of the goods.

In the case of Fixit follow-ups have lead to more cooperative relationships with suppliers. By giving feedback and solving problems together with suppliers, prevention of future problems can take place. This is also the case with Steel Springs, which tries to solve problems together with its suppliers in a friendly approach: *“If we encounter problems with product quality or failure to meet delivery time, we usually contact the supplier and say: ‘My friend, I have this problem I was hoping you could help me solve’. And we usually manage to work things out.”*

It is important to acknowledge the importance of feedback and follow-ups. Development and improvement can be derived from business relationships where feedback plays an important part in communication.

5.2 Summary Purchasing Process analysis

In the purchasing process model we can see how communication affects business relationships. The initiation phase promotes the importance of social networks and the informal interaction. It also sheds light on how important first impressions are. While the initiation phase mainly deals with the individuals in the process, the negotiation phase focuses on the communication itself. By identifying cultural differences some companies have adapted its communication with Chinese employees and suppliers. The need for control is also brought up as is trust issues. Solving problems and negotiating terms and agreements are usually done in informal meetings which also serve as means to strengthen relationships. Follow-ups are considered very important for development and improvement of both supply-chains and the relationship that inhabit them. Through this discussion we can identify several problems that occur in the purchasing process. Those problems are:

- Cultural differences cause some companies to lose trust in Chinese suppliers. In order to receive truthful answers to questions asked, Swedish companies sometime have to adapt its questions to not being answerable with a yes or no.
- Business is done between people and not organizations. Social interacting is emphasized rather than financial gain.
- Control is an important part when buying from Chinese suppliers and the distance between Sweden and China makes being on site difficult.
- The network plays an important role in both finding the right supplier and negotiating terms and agreements.
- The process of purchasing when dealing with Chinese suppliers can be very time consuming.
- Inspection of goods prior to shipment is important in order to prevent the delivery of poor goods of quality.

- Because of the distance most interaction is done by e-mail and telephone.
- The buyer-supplier relationship shows signs of uncertainty and low trust.

Furthermore we have constructed a matrix, based on our interpretation and analysis of collected data, where differences in intensity of variables such as trust, uncertainty, control, need for documentation and on site presence, are presented. The matrix is based on first time purchases and establishment of new relationships.

Table 5.1. Problems identified in the Purchasing Process.

	Initiation	Negotiation	Follow-ups
Uncertainty	High	Medium	Medium
On site presence	High	High	Low
Trust	Low	Medium	Medium
Control	High	High	Medium
Documentation	High	High	High

The level of uncertainty is highest in the initiation phase of the purchasing process. This is because of the purchasing organization not yet knowing whether the supplier it has chosen is the right one. As the process continues the uncertainty decreases but does not disappear. This variable can also be linked to the need for on-site presence and the amount of trust the purchasing company has in the supplier. In the initiation phase the need for on-site presence is high which we found to be related to the amount of uncertainty and trust. By being on site the purchasing company is not only able to take part in social interactions, but also showing the supplier that the purchase itself is important. This in turn leads to the two companies bonding and strengthening the business relationship, which can be seen by the level of uncertainty decreasing and the amount of trust increasing. The

matrix also shows that trust is never high and uncertainty levels are never low. We found this to be intertwined with the amount of control and the need for documentation, which are both high throughout the process.

Once a relationship is established and developed, the level of trust can increase and the amount of uncertainties decrease, though this probably depends on the amount of control and documentation occurring. If the purchasing company continuously works with eliminating uncertainties, the amount of control needed decreases and the levels of trust increases. We would argue that being onsite to work with these issues would be preferred, since the informal social interactions are more successful for negotiations and problems solving.

5.3 Cross-case analysis in the Buyer-Supplier Relationship model.

The second discussion is a cross-case analysis in the Buyer-Supplier Relationship model. Here the four variables presented in chapter 4 are compared and discussed.

Based on the case presentation and analysis we constructed a matrix, showing a summary of the companies involved in terms of Complexity, Continuity, Symmetry and Informality. The matrix is meant to show the different intensity levels in the buyer-supplier relationship and is presented in table 5.2. The intensity levels, low, medium and high, represent our interpretations of the companies' supplier relationships.

Table 5.2. Measurements in the Buyer-Supplier relationship.

	Complexity	Continuity	Symmetry	Informality
LiftTech	Low	Low	Low	Medium
Steel Springs	High	Low	High	High
Tube Tech	Low	High	High	Medium
New Foundry	High	Low	High	Medium
Fixit	Medium	High	High	High
Pipeline	High	Medium	Medium	Medium

For all companies that are established on the Chinese market the levels of symmetry are high. This is due to the power in relationship being possessed by the purchasing company and that the relationships themselves are mutually beneficial. Furthermore we can relate this to the control and supervision factors which are initially high in a new relationship, causing the power to shift towards the purchasing organization. Combined with the intentions of establishing long term relationships by conducting follow-ups, the purchasing company receives a stable supply-chain and the suppliers are developed to suit the need of their customers.

The levels of complexity differs between the companies but by looking specifically at Steel Springs, TubeTech, New Foundry and Fixit we can assume that the complexity variable is connected to the level of continuity. Pipeline and LiftTech are excluded from this assumption due to them not being established on the Chinese market. While Fixit and TubeTech choose to keep the communication simple by having as few people involved in the interaction as possible, Steel Springs and New Foundry are doing the opposite, which can result in uncertainties and mix ups when negotiating with suppliers or conducting follow ups. In return the levels of continuity are the opposites of the levels of complexity. Complex communicational routes can cause the stability of the buyer-supplier relationship to be compromised, which in turn leads to more uncertainties and trust issues.

Informality is throughout the cases relatively high. Steel Springs and Fixit have higher levels of informality than the others, which are related to them having long term relationships with suppliers. This is a result of them establishing themselves on the Chinese market long ago. New Foundry, TubeTech and LiftTech we consider having medium levels of informality due to their relative new establishment and lack of long term relationships. In the early stages of a relationship the communication is a mixture of both formal and informal interaction, making the level of informality a combination of high and low. Since no company has a low level of intensity we can assume that they all identify the importance of informal social interactions as something important in the purchasing process, no matter if the relationship is long term or newly formed.

5.4 Summary

Depending on the structural aspects of communication between parties one can derive the amount of uncertainties present. When the communication is kept simple, by having few people involved in the interaction process, the stability of a relationship can prosper and cause it to grow and develop on both the purchasing and supplying sides. The informal social interactions are also of importance for both establishing new buyer-supplier relationships and maintaining old ones. These interactions also play a vital part for solving problems and taking decisions. In new relationships, control and supervision is used to establish who has the power and to make sure things are done in accordance with previous agreements. By continuously working with and encouraging suppliers to adapt to the needs of the purchasing organization, development will take place and cause the buyer-supplier relationship to become symmetrical.

6 Conclusion

Chapter six includes the conclusions drawn from the research conducted, answers to the research questions, and theoretical, managerial and methodological contributions of this thesis as well as suggestions for future research. It ends with a few concluding words.

Business-to-business purchasing presents companies with a variety of problems and ways of solving them, especially in international trade. The analytic discussion in the previous chapter identifies and acknowledges problems that the cases presented in this thesis experience. From this discussion conclusions have been drawn and presented in this chapter, as is the contribution of this dissertation and our thought for future research suggestions.

6.1 Presentation of conclusions

When purchasing from Chinese suppliers, the people involved in the process are the key to whether or not a business relationship will take form or if a purchase will be made. Business is made between the individuals involved in the process, not the organizations. The research we have conducted shows that there is a heavy reliance on informal social interactions in business purchasing, especially when engaging a new supplier. However, when Swedish companies engage Chinese suppliers, on site presence is not always possible, causing the interaction between the organizations to be done by e-mail or telephone. This often leads to misinterpretations and cause uncertainties in the buyer-supplier relationship. The amount of individuals involved in the process can further add to the amount of uncertainties if the communication involves many individuals on each side and

each person interprets the communicated information differently. From this we draw the conclusion that the less complex a buyer-supplier relationship is the better. By involving few people in the purchasing process there is less possibility of misinterpretation and fewer uncertainties.

Informality is of great importance in buyer-supplier relationships. Communication through formal contracts and informal social interactions builds up an understanding between the participants. The informal communication is especially important in the early stages of a business relationship and the negotiation phases of purchasing, which is where problems most commonly occur. It is also the best way of solving uncertainties and problems occurring in the relationship. Thus we conclude that companies should strive to attain a high level of informality in their supplier relationships. This would require companies to have a lot of onsite presence in the initiation and negotiation phases of purchasing, allowing for participation in informal social interactions.

While informality is important, the communication between the Swedish and the Chinese organizations needs to be adapted as a result of cultural differences. Problems such as a Chinese employee not being able to lose face and their inability to answer no to work related questions. Some means of adaptation includes the formulating of questions to being unanswerable as “yes” or “no”, requirements for documentation of ongoing production and on site investigation of finished products prior to shipping abroad. This is also the cause for lack of trust in buyer-supplier relationships. Purchasing companies require control and supervision of ongoing production as a result of them not trusting the supplying company to honor agreements. Though this often decreases as the relationship prolongs, it also serves as an obstacle for development of said relationship. By continuously working to solve problems occurring in a buyer-supplier relationship, as well as encouraging constant development and adaptation on both sides to suit the nature of the transactions, the companies will reach a deeper understanding for one and other. This will reduce the lack of trust and uncertainties causing the relationship to not only become highly continuous, but also more symmetrical and less complex.

Through analysis and discussion of the data collected for this research, we have drawn the following conclusions:

- According to this research the level of complexity in a buyer-supplier relationship can determine the amount of uncertainties present. Therefore it seems reasonable to say that low complexity results in fewer uncertainties.
- The participation in informal social interactions appears to be of great importance for the development of buyer-supplier relationships. These interactions seem to be the best means to solving problems that occur in the relationship and can enable development for the participating organizations.
- The results of this research indicate that problems in the purchasing process occur in the negotiation phase.
- The findings of this research indicate that control, documentation and supervision of ongoing production are important functions that can help ensure proper deliveries. Thus it seems reasonable to assume that these functions initially reduce the amount of trust in the buyer-supplier relationship, but in the long run can help prevent misunderstandings which lead to an increase in trust.
- Cultural differences are ever present and are assumed to be the cause for adaptations in communication. Through experience Swedish companies have adapted the way they interact with Chinese suppliers to avoid uncertainties and cultural conflicts, such as causing the supplier to lose face.

With these findings and conclusions we can now answer our research questions.

- Where in the purchasing process do problems occur for Swedish companies buying from Chinese suppliers?

For companies in the Swedish metal manufacturing industry problems occur during the negotiation phase with Chinese suppliers. The problems that occur are usually not discovered until delivery has been made and follow-ups are conducted, but are derived to the negotiations where misunderstandings and lack of onsite presence affect the outcome.

- How does the communication between purchaser and supplier affect the outcome of the trade and the buyer-supplier relationship?

The structure and content of communication between buyer and supplier affect the outcome to a great extent. The complexity of the communicational structure is reflected in the existing amount of uncertainties, which in turn is the cause for the demand for control through documentation and supervision. Low complexity combined with high control allows for simple interaction between the buyer-supplier while at the same time ensuring that the outcome follows accepted agreements. Furthermore the participation in informal social interactions lead to the companies reaching an understanding of one and other while also providing an environment for easier addressing- and solving of problems. The communication between buyer and supplier also has to take into account the cultural differences that exist between Sweden and China. This calls for adaptation on both sides in order for the buyer-supplier relationship to evolve and grow.

6.2 Theoretical implications

The models and concepts we have chosen for this research are divided into three areas: purchasing, technology and human resource management, where purchasing focuses on the flow of products or services and the communicational aspects are associated with HRM and technology. This caused the development of our own model, where we chose to view communication in purchasing as one area and not three different ones. Looking at the purchasing process in a new perspective we believe to be one of the major strengths of this research.

Though most models display purchasing processes as linear relationships we argue that this is not the case at all. Purchasing processes are in constant motion and are to be considered circular flows rather than linear, which is evident in the negotiation and follow-up phases of a purchase process. Furthermore we state that by addressing the communication in a buyer-supplier relationship we have contributed to the research area by shedding new light on the importance of informal communication for purposes of relationship development and problem solving.

What we consider to be the strength of this research can also be seen as a weakness. By looking at three different research areas from one perspective we might have neglected other aspects influencing the relationship. Since we have focused on the purchasing departments' perspective we have not considered other departments affecting the purchasing process. Furthermore we have chosen to simplify the process of purchasing to involve three steps, when in fact it involves many more. Had we instead identified and acknowledged all aspects and phases of purchasing, the conclusions would have been more representative and in-depth.

6.3 Managerial implications

We believe this research to be helpful for companies both established on the Chinese market and those considering entry. By pointing out problems the presented companies have experienced and where said problems commonly occur, this research can act as a basis for problem identification and how to take precautions to avoid them. For example, the importance of informal communication has been underlined throughout the thesis as well as cultural differences requiring, to some extent, adaptation in the communication itself. We have also mentioned the need for control through documentation and supervision in order to ensure proper deliveries and how follow-ups are important for the development of a buyer-supplier relationship.

This research has only involved companies in the metal manufacturing industry which makes findings and conclusions only applicable for that particular industry.

Furthermore the data presented has only included the Swedish purchasing department and not the Chinese suppliers. This is a big weakness in the research since it only gives one perspective of a two-sided problem. The data collection was conducted through interviews and the respondents' opinions are the empirical material. This can also be considered a weakness, as subjectivity can be high and statements be based on personal opinions.

6.4 Methodological implications

By conducting unstructured interviews we have been granted insights into the perspectives of people we consider to good representatives for the field of purchasing. This kind of qualitative study allowed us to go in-depth and understand the nature of purchase processes. Conducting an explorative research with a mixture of inductive and deductive approaches is very time consuming and requires creativity. We would argue that this research has indeed been creative and the results derived thereof offer new insights in the research area.

Had we instead conducted a quantitative research over different industries the results would be legitimate for generalization, which they currently are not. Furthermore the samples could have been bigger and included both the Swedish and the Chinese companies, allowing for even more in-depth results and new perspectives.

6.5 Future Research

For future research we suggest a similar study made with a larger sample and with the perspective of the Chinese companies. Making visits to both the Chinese and the Swedish companies to observe the purchasing processes in action. Another interesting thing would be to interview people from each department of the organization to give a broader perspective of the implications from internationalized purchasing. It would also be interesting to look at this research area from a HRM perspective to see how companies adjust to cultural differences when recruiting or maintaining personnel.

6.6 Concluding words

In a world where globalization is constantly changing the way business is conducted and causing internationalization of companies, purchasing has come to play a key role for cost efficiency and profit generation. Companies in large supply-chains are forced to cut costs in order to respond to increasing competition. One way of coping with this is by internationalizing purchasing and finding suppliers in low-cost countries such as India and China. This in turn creates new problems in the process of purchasing where distance, culture and language become important variables to add to the equation. Successful purchasing can now be derived from the ability to communicate, to interact.

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Appendices

Appendix 1

The base of interview questions:

1. Can you describe the company structure?
2. How is communication done within the organization?
3. Can you describe the purchasing process, from searching for suppliers to the last exchange?
4. How is interaction with Chinese suppliers done?
5. What difficulties have your organization experienced when dealing with Chinese suppliers?
6. Where in the purchasing process do problems occur and what precautions are taken to avoid repeating old problems?
7. How many individuals from your organization are involved in the purchasing process?
8. Which meeting is the most important one, in the purchasing process?
9. How do you communicate with Chinese suppliers?
10. Do you trust your Chinese suppliers to honor agreements?
11. How does the company deal with uncertainties/problems that might occur in the process?
12. Has the company made any changes in the purchasing process during the past five years?
13. What kind of qualities or characteristics do you think a purchaser should possess?

