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THE COMMUNICATION OF STRATEGICALLY SIGNIFICANT
TOPICS IN BUSINESS-TO-BUSINESS RELATIONSHIPS:
An empirical study in the electronics manufacturing industry

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Goals are dreams and wishes that are not easily reached.
You have to work hard to obtain them.
Never knowing when or where you will reach your goal.
But keep trying, do not give up hope.
And most of all - never stop believing in yourself.
No matter what you achieve, as long as you want it and it makes you happy,
You are a success.
(Rosemary DePaolis)

This thesis is a dream come true. It has been a long journey and thus, the process can best be described as a cycle of different feelings: enthusiastic searching, pleasure in finding, and happiness in learning new things. For me, academic studies have also been an exciting counterpoint to the business world. On the other hand, the journey has brought pain and distress, too: more than once I have questioned whether continuing work on the thesis was really worthwhile. Well, now that the journey is almost at its end, I can easily and proudly conclude – yes, it was worth it. Nevertheless, it wouldn't have been possible without the assistance of a great many people. So it is time to express my gratitude to those who helped make this thesis possible.

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1 INTRODUCTION

1.1 Research background and purpose

The growth of worldwide competition, demanding customers, unstable operating conditions, increased globalisation, shorter product life-cycles and technological advances have created new challenges for companies that manufacture goods. They have stimulated a continuous change process, forcing companies to focus more on time and show greater flexibility in order to successfully compete in the global marketplace. (Kasouf & Celuch 1997, 475; Rich & Hines 1997, 210; Giunipero & Handfield & Eltantawy 2006, 823.) It is also typical that instead of finding competitive advantages inside organisations, companies utilise outsourcing more than ever to purchase services, components and whole products (Lee 2001, 323; Young & Kielkiewicz-Young 2001, 260).

In other words, the overall business environment has become increasingly dynamic and there has been a significant shift in the way companies approach supplier relationships; traditional "arm's length" arrangements are being replaced with trust-based relationships involving close, collaborative and long-term ties between fewer suppliers (Spekman 1988, 75; Lehtinen 1996, 161; Trim & Lee 2004, 290). Supply chain management and successful relationships have also become an important strategic topic for companies and are even recognised as a source of competitive advantage (Young & Kielkiewicz-Young 2001, 260; Fiala 2005, 419).

Similarly, while prices are still an important decision criterion, interest has shifted from products and firms as a unit of analysis towards softer attributes, such as people and social processes (Webster 1992, 1; Thompson & Mitchell & Knox 1998, 701; Olkkonen & Tikkanen & Alajoutsijärvi 2000, 403). Thus, today's management not only uses facts to manage, it also places great emphasis on leadership type management, in other words, managing by human resources, which implies a focus on behavioural constructs, such as communication, co-operation, commitment and trust. However, although communication is a core process for successful relationships, it has received less attention than other constructs (Langfield-Smith & Greenwood 1998, 332; Huttunen 2000, 80–81; O'Toole & Holden 2001, 19).

Relationships that work well require information sharing throughout the supply chain (Johnston & Lawrence 1988, 99). This highlights the need for

clear communication on important topics between buyers and suppliers because developing more appropriate strategies for communication, ensuring that all parties are informed and that no surprises exist can prevent many relationship problems (Mohr & Nevin 1990, 36; House & Stank 2001, 20; Lehtonen 2006, 455). Since factors focusing on management practices, employee attitudes and the impact of communication on performance are important management concerns, the role of communication in organisations has to be clearly clarified. It is important to understand the process, role and current practices and "barriers" as well as develop ways to improve (Rodwell & Kienzle & Shadur 1998, 288; Kelly 2000, 93).

This research investigates communication between buyers and suppliers. More specifically, the study focuses on how a buyer communicates strategically significant topics, here defined as [business] strategy, to its important suppliers. *Therefore, this research enhances our understanding of communication between buyers and suppliers on issues related to significant topics, such as strategy.* In order to achieve this purpose, the following research questions are asked:

1. Which factors constitute the quality of communication between buyers and suppliers?
2. How is communication conducted between buyers and suppliers, i.e. what are the communication channels?
3. What are the central factors that ensure satisfactory communication between buyers and suppliers?

Question one focuses on communication elements, which are gathered from prior research and include quality of communication, communication media and satisfaction as an outcome of communication. *Question two* focuses on how communication between buyers and suppliers is conducted. This is investigated by studying how buyers communicate important topics, such as strategy to suppliers through communication channels and how that information is structured. *Question three* investigates which characteristics make communication between buyers and suppliers satisfactory. It does this by considering issues, such as the type of communication that leads to satisfaction with a business partner. It also clarifies how satisfied the respondents to the survey are with their current buyer-supplier communication. It is important to note that communication is studied in the specific context of this research, as illustrated in Figure 1.

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│          SUPPLIER'S PERSPECTIVE          │
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              ⬆ Inter-organisational context
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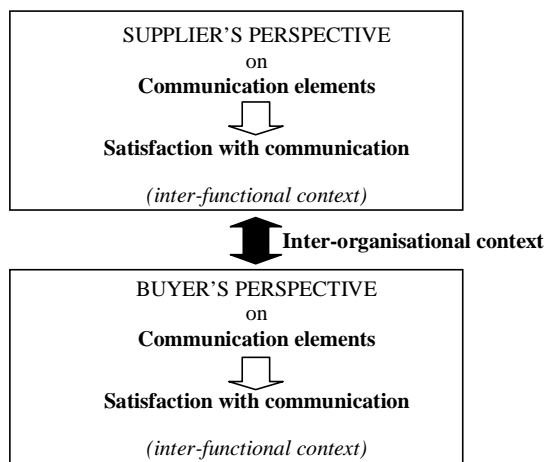
Figure 1   Target of the research

A dyadic approach is applied throughout the research, the focus of which is on how suppliers evaluate a buyer's communication towards suppliers and how a buyer evaluates its own communication with suppliers. The viewpoints are then compared in order to find similarities and differences. This brings both an inter-organisational and an inter-functional context to the research, while helping develop a holistic picture of the subject. For example Spinks and Wells (1997, 291) argue that successful communication must be approached from the viewpoints of receivers and not senders as this increases the importance of applying a dyadic perspective to the research.

The following aspects related to the framework are also worth noting. First, since the research focuses on investigating elements of communication defined in prior research, their relevance is evaluated. Secondly, although it is commonly concluded that communication is related to relationship success, its importance is re-investigated. Thirdly, since other important relationship constructs like trust, commitment and cooperation are closely related to communication, they are discussed as separate constructs.

There is an important difference in concepts: the target is to investigate *communication of strategically significant topics* and not *strategic communication*. I.e. the theoretical focus of this research is on communication and strategy is considered only as important subject, which is communicated. Therefore, in addition to term communication of strategically significant topics, the term communication of strategy is used. For example, Larson and Kulchitsky (2000, 32) instruct that strategic communication supports competitive advantage and may include information such as new market and product plans, long-term forecasts and financial indicators. Tactical communication instead involves day-to-day operations and may include information on sales,

purchase orders and delivery notes. Similar reasoning has been utilised for example by Frazier et al. (2009). In their study they divide strategic information to two parts. External strategic information is defined as processed and retained data within the distributor organisation about customers and competitors that have implications for companies' long-term decision making. Internal strategic information instead is defined as processed and retained data within the distributor organisation on future plans that have implications for firm's long-term decision making. They further conclude that both types of strategic information are highly valued by distributors and suppliers alike because they can enhance a competitive advantage of the company. (Frazier & Maltz & Antia & Rindfleisch 2009, 32.)

The research is conducted in the area of the electronics manufacturing industry. According to Juhantila (2002) the typical characteristics of this industry are high clock-speed, rapid technological development and short product-cycles. The industry is often vertically integrated, which can even lead to business relationships between direct competitors. Electronics manufacturing is also a typical assembly industry in which products are assembled from components acquired from a market and in which outsourcing is commonly utilised. (Juhantila 2002, 17.) It can be then argued that effective communication between buyer and supplier in an industry like this is essential, especially during times like the current economic recession.

By extending the understanding of complex organisational phenomenon, here defined as the communication of significant topics (i.e. strategy) between buyer and supplier, this study aims to provide evidence that will be of value to both practitioners and researchers (Worley & Doolen 2006, 229). For example Bütschi and Steyn (2006, 106) argue that a central mission of scholars and educators is to conduct research that contributes knowledge to a scientific discipline, while applying knowledge to the practice. Therefore, in addition to advancing our understanding of communication, the framework offers a practical tool for business management. From a managerial point of view, this research can be used as a benchmark for deciding effective ways of communicating strategy to partners.

1.2   Why should we investigate the elements of communication in business relationships?

While the importance of communication between buyer and supplier has been extensively studied,[1] the research is deficient in some important respects. Communication also has aspects that are under-recognised by both practitioners and researchers alike, although information sharing is nowadays a common item measured in relational research.[2] It is also stated that while relationships and its characteristics such as trust, commitment, communication, co-operation and long-term orientation have been widely studied, prior research does not adequately characterise the dimension of these constructs. For example, definitions such as "more communication", "improved communication" and "open communication" have been over-simplified and some are inaccurate. Instead, the focus has been on the impact of these characteristics on relationship performance and the resulting co-operation. In other words, the research on the behavioural factors of buyer-supplier relationships, although sizeable, is too heterogeneous and fragmented to yield complete and conclusive insights. (Mohr & Nevin 1990, 36; Kauser & Shaw 2004, 18, 44; Leonidou & Palihawadana & Theodosiou 2006, 145.).[3]

To continue, communication between buyers and suppliers has received less attention compared to other constructs, although, for example trust and commitment can be considered products of communication (Duncan & Moriarty 1998, 3; Andersen 2001, 168). Thus, specific details about how and why communication is important are not well delineated nor empirically validated in current research (Worley & Doolen 2006, 229). Communication is also often taken as self-explanatory, or only as a subsidiary variable of a relationship, which explains the poor focus of prior research on communication (O'Toole & Holden 2001, 19; Kalla 2005, 303).

There is also a lack of research focusing on communication context and the effects of communication media selection. For example, the literature does not give clear recommendations on how managers from buying companies should communicate with their partners. Instead it leaves it to practitioners to adjust communication to the situation. Furthermore, the focus has been on the

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[1] See e.g. Mohr & Nevin (1990); Mohr & Spekman (1994); Pitt et al. (2000); O'Toole & Holden (2001); Prahinski & Benton (2004); Kauser & Shaw (2004); Large (2005b); Celuch et al. (2006).
[2] For example, it is argued that communication causes up to 80% of all problems in organisations and that many relationship problems are actually related to poor communication (Sonnenberg 1992, 50; Kameda 2005, 174).
[3] Characteristics of relationships, see e.g. Dwyer et al. (1987); Morgan & Hunt (1994); Kalwani & Narayandas (1995); Napolitano (1997); Nummela (2000); Cheng & Li (2001); Abratt & Kelly (2002); Blomqvist (2002); Haque et al. (2004); Kauser & Shaw (2004); Kingshott (2006).

individual characteristics of communication[4] or possible communication frequencies, the content of subjects and the media used. In other words, the importance of communication has not been sufficiently put into practice (Turner & Müller 2004, 332; Large 2005b, 31; Kalla 2005, 302; Ambrose & Marshall & Fynes & Lynch 2008, 362–364). The focus has also been on the positive aspects of communication, but has neglected negative communication flows, which should be considered as well (Mohr & Sohi 1995, 395).

In addition, the role of communication as a moderator between structural and behavioural conditions and channel outcomes (e.g. satisfaction, and performance) has been mostly ignored. Consequently, there is a lack of research investigating the impact of salespeople's communication, either positive or negative, on business outcomes. To redress that balance there should be a focus on the channel members' satisfaction with communication. It has even been argued that no integrated theory for channel communication exists (Mohr & Nevin 1990, 36–37; Mohr & Sohi 1995, 396; Pitt & Berthon & Robson 2000, 69; Prahinski & Benton 2004, 41).

It is common for communication research and relationship research that research is based on theory and there has been little empirical testing. When empirical research has been included, the analysis has often been conducted from only one perspective, usually the buyers, and there are only a few studies which refer to the suppliers' perspective or include a dyadic perspective.[5] However, a dyadic view would provide additional insights to better understand and manage communication between buyer and supplier (Kauser & Shaw 2004, 44; Ritter & Walter 2006, 304). Similarly, Müller (2003) argues that research should focus on how effectively the communication of one partner matches with that of another partner (Müller 2003, 353). This research investigates communication from the dyadic perspective.

Intensive communication involves the input of many functional areas in an organisation and also passes through many hierarchical levels, suggesting that cross-functional communication is important. The meaning and importance of communication can also be measured differently within one organisation, depending on the function the person is working for. However, research has

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[4] Such as demographic factors on individual communication behaviour, differences between males and females in their communication, employee similarities with respect to age, tenure or task, and organisational-related factors (Large 2005b, 31).

[5] For research focusing on the buyer's perspective, see Mohr & Spekman (1994); Mohr & Sohi (1995); Krause & Ellram (1997); Larson & Kulchitsky (2000); Lee (2001); Tuten & Urban (2001); Claycomb & Frankwick (2004); Ha et al. (2004); Kauser & Shaw (2004); Large (2005a); Ritter & Walter (2006). For research focusing on the supplier's perspective, see Carter & Miller (1989); Lascelles & Dale (1989); Kalwani & Narayandas (1995); Maloni &Benton (2000); Prahinki & Benton (2004). Research focusing on the dyadic perspective, see Metcalf et al. (1992); Campbell (1997; O'Toole & Holden (2001); Abratt & Kelly (2002); Haque et al. (2004); Prahinski & Benton (2004); Narasimhan & Nair (2005).

often focused on the top level of an organisation or its individuals, who are responsible for relationship activities and working in certain functions within an organisation, such as purchasing or sales. Thus, there is a need for research, which considers how people from different functions work together if we are to obtain a broader perspective on communication (Metcalf & Frear & Krishnan 1992, 40; Tuten & Urban 2001, 162; Müller 2003, 353; Massey & Dawes 2007, 1118). Similarly, since many examples of communication between buyers and suppliers, as well as buyer-supplier relationships overall, are from the automotive industry, which is an extremely mature industry, there is a need for research in other fields as well, such as the electronic manufacturing industry. Research has also often been conducted on domestic inter-organisational relationships, which may lack the complexity of international interactions. (Veludo & Macbeth & Purchase 2004, 145.)

Chiu (2002) concludes that communication challenges include media problems (i.e. ensuring that messages are transmitted precisely), semantic problems (i.e. ensuring that messages carry their intended meaning), performance problems (i.e. receiving and understanding the meaning of a communiqué and influencing behaviour in the desired way) and organisational problems (i.e. ensuring that the correct individuals receive the right information when it passes through an organisation). The last issue naturally increases in importance in large organisations or when many organisations are involved (Chiu 2002, 190). A shortfall in communication then encourages people to dissociate themselves from accepting responsibility, while giving them room to follow their own agendas and withhold or modify information to protect themselves (Mohr & Sohi 1995, 395; House & Stank 2001, 20).

Furthermore, language barriers affect communication resulting in challenges that include oral communication difficulties, such as speaking a language imperfectly and the participants having varying language skills; written communication problems, e.g. written documents can be understood differently in different cultures due to the varying levels of formality and content required; semantics problems, such as the meaning of words or symbols as well as non-verbal problems. In brief, the ability to speak English does not confer the ability to communicate effectively and what is ordinary English to one person might be specialised jargon to another. Communication also becomes difficult if a partner receives information that is a misrepresentation of the other's intention, for example, when a partner incorrectly interprets a message and acts based on incorrect interpretation. (Huxham & Vangen 1996, 11; Spinks & Wells 1997, 290–291; Kelly 2000, 96; Kameda 2005, 175.)

The barriers to communication are also related to the systems, processes, structures, status differences and the absence of formal communication channels within organisations. For example, organisational hierarchy increases

the amount of information filtering, the type of information shared and who talks to whom. Interpersonal differences and individual characteristics can also lead to communication challenges. (Hargie & Tourish & Hargie 1994, 25; Kelly 2000, 93–94; 98–99.) In addition, once communication practices, even ineffective ones, are established, they might be difficult to change (Smeltzer 1996, 16). Employee surveys often highlight the fact that communication should improve if it is to overcome many organisational problems (Rodwell et al. 1998, 289). This suggests that the true importance of good communication can only be appreciated when considering the implications of poor communication (Brown & Boyett & Robinson 1994, 16).[6]

To summarise, there is a lack of research focusing on the nature, flow, functions and content of communication, the relationship between communication and its outcomes as well as the channel member's satisfaction with communication. There is need for research that takes into account dyadic perspectives and then applies them to individuals from the different functions of organisations, instead of just the management level. Similarly, research focusing on the tactical nature and practice of communication is required in order to create a full picture of organisational communication (Kivimäki et al. 2000, 34; Celuch & Bantham & Kasouf 2006, 574). There is also lack of empirical research on inter-personal and inter-organisational communication, and therefore future studies should focus on improving the definitions and measurement tools for communication as well as the role of communication between individuals (Mohr & Nevin 1990, 36; Olkkonen & Tikkanen & Alajoutsijärvi 2000, 405).

To continue, there is a lack of research, which focuses on macro issues of communication such as its purpose, contribution to organisational effectiveness, vertical and horizontal strategy alignment and the impact it is expected to make (Bütschi & Steyn 2006, 108). Briefly, the role of communication within organisations is far from clear and the large variety of academic terms in use makes it difficult to establish "common cognitive ground" for communication. Imbalance also exists between perceived importance and actual attention, and the resources made available to facilitate communication (Kalla 2005, 302–303). In other words, communication has not enjoyed a high status position to date, although it is nowadays gaining momentum (Reardon 1996, 110). This means that the research related to the specific aspects of communication is still inadequate.

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[6] Poor communication includes backbiting, bluffing and foul language. It causes misunderstandings, disputes and frustration and leads to conflicts, mistrust, dissatisfaction, inefficiency, low commitment, incorrect information, and uncertainty (Lascelles & Dale 1989, 11; Smeltzer 1997, 42; Müller 2003, 348; Akkirman & Harris, 2005, 398; et al. 2006, 153–154).

1.3   Conceptualising buyer-supplier relationships

This study focuses on communication between the buyer and supplier. Thus, identifying the development and characteristics of buyer-supplier relationships is important in order to create a model for buyer-supplier relationship communication. First of all, the field of buyer-supplier relationships is a complex topic, which encompasses many fields (marketing, supply chain management and channel distribution) and models (Veludo et al. 2004, 143). The development of a buyer-supplier relationship can be classified with development phases of a relationship from partner selection to relationship termination (e.g. Ford 1980; Dwyer & Schurr & Oh 1987; Andersen 2001). Due to factors such as increased interaction and strong personal ties, a relationship strengthens during the phases (except for the termination phase), leading to mutual problem-solving, trust, commitment, bilateral communication and informal adaptations that motivate companies to cut costs and stabilise business (Ford 1980, 47–50; Dwyer et al. 1987, 19; Ambrose et al. 2008, 363).[7] *This research focuses on stages where a strong relationship is already well established.*

Another classification is based on the type of relationship. Here, relationships are thought to represent a continuum from arm's-length transactions towards vertical integration, i.e. towards flexible relationship types with a relational nature (e.g. Webster 1992; Lamming 1993). *Relationships, which are the focus of this research, are relational by nature and, thus, placed towards vertical integration in the continuum.* These long-term relationships differ from arm's-length models by having dimensions such as long-term contracts, a limited supplier and customer base, continuity of relationship, high information sharing as well as an increased level of relationship-specific investments, dependence, trust, commitment and co-operation (Biong & Selnes 1995, 484; Ellram 1995, 10; Maloni & Benton 1997, 421–422; Dyer & Cho & Chu 1998, 59; Pheng 1999, 157).

The literature on the subject often highlights the importance of the partnership type relationship, inferring that companies should treat each relationship as unique, i.e. the partnership model should not be automatically utilised with all customers and suppliers (Gemünden & Ritter & Walter 1997, 49; Dyer et al. 1998, 58–59; Giunipero et al. 2006, 831). Strategic partnerships are anyway essential in some cases, such as in complex-product industries, when companies operate in competitive and volatile markets, with strategic partners

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[7] On the other hand, strong personal ties can lead to the situation that personal relationships are not separated from business relations. The most extreme form is "side-changing" in which individuals act in the interests of other company and against their own. Companies may also become personified by an individual representative. (Ford 1980, 49.)

who provide strategic inputs, in industries where multinational corporations dominate assembly processes through multiple plants and many suppliers, and with manufacturing companies whose "bought-in" materials account for up to 50% of the value of the finished goods (Spekman 1988, 81; Brown et al. 1994, 15; Ellram 1995, 11; Dyer et al. 1998, 69; Veludo & Macbeth & Purchase 2006, 207). In addition, partnering is a relationship type that has to be defined and targeted, by parties involved, at the start of the relationship. It is essential that both partners see economic advantage in working together and wish to commit formally and emotionally to making the relationship one in which there will be benefits to both. (Veludo et al. 2004, 145.)

To continue, the literature often discusses relationship success factors, and although many different success factors are identified, the most often mentioned are behavioural in nature, such as trust, commitment and communication. In this context, it is essential to understand that achieving success with relationships lies first of all in the capabilities of people. Here, purchasing has an important role, thus it should be seen as an organisation's strategic and competitive weapon – one that focuses on long-term activities. (Ellram 1995, 16; Carr & Smeltzer 1999, 43–45, 49.)[8]

A close relationship between buyer and supplier is a broad concept. The definitions of buyer-supplier relationships highlight long-term commitment, increased performance, close co-operation, trust, common goals, mutual interdependency, open communication, win-win situations and risk and reward sharing. In this study, the buyer-supplier relationship refers to long-term, strategic relationships between buyers and suppliers that involve trust, commitment, co-operation and mutual information sharing. It draws on the definition provided by Ellram (1995): *"An agreement between a buyer and a supplier that involves a commitment over an extended time period, and includes the sharing of information as well as sharing the risk and rewards of the relationship"* (Ellram 1995, 10).[9]

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[8] Success factors of partnering (trust, commitment, co-operation, personal relationship, risk and reward sharing and fairness) are discussed as part of relationship quality (see chapter 2.2.3). Successful communication is defined as a supplier's/buyer's satisfaction with communication (see chapter 2.4). Relationship success and success factors are discussed in detail in Appendix 1.

[9] Thus, the term "buyer-supplier relationship" equals "buyer-supplier partnership" "buyer-supplier (strategic) alliance", "collaborative relationship", "inter-organisational relationship", "strategic partnering" and "developed relationship". Since the study is conducted in the business-to-business context, "buyer" is considered equal to "consumer" and "supplier" to "seller" and "manufacturer".

1.4   Theoretical underpinnings of communication between buyers and suppliers

Combining different theories or including several elements of communication allows for a more complete picture of communication. From a theoretical point of view, this research draws on communication theory[10] and the interaction approach.[11] In addition, the model for communication is developed by utilising research in the areas of supply chain management, relationship marketing and interpersonal communication, meaning that sales, purchasing and IMP literature are combined. The main models utilised are summarised in Table 1 below.[12]

Communication can also be conceptualised according to its focus. The most common way is to describe the communication process with reference to *mechanistic and behavioural approaches.* The mechanistic perspective focuses on facets of communication, such as message content, channel mode, feedback and frequency, while the behavioural approach focuses on the quality of communication, information sharing and participation. However, a holistic view seems to be one best able to appreciate all the different facets and is the one applied in this research (Mohr & Nevin 1990, 37; O'Toole & Holden 2001, 20–21).

Research focusing on the *nature of communication flows* investigates the frequency of interaction, the extent of bi-directional communication and the level of formality. Research focusing on *summary or evaluative judgments of communication* creates a more holistic view of communication quality. (Mohr & Spekman 1994, 138; Mohr & Sohi 1995, 393–396.) This research utilises a holistic view of communication, although the nature of communication flows are partly applied as well. Communication can also be viewed as *dependent or independent* and while communication is often seen as a dependent variable, this research considers it independent (Mohr & Nevin 1990, 37–38).

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[10] Communication theory focuses explicitly on communication and its facets in organisational settings. For example aspects of communication effectiveness, in terms of the success and the role of communication in terms of its impact on receivers, play a vital role. A central problem is how effectively the intended meaning is interpreted by the receiver (see: Mohr & Nevin 1990, 38; Pitt et al. 2000, 69; Radford & Goldstein 2002, 253–254; Modi & Mabert 2007, 45).

[11] The interaction approach focuses on different bonds between actors, processes, elements, the environment and atmosphere of interaction as well as relationship outcomes. It aims at understanding how factors such as communication behaviour predict satisfaction, performance and relationship continuity. It also focuses on factors leading to close and cooperative relationships. The primary interest is in inter-organisational and long-term [buyer-seller] relationships and the interaction approach has even been considered as an explanation for the nature of cooperative buyer-supplier relationships. (Ford 1980, 8; Olkkonen & Tikkanen & Alajoutsijärvi 2000, 403–404; Veludo et al. 2004, 146; Massey & Dawes 2007, 1119.)

[12] Other models created for organisational communication are summarised in Appendix 4.

Table 1   Main models describing communication in partnerships

Author	*Focus of the research*	*Focus in light of this research*
Mohr & Nevin 1990	Describes the role of communication and communication strategies in marketing channels. Specifies how communication can be used to attain better channel outcomes.	How are communication facets (i.e. frequency, direction, modality and content) related to satisfaction (i.e. communication outcome)?
Mohr & Spekman 1994	Builds a model of partnership success focusing on attributes of the partnership, communication behaviour and conflict resolution techniques.	How is communication behaviour related to satisfaction? What is the role of partnership attributes?
Mohr & Sohi 1995	Develops and tests a model of communication flows between manufacturers and dealers.	How are communication flows (formality, frequency and bi-direc-tionality) related to communication quality and satisfaction with communication?
Müller 2003	Investigates how project managers' communication choices are impacted by factors identified as determinants for communication practices.	How are relational norms related to communication frequency, media and content? What is the role of organisational structure?
Kauser & Shaw 2004	Examines the impact of behavioural and organisational characteristics on the success of international strategic alliances.	How are communication attributes related to alliance success, especially satisfaction with a relationship? What is the role of the partners' attributes?
Prahinski & Benton 2004	Introduces buyers' communication strategies aimed at improving supplier performance and determines how suppliers perceive these	What is the role of communication strategy for a supplier's perceptions and commitment to a relationship?
Large 2005b	Focuses on purchasers' external communication behaviour, individual and contextual factors, supplier management performance and inter-personal communication.	What is the role of communication quality and purchasers' communi-cation behaviour for supplier management performance?
Massey & Dawes 2007	Investigates dimensions of inter-personal conflict and perceived relationship effectiveness with communication variables (frequency, bi-directionality and quality).	What is the role of communication quality, bi-directionality and frequency for relationship effectiveness (and conflicts)?
Zhou & Benton 2007	Investigates the integration of information sharing and supply chain practice and their effect on supply chain dynamism and delivery performance.	What is the role of information sharing in explaining supply chain dynamism?

Communication outcomes can be *qualitative (e.g. satisfaction) or quantita-tive (e.g. performance measured by sales volume)*. In addition, communication behaviour can be studied as a two-step process in which qualitative outcomes lead to quantitative outcomes, i.e. higher levels of satisfaction lead to increased performance (Mohr & Nevin 1990, 37–38; Mohr & Spekman 1994,

147). Since communication behaviour can be better predicted with qualitative outcomes, the focus of this research is on satisfaction with communication.

Communication is related to both *the social and relational elements of relationship* (e.g. trust, co-operation, communication processes and emotions) as well as its *economic and technical side* (e.g. specific asset commitments, costs, volume and technical know-how). Social and relational elements offer a richer understanding of relationship, which calls for the study of the *micro and individual level;* addressing interpersonal connections. This helps understand the role of individuals in relationship success or failure and many partnerships actually fail because of the managers' inability to maintain a relationship at the micro level. However, buyer-supplier models are more likely to focus on macro- and company level factors and processes. (O'Toole & Holden 2001, 24; Phan & Styles & Patterson 2005, 173; Celuch et al. 2006, 573–574.) *This research focuses on interpersonal, micro levels as well as the social and relational elements of business relationships.*

To summarise, relationship communication encompasses many fields, approaches and theories: combining them allows a more complete picture of communication between a buyer and supplier (Mohr & Nevin 1990, 37; Mohr & Sohi 1995, 396). Despite the many models, theoretical and especially empirical research into communication is still rather narrow, particularly that related to the specific aspects of communication. For example, there is a lack of research in the area of inter-personal or inter-organisational communication. Current definitions, such as "open communication", are also too simplistic. In addition, while the importance of communication in relationships has been noticed, communication is often limited to a subsidiary role, although it should be seen as a central part of any relationship.

Important for this study are aspects of inter-organisational communication, in other words, the communication elements that affect success, satisfaction with communication and how an individual prefers to communicate. These factors have also been the main criteria for the theoretical framework. With the theoretical choices made, two specific aspects of communication between buyers and suppliers are addressed: the quality of communication as perceived by the parties and the techniques used to ensure efficient communication. Communication itself is limited to the communication of significant topics, defined as the communication of strategy.

1.5   Research design, methodology and structure

Qualitative research takes a comprehensive perspective in order to achieve a thorough understanding of the studied phenomenon (Holme & Solvang 1997, 92). Thus, a qualitative research method, and particularly the exploratory case study, is considered the most appropriate approach for this study, which investigates the quality of communication between buyers and suppliers.

Qualitative research calls for rich empirical data, which highlights case selection and finding the correct respondents. The multiple case study approach allows the combining of information and this is often highlighted in qualitative research. However, in many research projects a single case study is enough, especially when the case is critical or unique, or when the target is to provide useful insights into a phenomenon. The research problem, objectives and deductive and inductive approaches applied also influence whether single or multiple cases are utilised. (Yin 1994, 38–41; Ghauri & Grønhaug & Kristianslund 1995, 91–93.)

This research is an embedded single case study (Yin 1994). The phenomenon is investigated through nine different relationships, i.e. through multiple cases, which are considered units of observations. Here, the buyer is always the same global electronic manufacturing company and the cases examined are its nine different supplier relationships; the nine different buyer-supplier relationships. The relationships differ mainly according to the products supplied and the suppliers' nationalities. There are also differences in relationship types, however, all of them are considered important. In the end these nine cases are combined into one case. The characteristics of communication seem to be rather similar in all cases and, therefore, it is not necessary to repeat equivalent messages from one case to another. The buyer is also the same in all cases, which supports the decision to combine the findings into one case. Face-to-face interviews are the main data source and a total of 18 interviews are presented: nine representing the buyer and nine representing the suppliers.[13] Overall, the study comprises five chapters as illustrated in Figure 2 below.

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[13] The methodological choices and research process are explained in detail in Chapter 3 "Methodology".

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┌─────────────────────────────────────────────────┐
│              Chapter 1:                          │
│        INTRODUCTION TO THE RESEARCH              │
│     * Research background and purpose            │
│     * Research gap                               │
│     * Characteristics the of buyer–supplier      │
│       relationships                              │
│     * Research methodology and structure         │
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┌─────────────────────────────────────────────────┐
│              Chapter 2:                          │
│         COMMUNICATION ELEMENTS                   │
│   *  Conceptualising communication (incl.        │
│      definition, types, research and             │
│      characteristics of communication between    │
│      buyer and supplier)                         │
│   *  Quality of communication content            │
│   *  Quality of communication process            │
│   *  Quality of relationship between communicators│
│   *  Communication channels                      │
│   *  Satisfaction as communication outcome       │
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                    ┌─────────────────────────────┐
                    │         Chapter 3:          │
                    │      RESEARCH DESIGN        │
                    │   * Methodological choices  │
                    │   * Research process        │
                    │   * Quality of the research │
                    └─────────────────────────────┘
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┌─────────────────────────────────────────────────┐
│              Chapter 4:                          │
│   EMPIRICAL RESEARCH OF COMMUNICATION            │
│        BETWEEN BUYER AND SUPPLIER                │
│   * Characteristics of the selected relationships│
│   * Evaluation of the communication elements     │
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┌─────────────────────────────────────────────────┐
│              Chapter 5:                          │
│      CONCLUSIONS OF THE RESEARCH                 │
│   * Theoretical and managerial conclusions       │
│   * Limitations and suggestions for future       │
│     research                                     │
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Figure 2   The structure of the research

Chapter one provides an introduction to the study by discussing its background and purpose, the research gap, the main characteristics of the buyer-supplier relationships as well as the research methodology and structure.

Chapters two builds upon the theoretical part of the study. First, it defines communication as it appears in the buyer-supplier relationship context, focusing on the definitions, key characteristics and theories of communication. After that the chapter discusses the elements of communication. Only the relevant aspects of communication in the light of this study are considered: Communication quality assesses the perceptions of the quality of communication in light of quality of the content of the communication, which includes accuracy, adequateness, clearness, completeness, consistency, content, frequency, reliability, relevancy and the timeliness of communication; the quality of communication process, which includes bi-directionality, direction, formality and the openness of communication; the quality of the relationship

between the communicators, which includes relationship characteristics such as trust, commitment, co-operation, personal relationship, risk and reward sharing and fairness. Communication channels are then looked at to define the media used to distribute the information and this information is presented together with a discussion on meeting structures. Finally, satisfaction as an outcome of communication is discussed.

Chapter three clarifies the methodology guiding the research. The chapter starts by discussing the qualitative research and the philosophical choices applied. The research design and the ways of conducting empirical research, including methods for data collection, case selection and research process, are also discussed in this chapter. The chapter ends by discussing the quality of the research in relation to reliability, validity and triangulation.

Chapter four comprises the empirical research of this study and comprises findings drawn from the studied relationships. Each communication element is investigated based on the suppliers' and the buyers' opinions, which are then compared with each other and with the theoretical findings.

Chapter five ends this research by discussing the research findings and setting out the theoretical and managerial conclusions of the study. The limitations of the research and suggestions for future research are also discussed.

2 THE ELEMENTS OF COMMUNICATION

2.1 Conceptualising communication between buyers and suppliers

Communication is a complex phenomenon and while everyone recognises it, only a few define it satisfactorily. In a buyer-supplier relationship context, the definitions often refer to the extent of formal, bi-directional and timely nature of communication. The focus is on efficacy or the usefulness of the information exchanged rather than the quantity, frequency and amount of information. A salesperson's responsibility for designing structure, content, frequency and a format for communication is also highlighted (see Biong & Selnes 1995; Anderson & Narus 1990; Andersen 2001). *This study focuses on the efficiency and usefulness of information exchange and applies the definition provided by Anderson and Narus (1990), "the formal and informal sharing of meaningful and timely information between the firms," although this is limited to the communication of significant topics, defined in this research as strategy.* [14]

There is a difference between one-way messages and two-way communication. One-way messages have a sender and a receiver. Two-way communication, i.e. dialogue, requires the participation of both parties involved; there are no senders or receivers, but only participants in the dialogue process, who reason with each other. In other words, two-way communication is a continuous process in which information is exchanged between parties in a way that benefits both. (Grönroos 2000, 7.) It is an interactive two-way process, where the sender has the intention of influencing the receiver, and allows possibilities for feedback (Ballantyne 2004, 116; Kalla 2005, 304). *While communication in this research is mainly one-way (i.e. how the buyer communicates significant topics to the supplier), feedback is included, which makes the communication process bi-directional. Thus, communication is considered two-way. It can be argued that bi-directionality is a requirement for effective communication in the relationship context.*

Communication is considered in both the business and academic community as a very important, or even the most critical, element of a partnership. In fact, it indicates the strength of the relationship (O'Toole &

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[14] Appendix 2 summarises the other definitions of communication relevant for this study.

Holden 2001, 19–20). The perspectives and terms related to communication are also broad – some of them are then more relevant when discussing communication in a relationship context.[15] For example, communication can be divided into business, management, corporate and organisational communication. Kalla (2005) calls this combination integrated internal communications. The multi-dimensional nature of communication applied in this research is visualised in Figure 3 below.
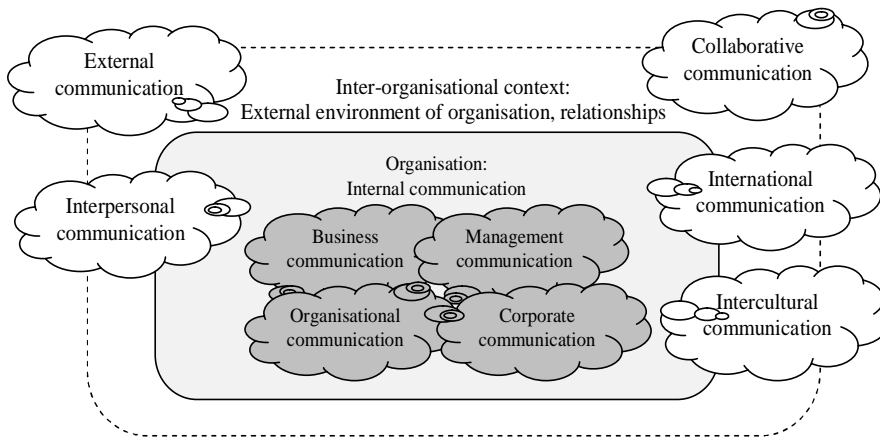
Figure 3   The multi-dimensional nature of communication

Despite many domains, no clear boundaries exist between them, they are all related, occur on multiple levels of organisations and have both internal and external communication sides. They demonstrate different emphases on systems, processes and outputs and, thus, should remain distinct. The focus is therefore on finding the right balance between them, which is central to understanding communication in the organisational context. (Reinsch 1996, 38; Kalla 2005, 305–307.) *While this study calls for the study of corporate*

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[15] For the importance of communication, see e.g. Dwyer et al. (1987); Anderson & Narus (1990); Mohr & Nevin (1990); Mohr & Spekman (1994); Doney & Cannon (1997); Smeltzer (1997); Larson & Kulchitsky (2000); Olkkonen et al. (2000); Andersen (2001); Ilozor et al. (2001); Lee (2001); Tuten & Urban (2001); Müller (2003); Akkirman & Harris (2005); Large (2005a, 2005b); Phan et al. (2005); Bishop (2006); Parker et al. (2006); Modi & Mabert (2007); Ambrose et al. (2008).

communication, the effectiveness of management communication plays a major role in this and communication is studied from that perspective.[16]

In addition to the four domains of communication, there are other communication types. *Internal communication* refers to all formal and informal communication within one organisation (Kalla 2005, 302, 310). *Interpersonal communication* enables individuals to manage relationships effectively because through it a partner becomes "a partner with a face". It highlights interdependence, greater trust, long-term bonding and treating people with dignity. Thus, it is a substantial part of the interaction process. (Hargie & Tourish & Hargie 1994, 27; Olkkonen & Tikkanen & Alajoutsijärvi 2000, 405; Yamaguchi 2005, 142.) In addition, since the biggest challenges of facing an organisation are often related to the effective use of interpersonal communication and not the setting of objectives or decision-making, the importance of interpersonal communication cannot be questioned (Hargie et al. 1994, 23; Giunipero & Pearcy, 2000, 8; Large 2005b, 32).

Collaborative communication includes a high frequency of cooperative interaction, increased two-way and timely communication, communication formality, feedback and good listening strategies. It facilitates commitment, satisfaction and coordination and is widely linked to supplier development and performance improvements. (Mohr & Fisher & Nevin 1996, 106–107; Mohr & Fisher & Nevin 1999, 41–43; Prahinski & Benton 2004, 44–45.)[17] Communication in this study is investigated in the inter-organisational context, the relationship between buyers and suppliers, which highlights the importance of external, collaborative communication. In addition, since communication in this study's context often happens one-to-one, interpersonal communication is important.

To continue, nowadays a company is often dispersed all over the world, which highlights *international communication;* communication crossing national boundaries. *Intercultural communication,* or communication across people of different cultures, which considers cultural backgrounds, customs and values. The difference between the terms is important since culture cannot be linked to a specific country. It is also important to notice that effective

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[16] Corporate communication is the way organisations communicate with people. It includes recognising changes in the environment, communicating company strategy and incorporating values into a company's structure and strategy. It has a significant role in a company's competitive strategies, for example, by positioning a company in relation to its competitors. Management communication instead aims at developing managers' communication skills and capabilities, including business letter writing, oral presentations and listening. However, the term is quite recent, not properly defined and the research is often conducted at the micro level. (Smeltzer 1996, 21–23; Goodman 2000, 69–70; Gróf 2001, 194–197; Kalla 2005, 305.)

[17] *External communication*, which is closely linked to collaborative and inter-organisational communication, is communication between an organisation and its environment, e.g. with its suppliers (Kivimäki et al. 2000, 34; Trim & Lee 2004, 287).

communication in one culture may be improper and ineffective in another culture (Spinks & Wells 1997, 287; Massey & Dawes 2007, 1127). *Since the focus of this study is on companies in different countries and cultures, both intercultural and international communications are considered.*

Effective communication is identified as the precursor of trust, commitment and close relationships. It is the basis for effective business operations, especially as it ensures two-way correspondence, job satisfaction, teamwork and participation. It has a direct impact on loyalty, relationship continuity and atmosphere. It makes each party more confident about the relationship and increases the willingness to keep it alive. Effective communication is also recognised as the best predictor of relationship performance and its overall effectiveness.[18] (Morgan & Hunt 1994, 25; Rodwell et al. 1998, 285–287; Thompson et al. 1998, 703; Jonsson & Zineldin 2003, 227.) The Japanese are well known for the way they use information sharing to make their supply chains more competitive, since they have made information exchange a prime part of the manufacturing strategies. For example, their subcontracting practices are strongly based on collaborative, deep, true and real-time information exchange. (D'Amours & Montreuil & Lefrancois & Soumis 1999, 64.) However, communication is often seen as only occurring at a point in time rather than being a continuous process; after the establishment of a relationship, communication is no longer seen as a central process, although it is important in all relationship phases (O'Toole & Holden 2001, 20).

Communication can be divided into *implicit and explicit* communication. Implicit communication states that organisational performance is largely determined by employee behaviour, and that communication can be either intentional or unintentional. Unintentional communication can even be in conflict with "official" explicit communication, jeopardising trustworthiness. Implicit knowledge can be expressed in verbal, symbolic or written form but is not yet explicitly expressed as it is suggestive and requires reading between the lines. Explicit knowledge is transmitted in formal language and exists in symbolic or written form. It is easier to understand and share and appears to be most effective for relationships. However, the effect of implicit communication should not be underestimated. (Tixier 1994, 21; Lee 2001, 324, 332; Hoogervorst & van der Flier & Koopman 2004, 288–289.) *While this research focuses on explicit knowledge, the effect of implicit communication is not ignored, for example, do people really understand the messages in the desired way?*

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[18] Some authors distinguish between the terms communication and effective communication. For example, effective communication is said to be interactive two-way communication resulting in action, while "pure" communication is an exchange of messages without action, i.e. the one-way sending of messages (Kalla 2005, 303–304).

Effective communication requires a *communication strategy* which describes the "rules of the game," i.e. one where the type, amount and extent of information are carefully defined (Ilozor & Ilozor & Carr 2001, 495; Shaff 2003, 1; Krucken & Meroni 2006, 1503).[19] Communication culture applies to communication within an organisation that is generated through experiences and learning. It takes into account people's desires for the quantity and the quality of communication as well as communication satisfaction. (Tukiainen 2001, 47–48.) Communication culture includes *communication system*, which comprises communication channels, information content, communication rules, information flows between partners as well as relationships between these factors (Carter & Miller 1989, 760; Rodwell et al. 1998, 288; Tukiainen 2001, 47). A sound communication system then enhances trust in business relationship, because the parties involved can collaborate more efficiently and discuss crucial topics of common interest in detail (Leonidou et al. 2006, 154). A functioning communication system then forms a *communication climate*, which comprises people's observations, satisfaction with and valuations of communication. It depends on openness, respect, trust and the employees' feeling that their opinions are taken seriously, it is essential for employee communication (Tukiainen 2001, 47; Hewitt 2006, 81).

In sum, communication is a human activity that links people and it is often related to emotions and the behavioural aspects of a relationship (Duncan & Moriarty 1998, 2; Turner & Müller 2004, 328; Large 2005b, 28). It is a social process where interaction determines the behaviour of the parties (Mohr & Nevin 1990, 37). However, individuals can understand communication in different ways (Olkkonen & Tikkanen & Alajoutsijärvi 2000, 407). Therefore, the essence of any relationship is communication. It is communication which links people together. It is people, not computers or agreements, which communicate effectively with each other. It is communication which allows trust, efficient problem-solving and good working relationships. (Pheng 1999, 157–158; Lee 2001, 326; Jonsson & Zineldin 2003, 227.) It is also a whole-of-enterprise responsibility (Steiner 2001, 150). In contrast, ineffective communication is responsible for misunderstanding and disputes, divergence in expectations, incorrect strategies, a lack of clarity regarding roles and mutual feelings of frustration. This suggests that high levels of communication will increase cooperation, reduce conflict, enhance trust and improve satisfaction. (Leonidou et al. 2006, 153–154.)

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[19] Organisations often refer only to external relationships when discussing communication strategy, although internal communication needs a strategy as well. This is especially true in a manufacturing environment where multiple shifts are employed and clear communication is required. (Hargie et al. 1994, 26; Worley & Doolen 2006, 241–242.)

In other words, communication can either build or destroy a relationship (Duncan & Moriarty 1998, 1). It is important for key organisational processes and linked to almost all aspects of organisational life. It is clearly more than information flow. This in turn makes communication a complex phenomenon, which needs to be well managed. (Mumby & Stohl 1996, 66; Rodwell et al. 1998, 288–289; Kameda 2005, 170–171; Ambrose et al. 2008, 361.) However, the most important aspect of communication is the transmission and interpretation of information in order to ensure surprises are avoided (Gróf 2001, 193; Turner & Müller 2004, 331).

2.2 Review of communication elements

Communication between buyers and suppliers can be described in terms of communication quality, information sharing, participation, communication channels and communication outcomes. These elements are often integrated under the terms "communication elements," "communication behaviour," "communication attributes" or "facets of communication" (Mohr & Spekman 1994, 137; Tuten & Urban 2001, 151; Kauser & Shaw 2004, 23; Claycomb & Frankwick 2004, 19; Large 2005b, 28; Phan et al. 2005, 176).

Mohr and Nevin (1990) describe communication quality with reference to four factors: 1) frequency, which refers to the amount of communication and/or duration of contacts between organisational members; 2) direction, which refers to the vertical and horizontal movement of communication within an organisational hierarchy; 3) modality or the medium of communication, which refers to the method used to transmit information; and 4) content, which refers to the message that is transmitted. Communication outcomes are qualitative, e.g. coordination, satisfaction and commitment, or quantitative, e.g. performance. Qualitative outcomes can also lead to quantitative outcomes. (Mohr & Nevin 1990, 37–40.)

Mohr and Spekman (1994) discuss three aspects of communication behaviour and their relationship to partnership success: 1) communication quality includes accuracy, timeliness, adequacy and the credibility of the information exchanged; 2) information sharing refers to the extent to which critical information is communicated to a partner; and 3) participation refers to the level of joint planning and goal setting. Partnership success is measured by an objective indicator, e.g. sales volume, or an affective measure, e.g. satisfaction. (Mohr & Spekman 1994, 136–139.)

Mohr and Sohi (1995) include three aspects in information sharing. Frequency refers to how often parties contact each other. Bi-directionality refers to the extent of feedback the parties give to each other – two-way

information flows. Formality refers to the level of structured, planned and routinized communication flows, and it is specified by the nature of the contractual relationship between the parties. Communication quality describes the extent to which the parties perceive communication flows as timely, accurate, complete and credible. The outcome factor is satisfaction, which investigates how positively or negatively a partner feels about communication. (Mohr & Sohi 1995, 395, 403–404).

For Claycomb and Frankwick (2004) communication elements include: 1) communication quality, referring to accurate communication; 2) information sharing, referring to information shared about changing needs; 3) conflict resolution mechanisms, referring to joint problem solving; and 4) participation (Claycomb & Frankwick 2004, 20).

Kauser and Shaw (2004) identify the behavioural characteristics of a relationship, including partner attributes, communication attributes and conflict resolution techniques. Communication attributes include quality of information, i.e. accuracy, timeliness, adequacy and credibility; information sharing, i.e. the extent of information communicated between partners; and participation, i.e. extent to which partners actively engage in planning and goal setting. Relationship success depends on financial and market factors, commitment level, satisfaction with the relationship and partnership goals. (Kauser & Shaw 2004, 21–24.)

For Prahinski and Benton (2004) communication is based on four categories: content, referring to the transmitted message; the medium used to transmit information; feedback, referring to two-way communication; and the frequency of communication. A supplier's performance is considered an operational measure of key competitive success factors, although other possibilities for measuring performance are discussed as well. (Prahinski & Benton 2004, 41–43.)

Large (2005b) defines inter-personal communication behaviour with communication intensity (e.g. frequency of communication) and extensity (e.g. number and variety of contact persons), both of which are integrated under communication quantity. The quality of communication is measured by information quality which includes relevancy, accuracy, reliability, timelines, adequacy and credibility. The quality of the relationship between the communicators then includes the strength and duration of the relationship, the level of trust, the number of individuals involved and the willingness to collaborate. Openness indicates the degree of critical and proprietary information. Performance is based on the purchasers' perceptions of supplier performance and their satisfaction with suppliers. These indicators are also related to the success of a relationship. (Large 2005b, 30.)

Phan et al. (2005) investigate interpersonal communication behaviour through communication quality, information sharing and participation. Communication quality refers to the quality of information transmission between partners and includes timeliness, accuracy, usefulness and the credibility of information. Information sharing highlights the proactive provision of critical and confidential information. Participation is defined as the extent to which managers engage jointly in planning and goal setting. (Phan et al. 2005, 177.) In addition, interpersonal relationship quality is included under the terms of trust, satisfaction, commitment and joint problem solving (Phan et al. 2005, 174).

Zhou and Benton (2007) discuss three aspects of information sharing: information sharing that supports technology, the content of information and the quality of information. Information quality refers to the degree to which information exchanged meets the needs of an organisation and is measured with nine aspects: accuracy, availability, timeliness, internal connectivity, external connectivity, completeness, relevance, accessibility and the frequency of updated information. Information content is investigated with reference to two information flows: information that manufacturers share with customers (manufacturer information), and information that customers share with manufacturers (customer information). (Zhou & Benton 2007, 1350–1351.)

Communication behaviour between partners is also linked to trust, commitment, cooperation, power and influence strategies, channel structure, coordination, communication directionality, norms for information use, social influences, environmental conditions, communication media, a communicator's level in an organisation's hierarchy and individual characteristics such as experiences, attitudes and friendliness. The impact on human resources, especially from an employees' perspective, is visible as well. (Mohr & Sohi 1995, 393; Rodwell et al. 1998, 278; Claycomb & Frankwick 2004, 18; Large 2005a, 429–430; Large 2005b, 30.) The main literature on communication elements is summarised in Table 2 .

Table 2   The multi-dimensional nature of communication

Author	Communication elements			Communication outcomes	Other elements
	Communication quality	*Information sharing*	*Participation*		
Mohr & Nevin (1990)	Frequency, direction, modality and content	[Not included]	[Not included]	Qualitative (satisfaction) and quantitative (performance)	Channel conditions (structure, climate, power)
Mohr & Spekman 1994	Timeliness, accuracy, adequateness, completeness, credibleness	Extent of critical & proprietary information, openness, bi-directionality, availability	Level of joint planning and goal setting,	Success, measured by satisfaction and performance	Attributes of partnership, conflict resolution (joint problem solving)
Mohr & Sohi 1995	Completeness, credibility, accuracy, timeliness, adequacy	Information sharing norms (frequency, bi-directionality, formality)	[Not included]	Satisfaction	Distortion and withholding of information
Claycomb & Frankwick 2004	Timeliness, accuracy, adequateness	Openness, continuation (in changing needs and about events)	In goal setting, forecasting, planning and providing proposals	Buyer search effort	Conflict resolution & joint problem solving, contingency variables
Kauser & Shaw 2004	Accuracy, timeliness, adequateness, credibility, completeness	Extent of (proprietary) information sharing, keeping informed, effectiveness,	Extent of participation, decision-making, roles and responsibilities,	Success measured with financial indicators, satisfaction with relationship	Conflict resolution, joint problem solving, partner's attributes, organisational characteristics
Prahinski & Benton 2004	Content, medium, feedback (i.e. bi-directionality)	[Not included]	[Not included]	Supplier's performance	Commitment, co-operation, operational linkages
Large 2005b	Information quality (relevance, accuracy, reliability etc.). Relationship quality	Openness in information sharing concerning critical and proprietary information	[Not included]	Supplier's performance (i.e. success) purchaser's perception of satisfaction	Communication quantity (incl. intensity and extensity), individual & contextual factors
Phan et al. 2005	Timeliness, accuracy, usefulness, credibility	Providing critical and confidential information	In joint goal setting and planning	Performance	Relational competence, relationship quality
Zhou & Benton 2007	Accuracy, availability, timeliness, internal & external connectivity, completeness, relevance, accessibility and frequency of updated information	Two information flows: manufacturer information and customer information.	[Not included]	[Not included]	Supply chain dynamics, supply chain practice

Good communication behaviour enhances relationship performance, reduces conflicts and increases confidence about the continuity of a relationship. It leads to smoother operations, clearer communication and increased business and relational outcomes. Thus, facilitating communication elements is a key issue for partners because, by utilising them, people are better able to interpret each other. (Mohr & Sohi 1995, 395; O'Toole & Holden 2001, 24; Phan et al. 2005, 175–178.) While constructs related to communication elements vary in the literature, this study focuses on communication quality, communication channels and satisfaction with communication.

2.3   Quality of communication

The quality of communication is often defined as the quality of information transmission between partners (e.g. Phan et al. 2005, 177) or the perceived relevance and utility of the information provided (e.g. Massey & Dawes 2007, 1122). In order to assess the productivity of communication, Low and Mohr (2001) determine it as the degree to which information is used or as an overall quality of information (Low & Mohr 2001, 73). Zhou and Benton (2007) instead state that information quality measures the degree to which information exchanged between organisations meets the needs of an organisation (Zhou & Benton 2007, 1350–1351). To continue, O'Toole and Holden (2001) argue that the quality and intensity of communication indicates the strength of a relationship (O'Toole & Holden 2001, 20).

Communication quality can be divided into two dimensions: the quality of the information conveyed, i.e. information quality, *including* which includes aspects such as communication accuracy, relevancy and timeliness; and the quality of the relationship between the communicators, i.e. relationship quality, which measures the strength and duration of the relationship, the level of trust, the number of individuals involved and the willingness to collaborate. Communication quality is also often separated from communication quantity, which represents the volume of communication and includes aspects of intensity and extensity. Intensity is based on the frequency of communication and extensity is the quantity of communication. (Olsen & Ellram 1997a, 107; Large 2005a, 428; Large 2005b, 30.)

In addition, although communication quality often refers to the content of communication, other characteristics are identified as well, such as accessibility, accuracy, adequacy, availability, bi-directionality, clearness, completeness, connectivity (internal and external), content, credibility, frequency, formality, relevance, reliability, timeliness and the usefulness of

information.[20] From those, frequency, formality and bi-directionality are often investigated as individual factors of communication.[21]

A high communication quality ensures that employees are informed and have more avenues to communicate. It has a significant effect on job satisfaction, commitment, participation and information use. It reduces misunderstandings, results in trusting relationships and forms the basis for effective decision-making. It is linked to performance, relationship effectiveness and the quality of inter-personal relationships. Thus, communication quality is key to relationship success, a crucial element of communication behaviour and essential for achieving relationship goals and performance. However, the relationship between quality of communication and performance is difficult to define. For example, it can be clarified by examining the overall quality of an organisation's communication relative to other organisations. This may result in people suggesting that communication is substantially poorer than communication in other companies. (Rodwell et al. 1998, 286; Kauser & Shaw 2004, 23–24; Massey & Dawes 2007, 1125.)

In this research communication quality is divided into three parts: 1) the quality of communication content, including accuracy, adequacy, clearness, completeness, consistency, content, frequency, reliability, relevancy and timeliness of the information shared; 2) the quality of the communication process, including bi-directionality, direction, formality and openness of the communication; and 3) the quality of the relationship between communicators, including the relationship characteristics of trust, commitment, co-operation, personal relationship, risk and reward sharing and fairness.

2.3.1   Quality of the communication content

The quality of the content of communication is investigated with reference to ten characteristics: accuracy, adequacy, clearness, completeness, consistency, content, frequency, reliability, relevancy and the timeliness of communication. It should be noted that frequency is included within the quality of communication content, although the literature often places it under the quantity of communication.

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[20] See e.g. Mohr & Nevin (1990, 37), Mohr & Spekman (1994, 138); Olsen & Ellram (1997a, 107); Rodwell et al. 1998, 286); Kivimäki et al. (2000, 36); Low & Mohr (2001, 73); Claycomb & Frankwick (2004, 20); Prahinski & Benton (2004, 41); Large (2005a, 428); Large (2005b, 30); Phan et al. (2005, 177); Massey & Dawes (2007, 1120); Zhou & Benton (2007, 1351).

[21] For example, Mohr and Sohi (1995) use communication quality to refer only to the extent to which partners perceive communication flows as adequate, timely, accurate, complete and credible. Frequency, bi-directionality and formality are investigated to the extent that they are associated with perceptions of communication quality. (Mohr & Sohi 1995, 403.)

Accurate, timely and reliable information exchange improves performance and effectiveness, leads to closer relationships, removes unbalanced skews of data, helps operational decision-making and avoids unnecessary delays. Accuracy is also critical for operating efficiency and customer service. In addition, factual accuracy, truthfulness and honesty are considered standards of professional behaviour in codes of ethics and are thus necessary for communication. (Larson & Kulchitsky 2000, 36; Low & Mohr 2001, 73; Adewole 2005, 361; Simatupang & Sridharan 2005, 268; Bishop 2006, 219; Zhou & Benton 2007, 1351.) Evidently, only timely, accurate and relevant information should be communicated to partners (Lehtonen 2006, 458).[22]

Similarly, *adequate* communication is important, because without adequate information, differing expectations and unsolved conflicts can make a partner vulnerable to the opportunistic behaviour of the other partner. Inadequate communication also causes, for example, uncertainty. (Forker & Stannack 2000, 32; Ferguson & Paulin & Möslein & Müller 2005, 398.)

Information needs to be *clear and appropriate,* since it allows people to understand communication, especially that related to jargon and technical terms (Bishop 2006, 217–218). A major problem for organisations is actually a lack of clarity and not a lack of information as such (Daft & Lengel 1986, 568). Clear and free communication increases loyalty, job satisfaction, quality and the level of output (Ilozor et al. 2001, 499, 503). However, clarity leaves less room for the use of one's own initiative (Tixier 1994, 22).

Completeness, or comprehensiveness, is related to truthfulness and means telling the whole story. It ensures that there is no deception leading to misunderstandings. Information comprehensiveness is the responsibility of an organisation and leads to honest and open dialogue (Bishop 2006, 219–220).

Consistency specifies that an organisation's words and actions do not oppose or contradict it. It emerges when messages sent are aligned and support each other. Therefore, being consistent with communication is equated with being reliable, and considered a dimension of trust. Consistency is also regarded as an aspect of authenticity. Inconsistent communication leads to communication breakdowns and confuses the receiver when they attempt to ascertain the "true" message. It is often the case that a partner will feel a lack of security and trust, when he does not know which message to believe. (Grönroos 2000, 6, 9–10; Kelly 2000, 97; Bishop 2006, 218–219.)

The content of communication refers to the messages exchanged between partners at any formal communication event and by use of any media or,

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[22] In addition to truthfulness and focusing on the accuracy of information, the principle of fundamentals i.e. the need to disclose core issues and facts is important because an organisation should provide truthful and accurate information. However, peripheral facts can give a different impression, e.g. by giving only a positive view or twisting information. (Bishop 2006, 219.)

simply, by what is said. It is often categorised based on the type of information exchanged or the type of influence strategy that is embedded, such as direct or indirect influence. (Mohr & Nevin 1990, 39–40; Müller 2003, 346; Prahinski & Benton 2004, 41.) However, it can be also characterised as helpful and proprietary as sharing helpful and propriety information with a partner is necessary for co-ordination (Modi & Mabert 2007, 45). Information content can then be classified as supplier, manufacturer, customer, distributor and retailer information (Zhou & Benton 2007, 1351).[23]

Relevancy refers to the perceived usefulness or significance of information for the purpose at hand (Low & Mohr 2001, 73). It specifies that communication makes connections between the interests of those involved and allows people to fully understand the information. People will consider relevance differently depending on whether they wish to accept information, and, similarly, people pay more attention to messages they feel are personally relevant for them. (Bishop 2006, 218.) In relation to relevancy it is also important that information is credible. For example, if employees perceive managers as credible, they are likely to see personal values as consistent with organisational values. (Kelly 2000, 97; Low & Mohr 2001, 73.)

Timeliness describes the up-to-date dimension of information and requires that information should be provided as soon as it is known because communication that is not timely is ineffective. Timely information helps the coordination of activities, improves performance and allows people to respond to and interact with information. The right timing, quality and quantity of information also specify the functioning of the information flow, and describe communication satisfaction by capturing the degree to which information is factually correct, which corresponds to trustworthiness of information. (Low & Mohr 2001, 73; Tukiainen 2001, 49; Bishop 2006, 218; Zhou & Benton 2007, 1354.) Timely information is especially important in the major events of a company, such as policy or organisation changes, because timing affects whether a message influences the receiver in the desired way. For instance, it might not be best to announce major organisational changes the week before Christmas (Sonnenberg 1992, 52; Kelly 2000, 98). Therefore, sharing timely and meaningful information is also a strategic activity (Ferguson et al. 2005, 405). Timeliness often improves as a relationship grows, although people need to be sensitive to it due to the different cultural concepts of time (Brown et al. 1994, 16; Bishop 2006, 218).

Frequency refers to the amount and/or duration of interactions between partners over a specified time period or the amount of formal communication

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[23] This research focuses on customer information (i.e. information that customers and buyers share with suppliers). Supplier information is included in terms of feedback from suppliers to customers.

events taking place between partners in all communication media. It is based on the intensity of information flow. (Mohr & Nevin 1990, 38–39; Müller 2003, 346; Dawes & Massey 2005, 1331; Large 2005a, 428; Modi & Mabert 2007, 45.)[24] Communication frequency enhances the perception of timely, complete and open communication that has an impact on information quality and satisfaction (Mohr & Sohi 1995, 409; Massey & Dawes 2007, 1126). It is linked to successful relationships because it reduces uncertainty, fosters confidence and improves cross-functional integration. It allows the better understanding of the information of others and thus leads to less conflicts, higher relationship effectiveness and satisfaction. It is a precondition for trust, relationship quality and the willingness to collaborate. It is an effective way to foster employee involvement and align expectations. (Campbell 1997, 420; Jonsson & Zineldin 2003, 227; Large 2005a, 428; Massey & Dawes 2007, 1121; Ambrose et al. 2008, 361.)

To continue, frequency is a source of responsiveness and is related to familiarity as the amount of "personal" knowledge increases with more frequent communication (Rich & Hines 1997, 221; Gremler & Gwinner & Brown 2001, 48). Increased frequency, regardless of media, also increases solidarity between partners (Boyle & Alwitt 1999, 339). It is even argued that frequent communication can turn a transactional relationship into a partnership (House & Stank 2001, 20). However, while frequent communication is often associated with positive outcomes, it is also linked to low quality and increased conflicts (Large 2005b, 31; Massey & Dawes 2007, 1121).

Communication frequency is often classified as calendar or event driven. The former is communication at daily, weekly, bi-weekly, monthly or yearly intervals, for example, delivery information is shared daily, meetings are held monthly, contract negotiations take place annually and "supplier day" is conducted yearly. Event driven communication is communication at certain phases e.g. in project phases. Regular daily or weekly communication seems to be most beneficial, although it might be expensive. (Lehtinen 1996, 165; Turner & Müller 2004, 332.)

In relation to frequency, the regularity of communication is also important because communication needs to be systemised and partners need to jointly define content, frequency, employees, and the organisational level conducting the information exchange (Shaff 2003, 2; Lehtonen 2006, 458, 461). It is anyway more important that communication happens continuously as the needed frequency varies according to the information type. For example, with

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[24] Organisational communication research mostly uses frequency as indicator of the amount of interaction rather than the duration of interaction. The amount of interactions is also important when describing the quantity of communication and thus, frequency is often compared to communication quantity. (Large 2005a, 428.)

infrequent communication a partner can start pursuing their own agenda. Thus, more frequent, but less formal communication is also important. (Chiu 2002, 196; Müller 2003, 350; Turner & Müller 2004, 332, 334.)

If partners have similar expectations about information sharing this also increases communication frequency and bi-directionality (Mohr & Sohi 1995, 408). However, the frequency of communication reduces significantly as geographic distance increases. In addition, although internal communication is often considered more frequent than external, there seems to be no difference between them. (Chiu 2002, 196, 204; Dawes & Massey 2005, 1332.)

A common belief is that more frequent communication leads to higher quality, while this is not always true. It has been claimed that a high amount of contact or increased frequency can lead to information overload, resulting in lowered communication quality and less effective communication. Neverthe-less, for example poor decisions are often connected to a lack of information, instead of too much of information. In addition, receiving information when it is not needed or discussing issues without transferring the relevant information might also lead to confusion and frustration. (Mohr & Nevin 1990, 39; Mohr & Sohi 1995, 398–399; Kelly 2000, 97; Dawes & Massey 2005, 1341; Large 2005b, 34.)

In cases of too much information people can miss the relevant information, start micro-managing or overburden themselves. For example, if everything is shared, people can receive so many e-mails that it is impossible to take care or even prioritise actions. In other words, more information is not necessarily better and more communication does not always mean better communication. In other words, the message must contain the right information. Thus, the focus should be on the quality of communication, rather than more communi-cation for communication's sake. (Rodwell et al. 1998, 278–279; Kelly 2000, 98; Kivimäki et al. 2000, 34; Turner & Müller 2004, 332.) On the other hand, the fact is also that regardless of how much information people are given, they want more (Rodwell et al. 1998, 279). Similarly, the huge amount of commu-nication options available due to new technology can result in information overload (Hewitt 2006, 78).

The truth is also that companies are likely to exchange varying amounts of business information with different partners, depending upon the role and importance of the partner. This implies that the criticality of the partner affects coordination activities. It is stated that managers do not share specific plans with all suppliers because sharing too much information could result in leaking their core competencies. (Kim & Cavusgil & Calantone 2005, 171.)

Communication should occur on a frequent basis, especially in industries with a high degree of technological change and rapidly changing demand requirements (Mohr & Sohi 1995, 409; Parker & Bridson & Evans 2006, 129).

Therefore, partners should aim at stable, routine and frequent communication that can use different methods and structures. The challenge is to find the correct balance between frequency, form and the content of communication. (Biong & Selnes 1995, 493; Mohr et al. 1999, 42; Müller 2003, 353.)

2.3.2   Quality of the communication process

The quality of the communication process in this research is studied with bi-directionality, direction, formality and the openness of communication.

Bi-directionality, i.e. communication feedback or participation, is the degree of two-way communication between companies or individuals. It refers to the extent to which a partner gives and receives feedback or the extent to which both partners are involved in communication interactions. It highlights the interactive nature of communication: in a communication event, a sender attempts to influence the receiver and vice versa. (Mohr & Sohi 1995, 395; Kelly 2000, 93; Prahinski & Benton 2004, 41; Dawes & Massey 2005, 1331.)

Bi-directional communication enhances cooperation, commitment, openness, participation, cross-functional relationships and the efficiency of the supply chain. It involves reciprocity and has a strong effect on partner satisfaction with both communication and the relationship itself. Due to its ability to clarify misunderstandings and increase knowledge, it reduces interpersonal and dysfunctional conflicts. Bi-directional information sharing, especially about sensitive subjects, such as cost structures and future plans, then enables partners to operate more efficiently together, detect improvement opportunities and align objectives. (Mohr & Sohi 1995, 409; Prahinski & Benton 2004, 58; Massey & Dawes 2007, 1126; Modi & Mabert 2007, 56.)

Bi-directional communication allows partners to ask questions and seek clarifications. It highlights the perception that communication is accurate, credible and complete. It increases communication quality by increasing clarity and reducing ambiguity. It correlates strongly with information use, prevents problems and maintains the development of a relationship. It also facilitates dialogue, improves dyadic communication and increases relationship effectiveness. (Mohr & Sohi 1995, 399; Bishop 2006, 227; Massey & Dawes 2007, 1121–1122.) Furthermore, it emphasises the idea that communication before, during and after transactions either builds or destroys a relationship, which is based on the idea that the closer the relationship is, the more intense and two-way the communication is (Duncan & Moriarty 1998, 1; O'Toole & Holden 2001, 20–21).

This means that bi-directional communication in supply chains with information flowing in both directions is as equally important as communication

frequency (Massey & Dawes 2007, 1120). It has a profound effect on cementing relationships (Lancioni & Smith & Oliva 2000, 52). However, the participants involved, especially suppliers, often feel that two-way communication and feedback should improve, although they rarely communicate their dissatisfaction (Lascelles & Dale 1989, 15). Similarly, although people often believe that communication is bi-directional, many state that the process is often actually one-way and goes from the buyer to the supplier and the supplier's feedback is ignored. However, it should not be only the buyer who does the talking and the supplier who is listening: communication should create extra value for the supplier as well. (Lascelles & Dale 1989, 11; Grönroos 2000, 6.)

Direction refers to the vertical and horizontal movement of communication within an organisational hierarchy. In an intra-organisational context the typical focus is on superior–subordinate interaction. However, because of the clear power of superiors, the literature often discusses "downward" communication, i.e. the information flow from a more powerful employee to a subordinate. (Mohr & Nevin 1990, 39; Modi & Mabert 2007, 45.) Downward communication motivates staff to improve their performance. However, recognising the need for "upward" communication, employees must also have channels to pass information up to management. (Gammelgaard & Larson 2001, 40; Kalla 2005, 304.) Similarly, communication should flow directly from one manager to the next and from the direct supervisor to the employee since relying on a third person to pass on information does not always work. In general, everyone should be given the same level of information (Kelly 2000, 97; Kalla 2005, 304; Oertig & Buergi 2006, 26).

Today's business requires communication outside organisations. In the inter-organisational context the focus is on contacts between organisations, organisational structure and the tasks of the employees. In contrast, authority and status might have smaller roles. This means that, depending on the situation, either a buyer (an upstream channel member) or a supplier (a downstream channel member) is more powerful. Therefore, "downward" communication holds only if a buyer is more powerful, although the more powerful party is usually also higher in the organisational hierarchy. The possibilities for (intra- and inter-organisational) communication direction are thus phrased in terms of "uni-directionality," i.e. upward or downward communication, and "bi-directionality," i.e. both upward and downward communication. (Mohr & Nevin 1990, 39.)

The direction of communication can also be categorised based on operation areas, such as inventory, forecasting and production (Li & Yan & Wang & Xia

2005, 34).[25] In addition, communication is often limited to a minimum amount of people, especially in a hierarchical organisation. However, if only a few people have direct contacts with each other, the focus should be on how information flows are managed, especially in large companies with complex information flows. (Lehtinen 1996, 164; Chiu 2002, 196; Kalla 2005, 304.)

To continue, when characterising communication as horizontal or vertical, horizontal communication describes interaction between colleagues. It is often informal, free flowing, has an active "grapevine" and is based on human relationships. Thus, good relationships are preconditions for this communication and the benefits then depend on whether colleagues communicate openly, the work climate enhances communication and the functioning of the grapevine is active. (Tukiainen 2001, 49; Akkirman & Harris, 2005, 400.) In supply chains, the critical communication is often horizontal, so it is important to determine whether it is one-way or bi-directional (Ambrose et al. 2008, 362).

Organisations have many ways to impact on communication flows. For example, upward communication can be improved with suggestion systems and attitude surveys, downward communication with newsletters and meetings and horizontal communication with intranets and quality circles. (Kelly 2000, 99.) Nevertheless, the fact remains that those messages that travel through several people have an increased chance of being miscommunicated (Spinks & Wells 1997, 290). Therefore organisation should build a flexible, efficiently working communication structure regardless of whether it is top-down or bottom-up (Mumby & Stohl 1996, 66; Krucken & Meroni 2006, 1504).

Relationships are established through formal and informal information exchanges between partners (D'Amours et al. 1999, 64). *The formality of communication* is defined as the degree to which communication is established through structured rules and routine, and the extent to which expectations are communicated in detail, or a reliance on set policies and procedures regarding communication. It refers to the extent to which communication flows are planned, structured and routine, as opposed to being ad hoc in nature. Formal communication is primarily written and aligned with the structural aspects of company, although formality can also be manifested through the use of titles and first names and not necessarily linked to hierarchy or power. Informal modes are more spontaneous and face-to-face in nature. (Tixier 1994, 22; Mohr & Sohi 1995, 395; Boyle & Alwitt 1999, 328; Mohr et al. 1999, 41; Prahinski & Benton 2004, 41.)

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[25] For example, information sharing about inventory and production plans is bi-directional (i.e. communication between downstream and upstream organisations), while information sharing about sales and demand forecasting are flows from downstream to upstream partners. Order state information is the flow from upstream to downstream organisations.

Formality facilitates information transfer and influences performance and cooperation. By controlling communication formality, a partner's distortion and withholding of information can be reduced. Thus, formal communication creates effective channels for communication. Formal communication channels must also be established before informal ones can develop. Formal communication takes place in official channels and should follow a purpose or agenda. A formal supplier evaluation is one type of it. Companies that evaluate their suppliers formally and communicate results openly also seem to be more successful in supplier development. In addition, culture affects the communication formality; what is formal in one culture might be perceived informal in another. (Mohr & Sohi 1995, 411; Prahinski & Benton 2004, 44; Trim & Lee 2004, 289; Turner & Müller 2004, 333; Wagner 2006, 561.)

The network of interactions within an organisation is more complex than is implied in formal charts, since they do not include informal networks. These informal networks can, in fact, be more successful than formal ones. (Mohr & Sohi 1995, 398; Guimerá & Danon & Díaz-Guilera & Arenas, 2006, 653–654.) The importance of informal communication can be visualised with reference to business lunches, the functioning of grapevine communication and rituals. Informal relations can even influence production standards, performance, goals and interpretations (Mumby & Stohl 1996, 60; Kelly 2000, 99; Tukiainen 2001, 49; Shaff 2003, 2). In addition, trust develops with informal communication (Turner & Müller 2004, 331). In other words, while a formal organisation chart intends to describe how employees ought to interact, personal ties affect and create their own modes of interaction. Thus, the structure of an informal network behind a formal chart needs to be considered (Guimerá et al. 2006, 653).

In addition, although partners often feel that communication is complete with structured and routine communication flows, this is not always true. For example, if formal communication is perceived as sterile or institutionalised, partners may perceive it as less complete or credible than informal communication (Mohr & Sohi 1995, 399). Similarly, although formal communication often brings thoroughness and increased information use, it might restrict flexibility, resulting in lower information use (Low & Mohr 2001, 73–74). Communication formality does not directly affect performance, communication quality and satisfaction as some relationships require less formality than others. Nevertheless, the evidence connected to communication formality is clear. (Mohr & Sohi 1995, 399, 409; Prahinski & Benton 2004, 43.)

To continue, while informality brings uniqueness to a relationship, formal communication is also necessary, especially in industries that experience rapid changes and make complex products (Mohr et al. 1999, 42; Tuten & Urban 2001, 158). The use of informal and formal communication is thus determined

by the audience receiving the message and the frequency of interaction: for instance, one-to-one interactions are mostly informal, while communication is more formal when more people are involved (Turner & Müller 2004, 333). Thus, organisations need both formal and informal communication strategies (House & Stank 2001, 20). The differences between formal and informal communication are summarised in Table 3 below.

Table 3   Differences between formal and informal communication[26]

Characteristic	Formal communication	Informal communication
Situation	Regimented, deliberate, impersonal	Casual, behavioural spontaneity, interpersonally familiar
Commitment of speaker	Higher for the topic than for the relationship	Higher for the relationship than for the topic
Credibility of content	High	Low
Style	Official, formal channels with purpose and agenda, e.g. reports	Ad-hoc conversations, memos
Speed	Slow	Fast
Accuracy	High	Low

Open communication indicates the degree of critical information, such as strategic and confidential information e.g. production schedules, forecasts, prices and technical details, communicated by a partner.[27] If this information creates special benefits for a partner, the information quality increases. This shows that open communication is important and leads to closer ties between partners. Open communication also improves relationship quality, because sharing confidential information is a sign of trust. (Mohr & Spekman 1994, 138; Large 2005a, 428–429; Large 2005b, 32.)

Furthermore, open communication reinforces decision-making and is related to higher loyalty and output quality (Ilozor et al. 2001, 505; Trim & Lee 2004, 284, 287). Effective and open information sharing at all levels of an organisation also increases efficiency, provides immediate results and thus enhances people's motivation and their feeling of security. However, sharing strategic information does not necessarily lead to reliable and timely information. (Wagner & Macbeth & Boddy 2002, 259; Kalla 2005, 311; Large

[26] Source: Turner & Müller (2004, 333)
[27] This definition has been utilised for information sharing overall (e.g. Mohr & Spekman 1994, 139). It should be noted that what the literature terms the "distorted disclosure of information," managers refer to as "open communication and the sharing of ideas" (Smeltzer 1997, 42).

2005b, 35.) Parties also seem to feel comfortable discussing difficult issues when lines of communication are kept open (Sonnenberg 1992, 52). Similar expectations about communication, a positive climate, talking through problems, keeping each other informed, linking suppliers to a purchaser's strategic activities and having frequent visits ensure open and frequent communication (Mohr & Sohi 1995, 408; Carr & Smeltzer 1999, 49; Large 2005a, 429; Phan et al. 2005, 182–183).

This means that in order to maintain relationships in the long term, organisations should support free and open communication on the issues of needs, problems and costs (Yamaguchi 2005, 151; Lehtonen 2006, 457). The importance of open communication also increases as relationships become closer and partners more dependent, especially in a dynamic environment, since uncertainty and the fear of partner opportunism can be mitigated with open communication (Noordewier et al. 1990, 84; Ferguson et al. 2005, 405).[28] The selected method of communication does not matter in such cases, it is more important that partners are willing to communicate openly (Sonnenberg 1992, 52; Shaff 2003, 3).

2.3.3 Quality of the relationship between the communicators

The positive impact of relationship quality (or how well the outcomes of a relationship match the participants' expectations), on both relationship success and supplier management performance is widely agreed upon.[29] For example, when a partner is satisfied with relationship performance, relationship quality improves in terms of trust, satisfaction and commitment. Partners also exhibit positive communication behaviour as they know that communication will help a relationship to achieve its objectives. (Phan et al. 2005, 178.)

Relationship quality represents the strength and duration of a relationship, the level of trust, the number of individuals involved and the willingness to collaborate (Large 2005b, 30). It refers to the belief that a partner will not act opportunistically and is a significant factor in communication and success (Lee 2001, 324, 332). Therefore, the quality of relationship between communicators forms the basis for good communication. In this study the

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[28] However, sometimes information just cannot be shared, although partners are requested to be open. Thus, the partner, usually a supplier, does not know which way to turn. A strict organisational way of working can also inhibit the free transfer of information, if people, especially managers, are not receiver-oriented. The importance and size of a relationship has effects as well. If a relationship represents only small share of sales, the effort put into communication efforts is reduced. (Sonnenberg 1992, 50; Brown et al. 1994, 18; Kelly 2000, 94; Claycomb & Frankwick 2004, 21.)

[29] E.g. Kivimäki et al. (2000, 40); Lee (2001, 327); Kauser & Shaw (2004, 45); Prahinski & Benton (2004, 45); Large (2005a, 429); Large (2005b, 32); Massey & Dawes (2007, 1122).

quality of a relationship between communicators is investigated through the following relationship characteristics: trust, commitment, co-operation, personal relationship, risk and reward sharing, and fairness.

Trust is considered the most critical feature of partnership and it is argued that a partnership cannot survive without trust (Morgan & Hunt 1994, 24; Haque & Green & Keogh 2004, 46–47). Trust is also greatly dependent on and reinforced through constant communication (Olkkonen & Tikkanen & Alajoutsijärvi 2000, 405–406; Trim & Lee 2004, 291). The literature defines trust in many ways. For example, in an industrial buying context Doney and Cannon (1997) define trust as perceived credibility and benevolence. Here credibility focuses on the expectancy that a partner's word can be relied on and benevolence represents the extent to which one partner is genuinely interested in the other partner's welfare and is motivated to seek joint gains (Doney & Cannon 1997, 36). According to Gao et al. (2005) trust can be viewed in terms of competence, consistency and benevolence. A buyer's trust is established when the buyer believes in the supplier's willingness to keep promises and in their ability to deliver competent and need-satisfying performance. (Gao & Sirgy & Bird 2005, 398.) All definitions involve the belief that a partner will act in the best interest of the other partner, resulting in positive outcomes for the companies and their relationships (Anderson & Narus 1990, 45: Ulaga & Eggert 2006, 315).

Interpersonal trust exists between individuals (i.e. interpersonal trust), organisations (i.e. organisational trust) or both (i.e. inter- or intra-organisational trust) (Gremler et al. 2001, 50). Trust develops confidence and allows people to better work together. It leads to commitment and relies on the belief that rewards will be fairly divided in hard times and good times. (Morgan & Hunt 1994, 24; Campbell 1997, 420–421.) It develops over time from the experiences individuals perceive. This means that increased trust is a consequence, but not a pre-requisite, of a relationship. Communication, relationship-specific investments, consistency and respect foster trust. Trust takes time to re-establish and, for example, one negative event can destroy long-term trust. In other words, trust is dynamic, always growing or diminishing. (Tixier 1994, 17; Huxham & Vangen 1996, 15; Smeltzer 1997, 42; Cheung & Ng & Wong & Suen 2003, 336.) Similarly, mutual trusting behaviour and bilateral perceptions of trustworthiness must exist for a relationship to become stable and long lasting (Gao et al. 2005, 398). Further, Gao et al. (2005) believe that supplier dependence may have a positive effect on buyer trust because supplier dependence forces the supplier to work closely with the buyer Similarly, mutual trusting behaviour and bilateral perceptions of trustworthiness must exist for a relationship to become stable and long lasting (Gao et al. 2005, 399).

Commitment is another important relationship factor. It refers to the belief that a relationship is worth maintaining and that commitment increases with mutual trust, open communication and continuity expectations (Spekman 1988, 81; Morgan & Hunt 1994, 23; Johnson 1999, 7; Ulaga & Eggert 2006, 315–316). Similar to trust, commitment grows over time, develops from past behaviour and can be built only on action and not on promises. It is the result of the development of a collaborative relationship and is tightly linked to trust. Actions such as adaptation, communication, bonds, cooperation and the length of a relationship generate commitment. (Jonsson & Zineldin 2003, 226.)

Commitment varies between organisations and individuals from one time to another (Huxham & Vangen 1996, 15; Rodwell et al. 1998, 281).[30] All business relationships also have elements of both formal and informal commitment (Veludo et al. 2004, 145–146). This means that each relationship has a specific history in terms of trust and commitment that has been built over time (Jonsson & Zineldin 2003, 226). Commitment is closely related to trust and it is stated that shared values and relationship benefits perceived by partners influence commitment and trust between them. This suggests that the criticality of the partnership is likely to determine the other partner's commitment to the relationship. (Kim et al. 2005, 171–172.) It is even argued that to fully understand a relationship, the effects of trust and commitment should be known (Jonsson & Zineldin 2003, 235).

Co-operation enables partners to achieve a stronger position together than they could achieve alone (Boddy & Macbeth & Wagner 2000, 1004). It is viewed as a phenomenon of either satisfaction, or the inverse of conflict. Cooperative activities are important for developing trust and they represent a tool for companies to help them improve outcomes. They also lead, at least indirectly, to greater satisfaction. (Jonsson & Zineldin 2003, 228–229.)

Personal connections are always present and play an important role in relationships. For example, the decision to continue a relationship is at least partly based on personal relationships. There is also a clear difference between formal and personal relationships. In formal relationships an individual's behaviour is primarily based on the roles they occupy. In personal relationships, individual knowledge about each other influences behaviour, and relationships are mainly controlled through understanding and common values rather than legal contracts. (Biong & Selnes 1995, 484; Forker & Stannack 2000, 33; Gremler et al. 2001, 46.) The relationship between partners is also

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[30] A supplier's commitment to a relationship is demonstrated, for example, when suppliers dedicate local facilities and equipment to serving a customer. This also establishes a basis for further communication in the form of site visits, joint development and the sharing of sensitive information. Furthermore, the commitment of site-specific assets leads to greater trust in the buyer. (Handfield & Bechtel 2002, 375.)

highly related to communication preferences. For example, frequency increases with better relationships and the clearness of objectives reduces the need for face-to-face analysis. (Müller 2003, 350.)

Long-term relationships are developed for long-range opportunity and, therefore, they work only if they are [financially] beneficial to both parties in the long run. Thus, they should increase *total profits and gains* for both, leading to a *win-win situation* where risks and rewards are shared. However, in practice the relationship-building efforts often might not be in the best interest of a supplier. (Anderson & Narus 1991, 95; Ellram 1995, 14; Maloni & Benton 1997, 420; Jonsson & Zineldin 2003, 229.)

Joint goals and problem solving are also important for beneficial relationship. Joint goals increase the motivation to develop interaction and seek unique business opportunities. They result in the interpenetration of organisational boundaries. Joint problem solving increases the partners' involvement and joint value creation as it is a key driver of satisfaction, investment and commitment, strengthening the relationship.[31] However, joint problem solving is not commonly applied in companies, especially in the global environment. (Napolitano 1997, 7; Giunipero et al. 2006, 833; Veludo et al. 2006, 200.)

2.4   Communication channels

Organisations need channels to transmit information. *Communication media,* also called modality or communication medium, refers thereto and can be categorised in many ways. The first way is *straightforward*, which is based on media such as face-to-face meetings, telephone, mail, e-mail or Internet communication (Mohr & Nevin 1990, 39; Modi & Mabert 2007, 45).

Organisational communication focuses on the concept of media richness. It is defined as the number of cues that can be used by a receiver to interpret a message, as the medium's capacity to transmit rapid feedback, or as a media's potentiality to transfer knowledge between parties. Categorisation is based on the mode's ability to transmit "rich" information, and the communication media itself is classified into written, verbal and face-to-face communication. According to Media Richness Theory, face-to-face communication is the richest medium, followed by videoconferencing, telephoning, electronic mail and personal documents. Impersonal electronic data transfer, such as EDI, and formal, unaddressed documents are considered the least rich mediums. (Mohr

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[31] Relationship strength represents the depth of a relationship and its ability to endure. Cooperation, empowerment, closeness, communication, shared goals and values, trust and respect are indicators of relationship strength (Herington & Scott & Johnson 2005, 261, 270).

& Nevin 1990, 39; Larson & Kulchitsky 2000, 31–32; Müller 2003, 348–349; Prahinski & Benton 2004, 41; Ambrose et al. 2008, 362.)

The third way is to classify communication is into *commercial/non-commercial and personal/impersonal modes*. The party with an advocacy interest in the message, usually the manufacturer, controls the commercial modes (e.g. sales calls). In non-commercial modes, a third party controls the information (e.g. journal articles and consultants). The personal/impersonal distinction corresponds to whether the mode of communication is one-to-one or mass communication. (Mohr & Nevin 1990, 39.)

A fourth way is related to the *formal/informal* dichotomy. Formal modes are perceived in a structured and routine manner, usually with written media (e.g. documents). Informal modes are more personalised, spontaneous and non-regularised (e.g. word-of-mouth contacts) and they can occur outside an organisational chart or its premises. (Mohr & Nevin 1990, 39.) Table 4 summarises the ways communication media can be categorised.

Table 4   Different ways to categorise communication media

Categorisation	*Content*
Straightforward	Communication is categorised according to face-to-face, written, telephone or other modes of communication.
Information richness	Communication is categorised according to richness of media. Face-to-face communication is considered the richest media and formal un-addressed documents the least rich media method.
Four-way classification	Communication is classified according to commercial/non-commercial and personal/impersonal modes.
Formal/informal communication	Formal modes are messages delivered in a structured and routinized manner, while informal modes are more personalised and spontaneous.

Managers prefer the use of various media, depending on the message. For example, rich personal media, such as face-to-face, is preferred for strategic communication, since it is non-routine and requires two-way interaction. Emotional, complex and complicated messages are often communicated face-to-face, since oral communication better conveys sincerity and empathy. Similarly, rich media is considered best for high equivocal messages. Informal word-of-mouth communication is also preferred for complaints rather than formal statements. However, the telephone is preferred over face-to-face contacts for such situations. Tactical communication, such as purchasing orders, is routine and, thus, impersonal, which means electronic media, such as EDI and e-mail, is useful in those situations. Written media is also preferred

for formal communication, while face-to-face meetings for such events are recommended. The use of multiple channels then provides evidence and certainty; therefore it is preferred for messages about central organisational issues. However, it is important that the richness of a media matches the needs of the message. (Mohr & Nevin 1990, 39; Kelly 2000, 97; Larson & Kulchitsky 2000, 31–32; Müller 2003, 346, 348–349; Prahinski & Benton 2004, 41; Shapiro & Nieman-Gonder 2006, 129; Ambrose et al. 2008, 362.)

Media selection is also related to organisational structure: bureaucratic structures often rely on written reports, while organic structures require interactive media such as face-to-face communication (Müller 2003, 347). The phase of the relationship also affects the media choice. However, even for companies that rely on impersonal media, face-to-face communication is still the key for establishing a successful relationship. Personal non-commercial sources then become important as a relationship develops. For example, e-mail is frequently used due to its simplicity and speed. There are also behavioural and functional dimensions to media selection, such as preferring face-to-face meetings for negotiations and e-mail and telephone for processing. (Johnston & Lewin 1996, 8; Thompson et al. 1998, 702; Ambrose et al. 2008, 372–373.)

The explosion in the number and type of media has influenced communication. Face-to-face meetings, e-mail and telephone are the most common media, and formal reports are perceived as the most credible source of information. It is important that managers know how and when to use different media so that the media used best conveys the message. The selection of a media can also determine the nature of the communication and affect a company's performance. It is also important to remember that each meeting, phone call and e-mail ought to influence both the business and the personal relationship. (Larson & Kulchitsky 2000, 36; Turner & Müller 2004, 332; Large 2005a, 428; Ambrose et al. 2008, 362–363.) In the next chapter, two types of media, face-to-face and electronic, are discussed in detail.

2.4.1 Face-to-face communication and meeting structures

Although technology-based media is common, the importance of personal contacts and face-to-face communication are essential for business relationships, mainly because telephone and e-mail might be impersonal and lack human interaction (Larson & Kulchitsky 2000, 31; O'Toole & Holden 2001, 22–23). People who communicate in-person also seem to be more satisfied with their communication. For example, face-to-face contact ensures that a partner becomes "a partner with a face" and it is argued that partners only really know each other when they can put a face to a name. People are also

more motivated in face-to-face interactions. (Chiu 2002, 199; Wagner et al. 2002, 261; Hewitt 2006, 85; Oertig & Buergi 2006, 25.)

Face-to-face communication has a high knowledge-carrying capacity because it allows multiple cues, such as facial expression and body language, plus opportunities for immediate feedback, a personal focus, decision synchronisation, direct contact and open communication channels. Thus, face-to-face contacts are central in developing trust, confidence, respect and interpersonal bonds. They foster communication efficiency, clarify ambiguity and reduce communication barriers; they fulfil information needs. Verbal updates also ensure the correct understanding of written reports. (Dyer 1996, 278; Larson & Kulchitsky 2000, 32 urner & Müller 2004, 333; Simatupang & Sridharan 2005, 264; Hewitt 2006, 87–88.) In addition, face-to-face communication improves understanding, expectations and partnership performance. It reduces misunderstandings by giving partners an opportunity to discuss problems. Problems can also be pinpointed before they become major concerns, in other words, problems are easier to solve when people know each other. (Lascelles & Dale 1989, 11; Tuten & Urban 2001, 161.)

Personal interaction highlights informal contacts, e.g. spending time together over meals is important in getting to know each other. Similarly, customer visits are important since they deepen understanding and such meetings are often relaxed, allowing direct and less formal discussion, the fostering of team spirit and the development of personal relationships. Thus, the visits are the richest and most complete communication media, even though they require time and a travel budget. (Daft & Lengel 1986, 560; Rich & Hines 1997, 221; Andersen 2001, 177; Oertig & Buergi 2006, 28; Giunipero et al. 2006, 834–835.) In other words, relationships include both formal and informal reviews. For example, a supplier can assess their performance by requesting information informally via a casual meeting. These informal meetings are often considered more effective than formal ones. (Ambrose et al. 2008, 370.)

The nature of face-to-face interaction differs depending on how long the partners have been interacting. In general, word-of-mouth communication with long-term partners includes holistic and value-oriented expressions. Telephone and face-to-face meetings are also the main communication tools for close relationships. Regular face-to-face meetings are especially important at the early stage of a relationship and when there are personnel changes, since a "new relationship" is primarily achieved face-to-face. (Ellram 1995, 14; Grönroos 2000, 12; Müller 2003, 350; Ambrose et al. 2008, 372–373.)

Relationships include different meetings, from high level strategy sharing to operational decision-making. It is important that meetings are held at every level of business and that the key persons are involved. For example, the

participation of the directors signals trust and commitment at a high level. (Rich & Hines 1997, 218; Pheng 1999, 159; Wagner et al. 2002, 259.)

Supplier meetings can be divided into two groups. The first group comprises senior management, who meet quite infrequently to exchange market intelligence and strategies. They set targets, policies and the business direction. That information is utilised to direct the activities of operational teams and these meetings also confirm the partner's commitment to the relationship. The second group comprises lower levels of organisation – and these meetings are more operational. Their focus is on daily issues and performance, the implementation of activities and ensuring that management strategy and operations are aligned. (Ellram 1995, 14; Rich & Hines 1997, 220; Hines & Rich 1998, 527–530.)

To continue, Boddy et al. (2000) argue that the monthly commercial review meetings, which the highest level executives in a company attend, are conducted to ensure that commercial issues are settled regularly (Boddy et al. 2000, 10013). Cheung et al. (2003) instead argue that monthly partnering review meetings are aimed at monitoring partner status. This is conducted with the aid of a partnering score questionnaire that addresses both behavioural aspects, such as trust, honesty, communication, relationship and job satisfaction, and the hard aspects of partnership. Although these meetings establish an interactive channel for communication, they can be stressful and are initially used for reporting to senior managers, instead of cross-team learning (Wagner et al. 2002, 259; Cheung et al. 2003, 337–339).

Ambrose et al. (2008) divide meetings into annual, quarterly and monthly reviews. Annual performance reviews tend to be face-to-face and formal – using a structured protocol and unidirectional mode with only the supplier reviewed. However, in practice, suppliers do not wait for these formal reviews to assess satisfaction. Instead, they tend to maintain a high level of informal communication through telephone and informal meetings (Ambrose et al. 2008, 370–371). Biong and Selnes (1995) argue that communication usually takes place in the form of seminars, customer visits and periodical assessments (Biong & Selnes 1995, 493).

The discussion about meeting structures leads to the discussion of participants. While many people might be involved in the overall process, communication within a small group is preferred. All strategically important players should anyway participate according to the different roles they pursue. For example, the operational level will aim to improve effectiveness and top management will try to strengthen cooperation. (Lehtinen 1996, 166; Chiu 2002, 192; Lehtonen 2006, 461.) In other words, all individuals who deal with each other should be involved and only rational models consider communication as the exchange of purely factual information. This is also a reason why

traditional, one-way communication – with an active sender and passive recipient – is seen as being obsolete (Andersen 2001, 169). Thus, a relevant managerial dimension of communication is the degree of participation (Tixier 1994, 9; Huxham & Vangen 1996, 12–13).

This suggests that face-to-face meetings open up communication to prevent challenges and help make partners aware of, define and follow up their objectives (Pheng 1999, 159–160). Therefore, although increasing the use of technology is efficient and cost saving, it has a price and it is important to balance technology-mediated and face-to-face communication (Kalla 2005, 310; Oertig & Buergi 2006, 29). Meetings also maintain active and bi-directional communication, which develops trust, establishes a communication network and improves a relationship (Cheung et al. 2003, 339–340). Thus, managers must place a high priority on face-to-face communication and spend a certain percentage of time with their counterparts. (Dyer 1996, 277–278; Hewitt 2006, 81.)

In other words, face-to-face contacts take priority over information exchange through technology. However, it should be remembered that because storing data is not present and memory often fails, face-to-face contacts are not reliable for all business activities (Adewole 2005, 364). Nonetheless, people find face-to-face communication invaluable in a technology-driven world. In addition, face-to-face interactions do not always lead to greater trust, better performance and success, because not all of them are of equal quality. Hence, managers should not simply increase the number of meetings in order to improve performance. (Kahn & Mentzer 1998, 59; Handfield & Bechtel 2002, 375; Kalla 2005, 309; Massey & Dawes 2007, 1127.)[32]

2.4.2   E-mails and electronic media

The importance and use of electronic media, such as the Internet, extranet, EDI and RosettaNet, has increased rapidly.[33] One reason is that personal computers and e-mails are nowadays a normal piece of office equipment. For example, e-mail has been the main communication media since the mid-1990s and "new media" such as net meetings and video conferencing are

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[32] For example, in Dyer's (1996, 278) study a supplier claimed that they spent more face-to-face time with one buyer on unproductive activities, e.g. bargaining, but less face-to-face time with another on productive activities, e.g. sharing technical information and problem solving.

[33] EDI (Electronic Data Interchange) focuses on automated individual transactions in product movements and financial transactions. RosettaNet has been developed by a consortium of manufacturers and includes global e-business standards to support supply chain processes between companies, in which all routine business communication is conducted electronically. (Holland & Naudé 2004, 173–176.)

increasingly important. (Chiu 2002, 198; Hewitt 2006, 83; Ritter & Walter 2006, 293.) Internet users also seem to communicate more frequently than non-internet users across all media (Boyle & Alwitt 1999, 327).

Electronic business fosters efficient communication, reduces manufacturing-cycle times and makes business routines more profitable, effective and simple. It provides fast and low cost ways of transferring information, especially when parties are in geographically distant locations. Accessibility and security thus need to be focused on. (Boyle & Alwitt 1999, 340; Andersen 2001, 177; Handfield & Bechtel 2002, 368; Adewole 2005, 359; Ritter & Walter 2006, 295.) Electronic business also offers competitive advantages through customer satisfaction and closer relationships. It encourages savings in resources, communication and controlling costs and makes quick responses possible. (Johnston & Lawrence 1988, 94; Adewole 2005, 359; Ritter & Walter 2006, 295.)[34]

E-mail, which was introduced as an internal office-to-office communication system, has revolutionised business communication globally. It improves the communication climate, objectives, goal alignment and an organisation's external image, although it is less influential than face-to-face communication (House & Stank 2001, 19; Hewitt 2006, 78). E-mail helps to share the big picture with staff and although it does not help people to understand their roles better, it helps them to understand how their role contributes to an organisation's objectives: the bigger picture. It impacts on objectives and goal alignment. E-mail exchange also reveals with whom people interact and the real network structure behind the formal organisation chart. The form of an e-mail is revealing; mistrust encourages people to use e-mails more frequently because it leaves a written record and, similarly, when people trust each other, the content and tone of their e-mail exchange reflects that trust. People are also more assertive by e-mail than in face-to-face communication. (Guimerá et al. 2006, 653–654; Hewitt 2006, 85–86.)

While e-mail creates benefits, there are also drawbacks. For example, e-mail's strength is the distribution of information quickly to many people, but this can lead to information overload and an over-reliance on technology. E-mails can also be misused with wrong distribution lists or sending out irrelevant information. A large amount of e-mails can also re-direct the focus to responding to e-mails rather than doing the job itself. The partners' different attitudes towards e-mails, which could be due to cultural or other differences, can also create challenges. (House & Stank 2001, 18–19; Hewitt 2006, 78,

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[34] It is argued that the Internet could reduce supply chain costs 5% to 15% through increased automation and partnering. Some companies have also reduced up to 50% of their purchasing staff and decreased ordering lead times by 40% with automation. (Lancioni et al. 2000, 48–50.)

87.) In addition, while e-mails are inexpensive and save time, written communication in general is not the best media for getting messages across or motivating people as they lack interpersonal interaction. It is, for example, argued that e-mails are too impersonal for real negotiations. (Larson & Kulchitsky 2000, 31; Hewitt 2006, 80; Shapiro & Nieman-Gonder 2006, 129.)

In addition, replacing traditional, relationship management with information technology might increase the psychological distance between partners, leading, in the worst case, to ineffective relationships (Ritter & Walter 2006, 293, 295). Information technology has also reduced the frequency of face-to-face meetings, which hinders the establishment of collaborative relationships because the social dimension is missing and the opportunities for personal relationship building are minor (Lancioni et al. 2000, 50; Veludo et al. 2004, 151). In addition, an e-mail's bi-directionality is unclear; some people argue that e-mail is a two-way communication tool, while others state that it is definitely one-way. Generally, e-mail is viewed as a low-involvement tool that creates awareness, but has limited value in developing relationships (Hewitt 2006, 88–89). Thus, e-mail is generally used for "simple enough issues" or as a formal communication tool that decreases uncertainty (Ambrose et al. 2008, 370). To continue, Internet communication, including e-mails, cannot be easily categorised on the formal/informal or "personal/impersonal" continuum (Boyle & Alwitt 1999, 328–329).

Similarly, although virtual aspects of communication are common, they can hinder effective communication, for example, due to time differences and a lack of face-to-face contact. The latter is more problematic and reveals itself as a shortage of "office atmosphere" or cafeteria conversation. For example, phoning is seen as "not the same" as face-to-face contact. (Oertig & Buergi 2006, 23–25.) In other words, promoting electronic communication can hinder communication (Ambrose et al. 2008, 376).

Despite possible drawbacks, electronic communication allows companies to improve their business in a way that traditional business is not capable of (Adewole 2005, 364) because it represents a mechanism for exchanging more information (Boyle & Alwitt 1999, 328). Thus, the importance of electronic communication for efficient information sharing cannot be underestimated. It plays a key role in enhancing the total communication between partners and can even be seen as a key success factor and source of competitive advantage for companies. (Boyle & Alwitt 1999, 341; Adewole 2005, 359; Ritter & Walter 2006, 293.) The fact is that "companies" do not communicate with each other; business is always people-driven and therefore computers should not replace personal contacts (Boyle & Alwitt 1999, 328; O'Toole & Holden 2001, 24). The key is then that people clearly understand the benefits and pitfalls of electronic communication (Hewitt 2006, 89–90).

2.5   Satisfaction with communication

Communication outcomes can be qualitative (i.e. coordination, satisfaction and commitment) or quantitative (i.e. performance). The impact of interaction is also seen as a two-step process from qualitative outcomes to quantitative (Mohr & Nevin 1990, 37–38). This study investigates satisfaction as an outcome of communication. It refers to the affective or cognitive evaluation of relationship characteristics and is measured by investigating how positive or negative a partner feels about communication (e.g. Mohr & Nevin 1990, 45; Mohr & Spekman 1994, 136). Table 5 summarises definitions of satisfaction.

Satisfaction partly determines relationship success (Kauser & Shaw 2004, 21).[35] It is linked to perceptions of being treated with respect and empathy, participation, job satisfaction and commitment. However, satisfaction will lead to commitment only if a relationship is characterised by trust. Communication is also an important source of satisfaction since people get to know each other through communication. Similarly, satisfaction is related to communication quality; when partners perceive that communication is of high quality, they are more likely to be satisfied with it. In addition, satisfaction is linked to increased loyalty and profitability. It increases the intention to expand business with a partner and decreases relationship terminations. (Ganesan 1994, 4–5; Mohr & Sohi 1995, 396, 400; Rodwell et al. 1998, 281; Large 2005b, 35; Phan et al. 2005, 176; Ulaga & Eggert 2006, 321–322.)

Contradictory evidence is provided by Leonidou et al. (2006) who found that communication has no direct connection with satisfaction: this implies that communication has an auxiliary, rather than a decisive, role in bringing expectations about a relationship to fruition (Leonidou et al. 2006, 164). Satisfaction is related to cooperation: cooperative efforts result in greater trust, commitment and efficiency, thus leading to higher satisfaction (Jonsson & Zineldin 2003, 224). Supplier management performance as well as relationship quality also has an impact on satisfaction. If a supplier performs well, the purchaser is likely to continue the relationship. Or, even if purchaser is not truly satisfied with supplier's performance, he can be highly satisfied with a supplier due to the inter-personal relationship. Similarly, if the quality of information is high, the quality of the inter-personal relationship between the communicators often improves. Thus, the level of perceived satisfaction is an important measure of an inter-organisational relationship. (Rodwell et al. 1998, 279; Jonsson & Zineldin 2003, 224; Large 2005b, 35.)

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[35] Success can be defined with sales volume or satisfaction and measured by indicating a purchaser's perceptions of supplier performance or by the perceptions of the buyer's satisfaction with a partnership (Mohr & Spekman 1994, 136; Large 2005b, 30; Kannan & Tan 2006, 762).

Table 5   Definitions of satisfaction

Author	Definition/Measurement of satisfaction
Frazier (1983, 74)	Partner's cognitive state of feeling adequately or inadequately rewarded for the sacrifice undergone in facilitating the relationship.
Mohr & Nevin (1990, 45)	Affective or cognitive evaluation of the characteristics of the channel relationship.
Mohr & Spekman (1994, 136)	How well has the partnership achieved the performance expectations set.
Mohr & Sohi (1995, 404)	How good or bad does the partner feel about their communication with their partner.
Geyskens et al. (1999, 224)	Channel member's positive affective response on economic rewards that flow from a relationship with its partner (such as sales volume, i.e. economic satisfaction) and the non-economic, psychosocial aspects of a relationship in which interactions with the partner are fulfilling, gratifying and easy (non-economic satisfaction).
Tukiainen (2001, 48)	An evaluation based on subjective observations made by members of an organisation.
Jonsson & Zineldin (2003, 225)	An emotional response to the difference between what customers expect and what they receive. Refers to the insider perspective, a customer's personal experience of service where the outcome has been evaluated in terms of the value received. It can also be defined as a customer's cognitive and affective evaluation based on personal experience across all service episodes within the relationships.
Kauser & Shaw (2004, 21)	Interaction between managers, level of honesty and commitment, participation in decision-making, information sharing, coordination, management and the compatibility of activities.
Large (2005b, 30–31)	Purchaser's satisfaction with suppliers for whom he is responsible.
Phan et al. (2005, 176)	Satisfaction with partner is an emotional state that occurs in response to the evaluation of interaction experiences with the other partner. This is determined by perceptions of service performance and interaction between the buyer and seller.
Ulaga & Eggert (2006, 316)	Purchasing manager's satisfaction with the supplier is an affective state of mind resulting from the appraisal of all relevant aspects of the business relationship.

Companies with a high level of satisfaction perceive that suppliers are better at communicating and cooperating. Satisfaction is also significantly higher in relationships with high levels of trust and commitment as well as a

good reputation and closeness. (Jonsson & Zineldin 2003, 232–233.)[36] Customer satisfaction is created through responsiveness to customer needs and the continuous improvement of the products and the relationship. Thus, high satisfaction has positive consequences for relationships, leading to the purchase of additional products, less price sensitivity and long-term loyalty. (Jonsson & Zineldin 2003, 225–226.)

A partner's satisfaction with past outcomes as well as their freedom to choose a preferred communication mode also affects satisfaction (Ganesan 1994, 4; Shapiro & Nieman-Gonder 2006, 140). This means that a partner's feeling of satisfaction is the result of perceived performance and comparison standards, such as expectations. This is called the disconfirmation paradigm.[37] Nevertheless, the nature of satisfaction remains ambiguous as satisfaction arises from the cognitive process. However, the feeling of satisfaction also represents an affective state of mind. Thus, the extent to which satisfaction then focuses on the cognitive or affective dimension depends on both the antecedents and consequences of satisfaction. (Ulaga & Eggert 2006, 316.)

In addition, although satisfaction is often considered a strong predictor of behavioural variables, there is also conflicting evidence, for instance, high satisfaction can correlate with declining market shares. It is even proposed that satisfaction should be replaced with a value construct that works as a better predictor of the outcome variable. (Jonsson & Zineldin 2003, 234; Ulaga & Eggert 2006, 313.) Determining the major factors that affect satisfaction is vital since they could lead, for example, to new working methods, which, in turn, increase relationship satisfaction (Jonsson & Zineldin 2003, 224). However, interpersonal relationships have a major influence on satisfaction, and therefore evaluation methods that are solely based on purchaser satisfaction need to be treated carefully (Cannon & Perreault, 1999, 442; Prahinski & Benton 2004, 42–43; Large 2005b, 35).

2.6   Concluding remarks

This chapter discusses communication elements and satisfaction with communication. First of all, any form of communication that allows people and organisations to communicate more effectively brings them closer together.

[36] Sometimes partners are forced to cooperate, despite a lack of trust and/or commitment. For example, high switching costs could lead to dissatisfaction, but if the outcomes of a relationship are good, parties may still be satisfied with the relationship itself. (Jonsson & Zineldin 2003, 224.)
[37] For example, a customer is satisfied when he feels that product performance is equal to what was expected. If product's performance exceeds expectations, a customer is very satisfied (positively disconfirming) and if a product fails to achieve expectations, a customer is dissatisfied (negatively disconfirming). (Ulaga & Eggert 2006, 316.)
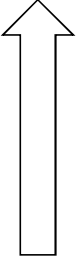
Similarly, as overall communication frequency increases, organisations tend to be more committed to each other and invest in such partnerships for the long-term. (Boyle & Alwitt 1999, 339.)

In general, communication elements have quite similar content, including aspects of communication quality, information sharing, participation and conflict resolution. Communication quality includes features such as accuracy, timeliness, credibility and the relevancy of the information exchanged. Information sharing often refers to the extent to which critical information is communicated between partners and the level of open communication, highlighting two-way information exchange. Participation is seen as a sign of commitment to future cooperation, illustrating the closeness of the partnership or the degree to which the partners jointly plan and set goals. Joint problem solving and smoothing over problems are the most important factors for conflict resolution. (Mohr & Spekman 1994, 138–139; O'Toole & Holden 2001, 20–21; Tuten & Urban 2001, 151; Claycomb & Frankwick 2004, 20; Kauser & Shaw 2004, 24) The *communication elements in this research are investigated by studying communication quality and communication channels. Communication quality is studied in terms of the quality of communication content, the quality of the communication process and the quality of the relationships between the communicators. Communication channel refers to the communication media used. In addition, satisfaction with communication is included as an outcome of communication.*

Quality of communication content in this study includes 10 characteristics: accuracy, adequacy, clearness, completeness, consistency, content, reliability, relevancy, timeliness and frequency of communication. Communication flows are often investigated by including aspects of direction, formality, openness and bi-directionality i.e. feedback. This study incorporates these aspects under the quality of communication process. The quality of the relationship between the communicators is investigated through trust, commitment, co-operation personal relationship, risk and reward sharing as well as fairness. The media richness scale is then one way to link the concepts together, as visualised in Table 6 below.

Table 6   Media richness scale[38]

Medium	*Richness*	*Formality*	*Senses used*	*Language*	*Feedback*
Face-to-face	Highest	Informal	Visual, audio	Body, natural	Immediate
Videoconference		Informal	Visual, audio	Body, natural	Immediate
Telephone		Informal	Audio	Natural	Immediate
Instant messaging		Informal	Visual, audio	Natural	Immediate
E-mail		Formal	Visual, audio	Natural	Quick
EDI		Formal	Limited visual	Natural	Quick
Mail		Formal	Limited visual	Natural	Very slow
Numeric	Lowest	Formal	Limited visual	Numeric	Slow

The relationship between the communication elements and relationship success is often measured with satisfaction or performance. In this study, the outcome of communication is investigated in relation to a partner's satisfaction with their communication, in other words, how satisfied the participants are with the communication they send, receive and interpret. Based on the theoretical findings, the conceptual model of the study is illustrated in Figure 4. The model comprises two parts, the buyer and the supplier, which highlights the bi-directional nature of the research and allows investigative constructs in both the inter-organisational and inter-functional context.

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[38] See: Ambrose et al. (2008, 362).
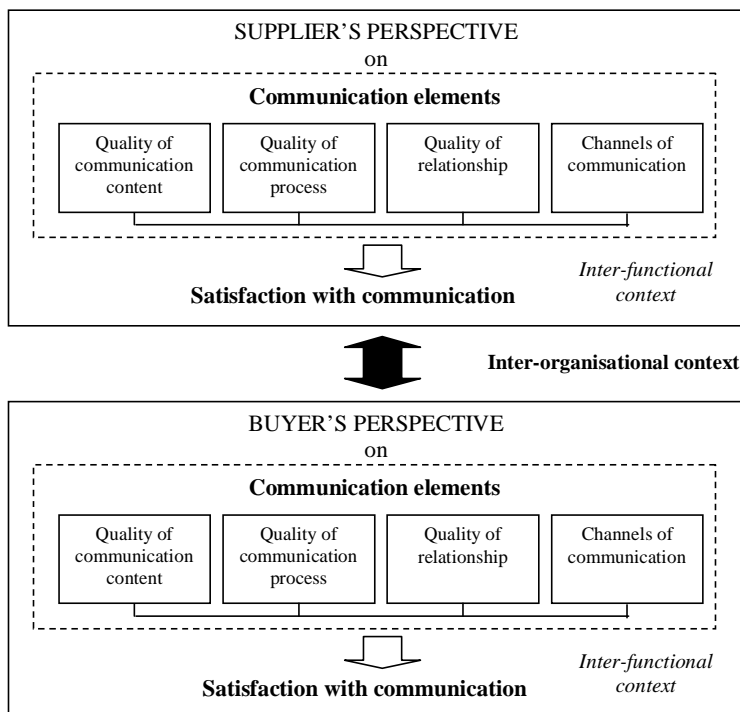
Figure 4　　　　The conceptual model of the research

Critical for this research is the operationalisation of the constructs so that they match the purposes of the study (Worley & Doolen 2006, 232). The definitions for the constructs are adapted from the theoretical framework and partly modified to fit to the target of the study. For example, the frequency of communication often refers to how often partners contact each other, but in this study the focus is on how often partners discuss and review important topics of business, such as strategy. The main constructs for the study are summarised below.[39]

1. *Communication* refers to collaborative business-to-business communication and is measured by the extent of the communication elements.

2. *Communication element* is an overall construct for the content of communication and includes communication quality, communication media and communication outcomes.

3. *Communication quality* assesses the perceptions of the quality of the communication and is operationalised with three characteristics: the

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[39] In addition to main construct defined here, definitions and abbreviations for other concepts utilised in the research are provided in Appendix 3.

quality of communication content, the quality of the communication process and the quality of the relationship between the communicators.

4. *Quality of communication content* refers to the extent to which partners perceive communication as accurate, adequate, clear, complete, consistent, frequent, reliable, relevant and timely, as well the content of the communication.

5. *Quality of the communication process* refers to its bi-directionality (i.e. two-way communication and feedback), direction (i.e. vertical and horizontal movement of communication), formality (i.e. formal and informal communication flows) and to the openness of the communication between the partners.

6. *Quality of the relationship between the partners* focuses on the characteristics of the relationship and includes trust, commitment, co-operation, personal relationships, risk and reward sharing and fairness.

7. *Communication channel* relates to how information is exchanged between partners, i.e. how the media used transmits the information.

8. *Satisfaction* is considered the outcome of the communication and is measured with reference to the partners' level of satisfaction with the communication of strategy. Thus, it reflects a respondent's opinion about how positively or negatively they feel about communication, both in an absolute sense and compared to other partners.

3   METHODOLOGY OF THE RESEARCH

3.1   Philosophical assumptions of the research

The research methods are the "guiding principles for the creation of knowledge" and should fit both the research problem and the philosophical assumptions made. Thus, the selection of the research method is one of the main decisions made in the research process. The nature of the research problem in this study calls for qualitative research. The philosophical assumptions of qualitative research then range from broad perspectives that are related to the nature of reality (ontology), the relationship of the researcher to the subject being researched (epistemology), the role of values in the study (axiology), and the process of the research (methodology), as summarised in Table 7 below (Arbnor & Bjerke 1997, 9; Creswell 1998, 73–74).

Table 7   Philosophical assumptions with implications for practice[40]

Framework	Question	Characteristics	Implications for practice
Ontology	Nature of reality	Reality is subjective and multiple as seen by the study participants.	Quotes and themes are used and evidence of different perspectives provided.
Epistemology	Relationship between researcher and that being researched	Researcher attempts to reduce the distance between him and those being researched.	Researcher becomes an "insider" by collaborating and spending time in the field.
Axiology	Role of values	Researcher acknowledges that research is value-laden and biases are present.	Values that shape narrative are openly discussed and both the researcher's and the participants' interpretations are included.
Methodology	Process of research	Researcher uses inductive logic, studies the topic within its context and uses an emerging design.	Researcher describes the context in detail before generalisations are made, and continually revises questions based on experiences in the field.

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[40] Adapted from Creswell (1998, 75).

Burrell and Morgan (1979) add a subjective-objective dimension to the philosophical discussion, as described in Figure 5. Their view differs from Creswell (1998) in the sense that they replace axiology with the dimension of human nature. The assumptions from the subjective–objective perspective are investigated using Burrell and Morgan's (1979) approach.

Subjectivist approach to social science	Subjective–objective dimension	Objectivist approach to social science
Nominalism	ONTOLOGY	Realism
Anti-positivism	EPISTEMOLOGY	Positivism
Voluntarism	HUMAN NATURE	Determinism
Ideographic	METHODOLOGY	Nomothetic
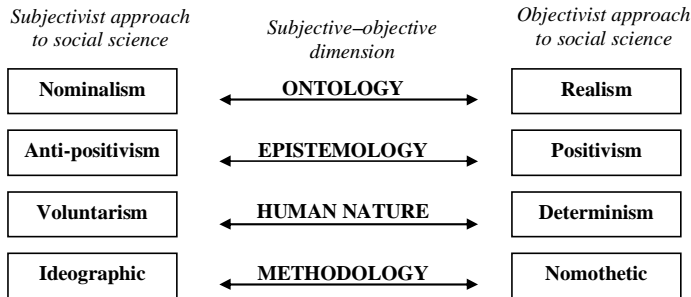
Figure 5   The subjective–objective assumptions[41]

Ontology (i.e. the nature of the problem) contains nominalism at one end and realism at the other. According to the nominalist view, the world is perceived as a product of one's mind, while realism perceives the world as given and external to the individual. (Burrell & Morgan 1979, 1.) *From the ontological view, the nominalist approach is the one used in this research.*

Epistemology (i.e. how knowledge is obtained and communicated) is closely related to ontology. An anti-positivist perceives knowledge as "soft", subjective and based on experience and insights. In contrast, positivism classifies knowledge as hard, real and transmittable in a "tangible" form. (Burrell & Morgan 1979, 1–2.) *The epistemological assumption for this research is based on an anti-positivist perspective.*

In the *human nature dimension* (i.e. the relationship between human beings and the environment) voluntarism is characterised as "free will", meaning that humans have the "free will" to control their environment. According to the perspective of determinism the environment controls humans and human behaviour is a product of their environment. (Burrell & Morgan 1979, 2.) In accordance with most scientific research, *this research lies between the two endpoints, although it can be assumed to be closer to the voluntarist view.*

Ideographic and nomothetic are dimensions of *methodology*, although methodological choices are highly dependent on the choices made for ontology, epistemology and human nature. In ideographic assumptions, the

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[41] Adopted from Burrell & Morgan (1979, 3).

methodologies are made softer by highlighting the importance of the subjective experiences of individuals and attempting to understand the phenomenon. In contrast, nomothetic assumptions and methodologies address the world as hard and external, focusing on the methods and values of the research. Ideographic and nomothetic approaches are also often seen as opposites; the ideographic offers rich data but lacks generalisability and the nomothetic is precise but superficial. (Burrell & Morgan 1979, 2–3.) *Since the focus of this research is weighted towards the softer view, understanding the phenomenon and collecting rich data, an ideographic view is called for*. To summarise, when considering the phenomenon and research question of this study, *it can be argued that the philosophical assumptions are weighted more towards a subjectivist approach within the subjective-objective continuum.*

The next philosophical decision is related to induction and deduction. The starting point in *deductive reasoning* is the existing theory, which creates hypotheses leading to observations, empirical generalisations and modifications to existing theory. This "new" theory creates new hypotheses and further modifications. With this "wheel," theories become more truthful and science develops. Empirical data have a second nature because the research process is highly structured and uses prior assumptions and hypotheses. This is important if the study is to conduct a proper literature review as wide generalisations can easily lead to incorrect conclusions. For example, established and highly relevant constructions in management theory might be irrelevant in other fields or in a general context. (Uusitalo 1996, 36–37; Hilmola 2003, 47–48.)

When generalisations from empirical observations lead to hypotheses and theories, the research is called *inductive*. The reasoning is based on empirical evidence, in order to generate or modify a theory. However, since conclusions are based on empirical observation, they are never 100% certain, although it is argued that science cannot develop without an inductive approach. An inductive approach is often preferred for case studies because generalisations are made from different observations and incorrect conclusions have to be avoided. (Lukka & Kasanen 1993, 375; Zikmund 1993, 26; Uusitalo 1996, 37; Hilmola 2003, 45–46; Ghauri et al. 1995, 8–9.)

Due to the complicated nature of research work, a "purely" inductive or deductive research does not exist: research is always a combination of these two, i.e. it is inductive-deductive or deductive-inductive (also called abductive). It is important then to decide whether theory or research comes first. For example, since theory is vital for causal and descriptive studies, theory building prior to data collection is necessary and requires deductive research. For exploratory studies with research questions of "how," "why" and "where" inductive research is preferred. (Yin 1989, 36; Ghauri et al. 1995, 90.) This study is abductive, as described in Figure 6.
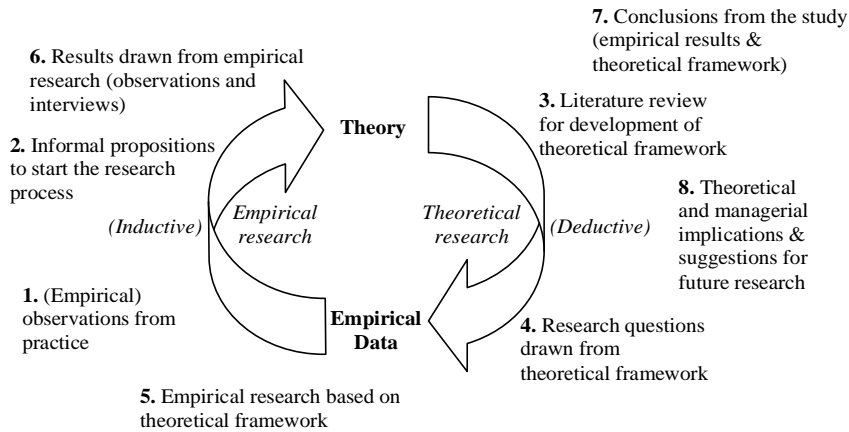
Figure 6   Inductive and deductive reasoning in this study[42]

The research phenomenon emerged from the researcher's observations (1). Based on these observations, some generalisations and propositions for the phenomenon were drawn, such as "the communication of important topics, such as strategy, is important between buyer and supplier" or "improved communication leads to a higher level of satisfaction". This led to the start of the research process (2). In this sense, the research is inductive. Prior literature on communication in buyer-supplier relationships was reviewed and a theoretical framework for the study created (3), leading to the creation of exact research questions (4). The theoretical framework was then validated by the empirical case study (5), which calls for deductive research. Finally, empirical results were drawn (6) and compared with the theoretical framework, leading to research conclusions (7). Also, the theoretical and managerial implications and suggestions for future research (8) were conducted.

In addition, the empirical findings illustrate the conceptual and theoretical aspects found in the prior literature and will be utilised in order to provide an increased understanding of the phenomenon being examined (i.e. the *hermeneutic role*). This influences theory development by revealing the consistencies and inconsistencies of the theory in relation to prior theories about the communication of strategy in the buyer-supplier relationship context. It can also be argued that a connection with reality is crucial when developing relevant and valid theory, especially in management-related fields. Thus, observations based on prior literature, common sense and experiences are important. (Blomqvist 2002, 16.) This supports the approach taken i.e. both inductive and deductive reasoning are necessary for the research context.

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[42] Blomqvist (2002, 15) has utilised similar reasoning in her study.

3.2   Qualitative case study

The research design aims to select an approach that allows the research problem to be examined in the best possible way. Therefore, it affects the research activities. (Ghauri et al. 1995, 26.) Similarly, since the research is an argument to convince a sceptical audience about the accuracy of the research conclusions, the selection of the research method is an important step in the research process. The methods are not just systematic and focused tools for collecting information; they also form the basis of convincing the audience that the conclusions are based on scientific fact – proof and truth – not speculation or opinion. In other words, the research method defines how much the audience can trust what they have been told. (Radford & Goldstein 2002, 254–255.) In that sense, business studies and managerial problem solving are not so different from each other (Ghauri et al. 1995, 6). The research problem and the type of research question often determine the research method (Zikmund 1993, 33; Yin 1994, 4). *This research investigates the communication of important topics, here defined as strategy, between buyer and supplier, which requires a deep and thorough understanding of the phenomenon. Thus, a qualitative approach with an exploratory case study is considered the most useful research method.*

Exploratory research is used when the researcher wants to acquire a greater understanding of the problem, to define hypotheses, to search for new perspectives to identify information needs for future research. In addition, quite often there is no previous research available on the studied phenomenon. Since qualitative case studies often lead to the building and testing of a hypothesis or explanations, they are often considered exploratory and holds true for this study. (Kinnear & Taylor 1987, 125; Zikmund 1993, 33–35; Ghauri et al. 1995, 85; Hirsjärvi & Remes & Sajavaara 2001, 128.)

Qualitative research aims at achieving a thorough understanding of the studied phenomenon in its natural settings. It takes a comprehensive perspective in order to understand the whole and to build new insights into the theory. Thus, qualitative research is often related to real life situations, focuses on social processes, experience and human behaviour. It takes a subjective, "insider view," of the phenomenon. Therefore, the meaning is not to provide high levels of numerical estimates: the simplified difference between qualitative and quantitative research is that qualitative research deals with meanings, whereas quantitative research deals with numbers. The nature of the research question is also affected: qualitative research aims to answer "why" and "how" questions, whereas quantitative research aims to answer "how many" and "how much" questions. (Lotti 1994, 42; Yin 1994, 5–7; Ghauri et al. 1995, 83–84; Holme & Solvang 1997, 92.)

A qualitative case study calls for a very clear research target. It is preferred when a researcher has no or little control over events, when the focus is on a contemporary phenomenon within a real-life context, when boundaries between the phenomenon and its context are not clearly evident or when the study is conducted in an area where there is only a limited amount of theory available (Yin 1994, 1).

Since the focus of case studies is typically narrow and in-depth, they allow the thorough examination of a limited area. For example Olsen and Ellram (1997) conclude that case studies are appropriate when the target is to analyse buyer-supplier relationships in particular industries or product areas (Olsen & Ellram 1997, 222). Similarly, Veludo et al. (2004) argue that a qualitative case study is appropriate for research on an industrial network, where complexity and the dynamism of relationships limit the applicability of research based on inferential methods (Veludo et al. 2004, 148). A case study is also appropriate when the aim is to study a single organisation in detail or identify factors involved in some aspect or behaviour of an organisation (Ghauri et al. 1995, 88; Adewole 2005, 361).

To continue, it is important for a qualitative case study to carefully select cases, since they are analysed from many dimensions in order to procure detailed information. The cases should also correspond to the theoretical framework of the study. (Lundahl & Skärvad 1982, 135; Wagner 2006, 558.) It is also important to decide the amount of cases because no upper or lower limit exists: although it is argued that several information sources (i.e. multiple cases) provide more convincing and accurate results, often only one case is needed (Mintzberg 1983, 107; Ghauri et al. 1995, 91).

Four different case study designs are proposed: an holistic single case, an embedded single case, holistic multiple cases and embedded multiple.[43] A single case is appropriate when a particular case is critical, extreme or unique and the target is to use it for testing an established theory or to provide useful insights into new phenomenon. It can be used as a pilot study for a more comprehensive study. When choosing multiple case designs it is essential that every case serves a particular purpose: the selection of each case needs to be justified in order to enhance the applicability of the findings. (Yin 1994, 38-41; Ghauri et al.1995, 93.)

The decision on the amount of cases also depends on whether the study is inductive or deductive and whether specific or general explanations are required. If an inductive approach is chosen then a single case is preferred in order to provide specific explanations, while multiple cases look for general

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[43] Holistic refers to a single unit of analysis that is embedded with multiple units of analysis (Yin 1994, 39).

explanations. A deductive approach is usually seen as more challenging. If research aims at providing specific explanations, a case study can be used at an early stage of the research to develop hypotheses. However, for generalisations, a case study is not recommended. (Ghauri et al. 1995, 93.) This means that a case study comprises an all-encompassing method. In other words, a case study should be neither a data collection tactic nor merely a design feature alone, but a comprehensive research strategy (Yin 1994, 13).

This research adopts a qualitative case study design for a number of reasons. First and foremost, a case study is a convenient method for gathering in-depth information and gaining insights into a research phenomenon; the aspects the research problem aims to study. The research is exploratory, since the aim is to capture a "real-life" context, expand knowledge about it and provide a rich understanding of the phenomenon i.e. the communication of strategy between a buyer and a supplier. A case study research with in-depth interviews also enables revealing an individual's true feelings about the phenomenon in a way that quantitative research tools are not equipped to do.[44]

A single case study is considered suitable for this research because it can provide insight into an important phenomenon, which has not been investigated before. In addition, the inductive nature and the aim of looking for specific explanations concerning a phenomenon call for single case design. However, the question of a holistic versus an embedded single case study remains: if the same case study involves more than one unit of analysis, the research can be termed embedded (Yin 1994, 41). The case selected here involves one buying organisation and nine of its suppliers. Although it can be argued that these nine different buyer-supplier relationships could provide a framework for a multiple case study, the individual relationships are considered here as unit of analyses, which later forms only one case. Hence, the research is considered an embedded single case study.

Generally speaking, all the relationships studied have quite similar characteristics. Since all suppliers are also connected to the same buyer, the general features of communication in the studied relationships are similar. These facts support the single case approach. To avoid repeating the same features case after case, it is then logical to consider individual relationships, (i.e. unit of analysis) as part of a single case study. Furthermore, although it is argued that single case studies provide less convincing conclusions, nine different business relationships combined into one single case provide a framework for accurate information and allow for comparison with each other.

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[44] It can be argued that complementary approaches would be worth utilising as well, such as the use of communication audits (see: Hargie et al. 1994) or the agenda model of organisational communication (see: Tukiainen 2001).

3.3 Research process

3.3.1 Units of analysis: the case selection

Relationships between buyers and suppliers have received much attention in prior research and the automotive industry has often been selected as the basis, although it is argued that, for example, the component industry would provide an interesting focus as well. This is based not only on the characteristics of that industry, but also the difficulties these industries have faced in adopting collaborative relationships. For example, in the past, they have exhibited high levels of complexity and ingrained adversarial supplier relationships (Veludo et al. 2004, 145). *This study is conducted in the electronic manufacturing industry.* A single industry was selected to afford greater control over the sources, although it is argued that single-industry studies might lack generalisability to other industries (Mohr & Spekman 1994, 140).

A valid and reliable sample is a precondition for accurate results. This is especially important when conducting qualitative research in large organisations. Naturally, the target is to select the most informed respondents related to the research topic. It is not a question of interviewing the most important individuals, but interviewing the right persons from the viewpoint of the research. However, individuals are often selected because of their supposed knowledge, willingness to participate or formal role in an organisation. (Kumar & Stern & Anderson 1993, 1635; Ghauri et al. 1995, 90–91; Giunipero et al. 2006, 826–827.) In order to increase the quality of this research, much attention has been paid to selecting the respondents. A buyer's large supplier base makes the selection, especially from supplier side, even more important.

The selection of the companies and individuals was made together with the buyer's representatives. In practice, the selection process can be divided into two phases. First, discussions were held with the buyer's senior people in order to form a comprehensive picture of the targets of the research and suppliers suitable for inclusion. It was decided to include three different units of the buyer organisation and approximately three relationships from each. However, the number and identity of the [supplier] companies and individuals to be interviewed were not decided at that time.

In the second phase, each buyer unit proposed suitable suppliers and individuals for involvement. The selection of buyer representatives was easier: they were identified as the main counterparts of the suppliers selected – in most cases purchasing or supply managers. To be exact, the representatives from the buyer organisation were more or less known already in the phase when the suppliers were decided, because their acceptance – with regard to working with particular suppliers – was requested in advance. Buyer

representatives also contacted suppliers directly about the study. The researcher then contacted the suppliers with more detailed information.

As originally proposed, the final sample comprises nine buyer-supplier relationships, i.e. three suppliers from each unit, with nine representatives from the buyer organisation and nine supplier companies. This adds up to 18 interviews.[45] These representatives were expected to form a purposive sample, which is important for a qualitative case study research (Ellram 1996, Gammelgaard & Larson 2001). The respondents were purchasing and sales managers, since they were supposed to have a complete view of the studied subject from the perspective of their companies. The structure of the selected companies is visualised in Figure 7 below.
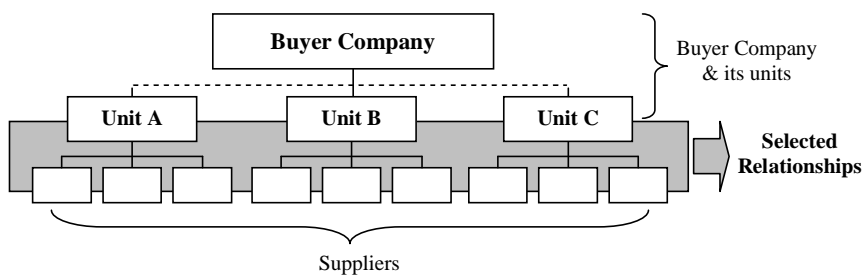
Figure 7   Case selection for the research

To create a comprehensive picture of the phenomenon, the relationships vary according to relationship length and supplier nationality, although all of them can be considered important, long-term relationships. All relationships include negotiated prices, lead times and other business terms for the purchasing of components or parts, instead of services. In other words, the purchasing is continuous with specific terms and a specific negotiation cycle, and is not ad-hoc in nature. The characteristics of the relationships are summarised in Table 8. For reasons of confidentiality, the descriptions are generic and do not include for example the suppliers' names or financial information. The relationships are also presented here in random order.

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[45] To be very exact, one buyer representative was the main counterpart for two selected relationships, for two suppliers, and similarly, one buyer representative, not even considered as the main counterpart for any relationship, knew three about relationships in detail.

Table 8   Relationships descriptions

Relationship	Description
Relationship 1	The relationship is long, over 20 years, although it has had ups and downs. Although in the beginning it was considered highly important, the situation has changed back and forth over the years and several discussions have been conducted about the future with different focuses of importance for both parties. This has created a special character for the relationship. However, the supplier is still considered a key supplier. The supplier's headquarter is in Japan.
Relationship 2	The relationship is long, over 20 years and the supplier has grown a lot within this relationship. The supplier's dependency on the relationship has also been significant. Although the relationship has been very important to both – even near to partnership – nowadays it is slightly weaker. The target is now to re-build it together to make it strong again. The supplier's headquarter is in the US.
Relationship 3	The relationship is relatively new as the business started around two years ago. Since then business has been growing well and a relationship has developed. The supplier is now considered a key supplier. In addition, although the supplier itself is new, their key persons were familiar with the buyer company already before: This has helped in rapid development and also gives a specific character to the relationship. The supplier's headquarter is in the US.
Relationship 4	The relationship is long – about 10 years – and can be considered a strategic relationship due to its working method, whereby development and business is carried out in a co-operative manner in order to create a win-win situation. Furthermore, both parties are capable and willing to invest in the relationship and management commitment is in place. Both companies are large and there are lot of joint activities in different areas. The companies have grown with each other and they are willing to grow in the future. The supplier's headquarter is in Taiwan.
Relationship 5	The relationship began around 20 years ago and stabilised around 10 years ago. The relationship is extremely strong and can be called a partnership due to its cooperative decision-making, closeness and top management involvement. The supplier is also highly dependent on the buyer company. The supplier's headquarter is in Japan.
Relationship 6	The relationship is one of the oldest, because the companies have worked together since the existence of the buyer company. The relationship was very strong in the beginning. However there have been ups and downs – due to the buyer's willingness to decrease the seller's business. Discussions about the future have been conducted many times, including the possibility of developing a very strong relationship again. Today the supplier is considered somewhere between a key supplier and a partner. The supplier's headquarter is in Europe.
Relationship 7	The relationship is relatively new. The business started around 2 years ago. However, the relationship can be considered an extreme success story with a growing business, including product portfolio, sustainable profits i.e. win-win situations, and investment capability. Thus, it can be considered a strategic relationship at the moment. The supplier's headquarter is in China.
Relationship 8	The relationship with the supplier is old, around 20 years, and although the company operates in a highly competitive field with several new suppliers emerging, the relationship is strong. The supplier is considered a key supplier with the relationship characterised by a long-term focus on highly demanding products and development. The supplier's headquarter is in Europe.
Relationship 9	The relationship can be considered relatively new: although the parties have worked together for four years, business only began around 2 years ago. As business has increased, the relationship has developed and is moving towards a partnership type at the moment. The supplier's headquarter is in the US.

In summary, the majority of suppliers have a long history with the buyer. Only three of them are relatively new, but they all have increasing business with the buyer, thus the relationships are considered important. Similarly, all "old relationships" are considered important, although the majority of these relationships have had ups and downs. This fact makes the relationship development interesting. From a geographical viewpoint, four suppliers have headquarters in Asia, three in the US and two in Europe – however, all the suppliers operate globally. The interviews with the suppliers' representatives were mostly conducted with the supplier's main contact person for the buyer.

Eisenhardt (1989) argues that when a limited number of cases are studied, it makes sense to choose cases such as extreme situations and polar types in which the process of interest is "transparently observable" (Eisenhardt 1989, 537). Since the relationships studied are quite similar, it can be argued whether the selected cases really form a purposive sample in order to find reliable results. In fact, it might be difficult to state whether the selected cases are representative of the research population (cf. Granlund 1998, 75–78; Olkkonen 2002, 104). However, the differences between the cases, related to relationship length and suppliers' nationality, are seen as bringing the required variation for analysing communication about important topics, such as strategy, in the buyer-supplier relationship context. To continue, due to the characteristics of the industry and the fact that the phenomenon itself is rather new, it is not easy to define what would be "a typical sample". Additionally, a sign of a good case study is that the theme is closely related to particular case sites – so that it can be said to be of utmost value and interest for the participants, i.e. "as interesting as possible" (cf. Granlund 1998, 76; Olkkonen 2002, 104). It was motivating to hear many respondents stating that the phenomenon, communication of strategy in a relationship context, is interesting and highly relevant to today's business.

3.3.2 The collection of the empirical data

Data sources can be divided into two groups. *Secondary data* already exist and has been collected for the purposes of other research. It helps the researcher to understand the research problem, increases the reliability and saves time and money. However, since the data were collected for the purposes of another study, its validity needs careful checking. In an organisational context, secondary data include, for example, an organisation's internal sources (e.g. financial data, customer databases and strategies) and external sources (e.g. books, academic journals and earlier study reports). *Primary data* are original data collected by the researcher to meet the specific needs of the research.

Such data are precise and increase the validity of research. However, since the data have mainly been collected by observing and interviewing, it is relatively expensive and time-consuming to obtain. (Czinkota & Ronkainen 1998, 252–253; Ghauri et al. 1995, 54–57; Fill 1999, 176–178.)

Interviews are the most common sources for primary data in case studies, although case study research allows other data collection methods, such as observations and surveys. *Structured interviews* quite closely resemble surveys, where a questionnaire follows a standard format with fixed response categories. *Focused or semi-structured interviews* follow a certain set of themes derived from a research topic, but leave the exact order or form of the questions unspecified. *Unstructured, open-ended interviews* are similar to general discussions about certain topics because the respondents are given almost full freedom to answer according to how they want. These interviews produce highly accurate data, however, they may take a long time, be difficult to analyse and the researcher's background might influence the interpretations, which can result in challenges to his/her objectivity. (Yin 1989, 88–91; Ghauri et al. 1995, 64–66; Eskola & Suoranta 2000, 86.)

This research relies on a comprehensive review of the prior literature (secondary data) and empirical research in the form of in-depth interviews with the buyer organisation and nine of its suppliers (primary data). Thus, the unit of analysis is the relationship between the buyer and its suppliers. The dyadic data are collected by focusing on the perceptions of both parties, allowing a complete picture of the phenomenon and a comparison between the viewpoints of the buyers and suppliers. Furthermore, as there is no earlier research that directly investigates the communication of strategy in a relationship context, the secondary data sources comprise more general literature on communication in a buyer-supplier relationship context.

The interviews were semi-structured in nature and the interview themes were designed beforehand. The interview themes cover all relevant aspects of communication in light of this study. More specifically, the interview themes comprise three main parts: 1) the nature of the relationship, including characters and the success/unsuccess factors of the relationship; 2) the buyer's business strategy, focusing on how strategy is understood; and 3) the effectiveness of the communication of strategy, focusing on quality of communication, communication channels and satisfaction with the communication.

The interview themes are mainly derived from prior research in the area of communication and inter-organisational studies. However, some themes were added based on discussions with the buyer and are mainly related to the buyer's business strategy. In order to increase the awareness of the studied relationships, some background information was also requested, such as "How long have the partners been doing business together?" and "What is the size

and nationality of the supplier?" Two separate interview themes were prepared, one for the buyers and one for the suppliers, although only minor differences exist between them. For example, when suppliers are asked "Compared to your other partners, how does the communication of strategy differ?" this question for buyers is stated as "Are there any differences in the communication of strategy to different suppliers?" The interview themes are presented in Appendix 5. It should be also mentioned that interview themes were not followed to the letter during the interviews and – in that sense – the interviews were discussion based.

After getting confirmation from both parties about participation, the researcher contacted the respondents by e-mail and/or telephone with detailed information. A time for interview was agreed and the interview themes were sent to the participants prior to the interview. In addition, before the full-scale study, a pre-interview was held with a representative of the buyer in order to check the appropriateness of the themes and the approximate duration of the interview. However, no changes, except some minor spelling corrections, were made to the interview themes after the pre-interview. Thus, the pre-interview is considered part of the full-scale study.

The interviews were conducted between March and June 2009 in the form of 15 face-to-face and 3 telephone interviews. While most of the interviews were one-to-one discussions, in some cases more than one representative from the supplier side took part in the interview. Thus, a total of 22 persons partici-pated in the 18 interviews conducted. More detailed information about the interviews is presented in Appendix 6. No other contacts or business relation-ships were investigated besides those selected for this study. However, in addition to "formal" interviews, some free discussions were held during the early stages of the research, mainly with buyer's representatives.

Each interview took approximately 1.5–2 hours. During the interview, respondents were asked to answer according to their own opinion or own communication behaviour. This is due to fact that if respondents would be asked to act as an informant with regard to their organisation as a whole, it would have required an individual to speculate on the opinion of others, causing possible errors in the resulting data (Boyle & Alwitt 1999, 330–331).

All interviews were confidential and it was promised that individual responses could not be identified from study report. Therefore, the data are analysed in aggregate form without reference to the names of the companies or interviewees. The interviews were not recorded, since it was believed that this would allow for a more open and honest discussion. Instead, extensive notes were taken during the interviews, which were converted to the report format as soon as possible after the interviews, usually within the same day. Additional information related to the interviews, such as crucial pauses and overlapping

speech, was also included in the transcripts as much as possible. This also proved to be valuable during the data analysis. Eisenhardt (1989, 539) supports this approach by stating that one key to making useful field notes is to write down all the impressions gained, because it is difficult to know what will and will not be useful in the future. In contrast, writing extensive notes during an interview might increase the potential for inconsistencies, so permission to contact respondents later and ask for clarification was sought during the interview. All inconsistencies were found to be minor.

Conducting the data collection and analysis simultaneously is highly recommended, because it allows the researcher to start the data analysis immediately and allows for the advantages of flexible data collection. In fact, a key feature of case research is the freedom to make adjustments during the data collection process, such as adding cases or questions to interview themes that allow a researcher to take advantage of the special opportunities present in a situation. However, conducting data collection and analysis simultaneously adds challenges. (Eisenhardt 1989, 539; Ghauri et al. 1995, 95–96.) The data collection method in this research closely follows the qualitative case research method highlighted by Yin (1994), where, data collection and analysis are carried out together.

However, there were also some limitations to the data collection process. First of all, the data collection, or interview, period was relatively short. It can be then argued that a longer period would have helped to redefine the interview themes further. To minimise this challenge, a preliminary analysis of each interview was made before conducting the next one, since this allowed a slight modifications of the themes. Similarly, time management was analysed after each interview, such as how much time was used and could be used for each theme to avoid rushing at the end of an interview. This proved to be an efficient approach as the last interviews were more efficient than the first ones.

Secondly, it can be argued that more time could have been devoted to pre-testing the interview themes. For example, some themes were found to be slightly irrelevant. Similarly, interviewees did not always understand the questions in the desired way without explanation. This leads to the next challenge: language. Most of the interviews were held in English, although it was not the mother tongue of either the researcher or most of the interviewees. Nevertheless, the challenges of understanding and expressing oneself in a foreign language were considered minor due to the face-to-face nature of the interviews. Face-to-face discussions naturally decrease challenges with language as they make clarifications easier.

Thirdly, the timing of interviews might have affected the data. The interviews were held soon after an announcement of a rather big change in the buyer organisation. Thus, some interviewees referred to this change, instead of

thinking about the communication in a more comprehensive way. It can be argued that the answers would have been different if the study had been collected at some other time. However, the resulting question is: "What would be a more suitable period?" It should be remembered that this is an industry where rapidly changing situations are the norm and the current situation will most probably always slightly affect answers. In other words, when conducting processual research, the question about the period of time is always present, since it might affect answers, behaviour and output – thus posing a threat to the validity of the research (Tuttle 1997, 349). In that sense, longitudinal research might provide more accurate data.

3.3.3   Analysis and interpretation of the data

Data analysis is at the heart of building theory in case studies, even if it is also the most difficult and the least codified part of the process. In other words, since in-depth interviews produce a lot of information and it can be difficult to filter out irrelevant data, data analysis is a challenge in qualitative research (Eisenhardt 1989, 539). Or, as Miles and Huberman (1984, 16) state, "one cannot ordinarily follow how a researcher got from 360 pages of field notes to the final conclusions." This highlights the careful coding of data.

Ghauri et al. (1995) suggest two viewpoints for data analysis: first, all collected data should be classified, measured and refined in a way that allows categorisation and quantification. This is referred to as the positivistic orientation. The second option instead suggests that individual cases are meaningful in their own right and it is not necessary to have data that allow categorisation and quantification on some kind of scale, i.e. each case or observation may be unique. This orientation is common for qualitative research and is referred to as the phenomenological attitude. (Ghauri et al. 1995, 96.) Although this research mainly relies on a phenomenological orientation, data categorisation has been applied to find common viewpoints and make accurate conclusions.

This research depicts an embedded approach, which means that the data are analysed from several units of observations within one case (Yin 1994, 41-42). Through the data analysis, all interview notes are first converted to make detailed descriptions of each case, allowing the categorisation of data, construction and analysis according to themes, i.e. a within-case analysis. These categories are identified using the guidelines for qualitative research, such as which categories represent a grouping of the most common subjects based on the theoretical framework (Miles & Huberman 1994; Giunipero et al. 2006). In practice, categories are identified based on interview themes. In this process, the data are also marked based on the respondents, location and

length of relationship in order to allow comparison. The result is a matrix list of the key parameters that respondents feel critical for the phenomenon.

The next step is cross-case analysis, in which the data from cases are compared in order to find common ideas – until a common theoretical basis begins to emerge. Interpretations are offered in both phases. Finally, the conclusions are compared with the theoretical framework to find alignments and misalignments and important individual comments are highlighted.

Within-case descriptions have a central role when generating deep insights into phenomenon. They help researchers cope with the enormous amount of data, especially in the early phase of analysis. They also create a rich familiarity about each case for researchers, which, in turn, accelerates the cross-case comparison. Thus, each case has a valuable role in the overall process, allowing a better understanding of the phenomenon. In addition, there is no standard format for within-case descriptions. In fact, there are as many approaches as there are researchers. This approach is also called "naturalistic generalisation": learning and interpreting from single cases and applying those lessons to other research. (Eisenhardt 1989, 540; Creswell 1998, 63.)

The cross-case phase enables the testing of assumptions made in individual cases. It aims at developing an analogous framework to look beyond single cases in order to see the evidence for multiple cases. The key is to look at the data in a variety of ways. One method is to select categories and then look for similarities and differences. These categories can emerge from the research problem or existing literature, or the researcher can simply choose them. The cross-case analysis then enhances the likelihood of accurate, reliable and novel conclusions. It is important to understand each particular case completely before proceeding to the cross-case analysis. When an analysis reflects a good practice, multiple cases (even when later embedded into a single case) are the best way to advance theories about the way the world works. (Eisenhardt 1989, 540–541; Miles & Huberman 1994, 207–208; Yin 1994, 134.)

From the within-case and cross-case analyses overall impressions, tentative themes and even relationships between the variables begin to emerge. Thus, the data analysis is a highly iterative process. The central idea is that a researcher constantly and systematically compares theory and data, iterating towards a theory that closely fits the data. A close fit is important for building a good theory because it takes advantage of new insights, leading to empirically valid theory. At this point, qualitative data are particularly important for understanding why or why not the relationships hold – and this is also crucial for internal validity. (Eisenhardt 1989, 541–542.) This approach is seen as being unique to inductive case studies and especially appropriate in new topic areas or research for which existing theory seems inadequate – like this study (Eisenhardt 1989, 532).

In sum, the development of theory is a central activity in organisational research and usually achieved by combining observations from the prior literature, common sense and experience. However, the tie to empirical reality has often been tenuous, although this connection is the one, which permits the development of relevant and valid theory. (Eisenhardt 1989, 532.) High quality analysis should address the most significant aspects of the study, which requires the consideration of both theoretical and empirical evidence. It is a hermeneutical circle: an iterative learning process from pre-understanding towards a complete understanding of the phenomenon. An important characteristic of analysis is that the researcher utilises his/her own prior knowledge and experience to support and validate the conclusions. (Yin 1994, 123–124; Gummesson 2000, 71–72.)

Pre-understanding in this research was attained by studying previous knowledge and experience gathered from the field before starting the research process. The understanding gained is reflected in insights gathered during the analysis. The outcome is to define how theory and empirical evidence interact. In that sense, the process is highly iterative. This also means that the existing theory serves the research in two ways: first, the theoretical framework gives a direction for focusing on issues and forms the base for interview themes. Secondly, the research results are considered in terms of the theoretical framework, serving as a generalisation tool (Creswell 1998). It should also be mentioned that confidential company information is excluded from the final report and this actually slightly reduces the amount of data presented.

It is also important in qualitative analysis to decide when closure is reached; when to stop adding cases and when to stop iterating between theory and data (Eisenhardt 1989, 545). Ideally, researchers should stop adding cases when theoretical saturation is reached. In this research, the amount of cases was defined before collecting the data, although an option was left open to add cases if needed. However, there was no need to add cases later, i.e. theoretical saturation was reached with the preliminary number of interviews conducted. Saturation is the key also in the second closure issue i.e. when to stop iterating between theory and data. In this study, the iteration process stopped when the incremental improvement in the study's theory became minimal.

3.3.4   Concluding remarks about the research process

Although each research has unique characteristics, there are certain elements which occur in every research. For example, the research process always starts by identifying the research phenomenon and ends by developing high-quality conclusions. The research process of this study is illustrated in Figure 8.

Research process phase	Time period
Select a phenomenon *Communication [of strategy] between buyer and supplier*	*Spring 2007*
Create theoretical framework *Based on communication and buyer-supplier relationship literature*	*Spring 2007, until end of the process*
Choose methodological approach *Qualitative case study with in-depth interviews*	*Spring 2008*
Choose research setting and sample *Purchasing executives representing both buyer and supplier companies*	*Summer 2008 – Spring 2009*
Conduct empirical study *Interviews with individuals within selected companies*	*March 2009 – June 2009*
Analyse the results from empirical study *According to interview themes*	*Summer 2009 – Autumn 2009*
Develop conclusions *Based on empirical findings and theoretical framework*	*Autumn 2009 – Autumn 2010*

Figure 8   Research process of the study[46]

This figure is a simplified picture and in reality many phases overlapped during the research process, meaning the process has been an iterative and cyclical learning process, rather than a linear process. For example, the literature review and theory development continued more or less throughout the whole research process. In addition, although the research process is shown as beginning in 2007 – when the final research phenomenon was selected – it can be argued that the process actually started a few years before and that it took time to select the precise research phenomenon. In that sense, it can also be argued that the literature review and theory development started before the selection of the research phenomenon. On the other hand, the empirical investigation was a relatively intense period. Thus, the figure merely gives a rough idea of the research process.

3.4   Quality of the study

Research quality is linked to the research method and it has been argued that the quality of work done at the theoretical level largely determines the quality of the final research. However, this does not mean that the empirical work is

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[46] The figure is modified from Giunipero et al. (2006, 827).

without value: naturally, attention should also be placed on the quality of the empirical research. (Ghauri et al. 1995, 11, 33; Gammelgaard & Larson 2001, 37; Seppälä 2003, 57.) In case study settings, four tests are considered relevant when judging the quality of the research: reliability, external validity, internal validity and construct validity (Yin 1994, 32–33). Due to the nature of this research, which is an exploratory case study, the focus is on reliability, external validity and construct validity.[47] In addition, triangulation is important for research quality and is also used in this study. However, since analysis and validation always go hand in hand in qualitative research, the results are validated throughout the study, and not only when generating the theory (e.g. Yin 1994). Table 9 below summarises the ways quality is assured in this research.

Table 9   Quality of this research[48]

Measurement	*Tactic for case study research*	*Ways to ensure in this research*
Reliability	Use of case study protocol, creation of case study database, clear descriptions for research and research process	Research process is described as clearly as possible
External validity	Use of replication logic in multiple case studies to allow generalisation	Interviewing multiple respondents and comparing the results during research analysis
Construct validity	Careful selection of constructs, use of multiple sources of evidence, establishment of chain of evidence, case study report reviewed by key informants	Selecting constructs carefully and applying those to interview themes, use of multiple respondents and semi-structured interviews
Data triangulation	Collecting research data from different sources	Use of multiple theoretical sources and respondents
Theory triangulation	Use of multiple theories (or theoretical perspectives)	Use of different theoretical approaches

Reliability deals with the question of whether the researcher is obtaining information that can be trusted, and refers to the stability of the measure (McKinnon 1988, 36; Ghauri et al. 1995, 46). In other words, reliability addresses the issue of whether case replication conducted either by the same, or by a different researcher, following exactly the same procedures as the

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[47] *Internal validity* refers to the question of whether the results obtained are true. Since it assumes a causal relationship between the variables, it is a concern only for causal or explanatory case studies and, accordingly, it is excluded from this research. (Yin 1994, 35; Ghauri et al. 1995, 49.)
[48] Modified from Yin (1994, 33 fig. 2.3)

original study would produce similar results. Thus, a goal of reliability is to minimise errors and biases in a study. Repeating earlier research requires clear documentation, the development of a case study database and the use of case study protocol, i.e. documenting methodology and methodological choices thoroughly so that a reader can fully follow and evaluate the process and conclusions. These are also the methods available for ensuring reliability. Thus, a general way to approach reliability is to describe the research as clearly as possible so that it can be repeated without requiring explanations as to how it was done. (Yin 1994, 36–37; Gammelgaard & Larson 2001, 37; Worley & Doolen 2006, 242.) *This has been done in this research to ensure reliability, in other words, the research process is documented and described as clearly as possible to make it possible to repeat the research later on.*

Broadly defined, validity is concerned with the question of whether the researcher studies the phenomenon he purports to study (McKinnon 1988, 36). *External validity* refers to the generalisability of the research findings, i.e. whether they can be generalised to other cases as well. Thus, increasing the external validity requires that the results can be replicated with multiple case study designs, since they either converge or diverge for predictable reasons. For this reason, external validity is also seen as a major barrier when doing case studies, especially with a single case, because it offers only poor grounds for generalisation. The criticism of the sample is that it is more relevant for survey research, in which a sample is based on statistical generalisation. To ensure external validity, a theory must be tested through the replication of the study findings, findings to ensure that the theory does actually lead to the same results. (Yin 1994, 35–36; Ghauri et al. 1995, 50; Gammelgaard & Larson 2001, 38; Worley & Doolen 2006, 242.)[49] *This research is exploratory, an embedded single case study, conducted in a single industry. However, the research utilises multiple units of analysis, i.e. multiple respondents are interviewed and the results are compared, which ensures generalisation and the external validity of this research. This means that although the results are generally not generalisable to other organisations and industries, they provide strong justification for further investigation, also in terms of other industries.*

Construct validity is the extent to which operationalisation measures the concept it purports to measure. It addresses the issue of establishing correct operational measures for the concepts being studied. Thus, it is necessary for meaningful and interpretable research findings. If a study lacks construct

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[49] The other threats to external validity include history (i.e. specific events external to the study occurring at the same time may affect to the response), maturation (i.e. processes operating within the test units in the study as a function of passage of time per se), the test effect (i.e. the experiment/test itself may affect the observed response) and selection bias (i.e. self-selection which is a serious threat to validity when subjects are not, or cannot be, assigned randomly).Ghauri et al. 1995, 33–34.)

validity the findings are meaningless and also destroy the internal and external validity. Construct validity is especially problematic in case study research, because a case study researcher might fail to develop sufficient operational measures and instead utilise "subjective" judgments when collecting data. (Yin 1994, 33–34; Ghauri et al. 1995, 48, 51; Gammelgaard & Larson 2001, 38.) Three tactics are available to increase construct validity: the use of multiple sources of evidence, the establishment of a chain of evidence, and having the draft case study report reviewed by key informants. The first two are relevant during data collection and the last in the composition phase of the research. (Yin 1994, 34–35.) A semi-structured interview approach also helps to ensure construct validity as it permits the explanation and expansion of answers. Moreover, cross-case analysis and the use of triangulation help to ensure construct validity. (Gammelgaard & Larson 2001, 38.) *In this study, construct validity is enhanced by carefully selecting the constructs under investigation and applying those to the interview themes. In addition, multiple sources of prior research and semi-structured interviews are used. The study is clearly reported to allow the reader to judge the uniqueness of the data.*

In addition to external and construct validity, the validity of the qualitative research can be measured with other criteria. *Communicative validity* is related to transcribing an interview precisely. This means that the interpretation process must not start during the interview, since interpretations must correlate with the meaning of the whole interview. One common way to achieve this is to audiotape and transcribe interviews: *transcribing the interviews in detail and as soon as possible after the interview ensures the communicative validity of this research. Face validity* reveals the extent to which the measure used is a reasonable measure of what it purports to measure. A simple test is to ask the opinion of others acquainted with the actual topic. *To ensure face validity, the opinion of others was not asked, but the reasonability of the measures was validated with a comprehensive literature review and pre-interviews. Divergent validity* instead reveals the extent to which a construct is distinguishable from another construct. For example, if the target is to measure "innovativeness", a researcher should be confident of not measuring some other construct. Face and divergent validities are often utilised when assessing construct validity. *Divergent validity is problematic in this study since the constructs investigated are quite similar in the nature. However, by defining in detail what the actual meaning of each construct is to the respondents, the divergent validity of this research is increased. (*Ghauri et al. 1995, 48–50; Gammelgaard & Larson 2001, 38.)

Triangulation means applying several methods to the research. This is another way to increase the quality of the research, since it enhances validity, helps in reaching a comprehensive picture of the phenomenon and allows its

investigation from different perspectives. It is often applied to research where precision is important. Thus, the main advantage of triangulation is that it produces a holistic and contextual picture of a studied subject. The potential problems of construct validity can also be addressed with triangulation, because multiple sources of evidence provide multiple measures of the same phenomenon.[50] The challenge occurs when different methods produce contradictory results. It can also be difficult to judge if the results from different methods are consistent. Triangulation can be useful – even if results that support each other's findings are not found – since it leads to a better understanding of the phenomenon or new questions about it. (Gummesson 1988, 115; Yin 1994, 92; Ghauri et al. 1995, 93–94; Eskola & Suoranta 2000, 68; Hirsjärvi et al. 2001, 215; Seppälä 2003, 57.)

Triangulation is divided into four types: 1) methodological triangulation, where several methods are used in isolation; 2) researcher triangulation, where several researchers collect and analyse the research material; 3) theory triangulation, where multiple theories, or theoretical perspectives, are used in data evaluation and/or in describing the research problem; and 4) data triangulation, where the research problem is solved by collecting research data from different sources (Yin 1994, 92; Hirsjärvi et al. 2001, 215). Triangulation occurs when data from multiple sources support the same conclusion, or at the least, do not contradict each other (Worley & Doolen 2006, 231–232).

This research is based on multiple theoretical sources and 18 interviews in order to reach data triangulation. In practice, the subject is investigated through the viewpoint of many informants. Theoretical triangulation is ensured because different theoretical approaches, mainly related to communication in buyer-supplier partnerships, are evaluated and used in terms of their applicability for this study. Researcher triangulation is not applied, since the research has been conducted by a single researcher, which can be seen as a limiting factor for the study's reliability. Methodologically this study is based on a qualitative case study approach. Thus, methodological triangulation is not applied either, although alternative methodologies e.g. communication audits and the agenda model for inter-organisational communication are reviewed, it can be argued that their use in this study would also have been worthwhile.

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[50] Therefore, case studies using multiple sources of evidence are often rated more highly in terms of their overall quality than those that rely on single sources of information (Yin 1994, 92).

4 COMMUNICATION QUALITY IN THE STUDIED RELATIONSHIPS

4.1 Characteristics of the studied relationships

In order to build a complete picture of the communication of strategy, it is important is to define the general features of both the business relationships and communication. In order to characterise relationships, it is important to understand how respondents consider their benefits, weaknesses, and success and unsuccess factors.[51]

Both suppliers and buyers conclude that the biggest benefits for suppliers are financial outcomes, followed by technology developments, capability and increased competitiveness. Suppliers also consider the benefits they attain by learning and working with the buyer due to the buyer's size and reputation. The buyers do not emphasise these characteristics, instead they state that a supplier should not benefit from a buyer's reputation. When discussing the benefits for a buyer, the list is much broader: technological capabilities clearly form the biggest benefit for a buyer, followed by cost-related topics, flexibility and delivery capability. Buyers also highlight the importance of quality and investment capability. In addition, the benefits for a buyer are more likely to include softer issues, such as attitude, commitment, customer orientation, openness, future orientation and a long-term relationship.

When the discussion turns to challenges the responses vary, especially the buyers' responses. Thus, it can be assumed that the challenges are quite specific for each relationship. More general challenges can also be found, from a suppliers' point of view those include cost-related aspects, dependency on a buyer (or the size of the buyer) as well as strategic and organisational changes. For buyers, technical capability, a high dependency on the buyer, unrealistic expectations and supplier attitude can be mentioned as common challenges. Buyers also consider softer, relationship management related topics challenges.

When discussing success factors both parties agree on many issues. For suppliers, technology is seen as the main success factor, followed by

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[51] Benefits and weaknesses refer to the actual benefits and weaknesses of particular relationships. Success and unsuccess factors are considered more generally, i.e. what might lead to success/unsuccess.

communication and cost-related aspects. Similarly, the main unsuccess factors are communication, costs and time-to-market. Technology is the leading success factor for buyers, followed by supply and cost-related factors. However, and maybe slightly surprisingly, buyers argue that attitude is the main unsuccess factor, or the factor which easily leads to unsuccess. Other unsuccess factors are technology and the financial situation of suppliers.

The unsuccess factors often focus on "hard" business issues, such as costs and delivery capability. Instead success factors more often include softer issues such as communication. In addition, although both success and unsuccess factors are quite similar for both parties, suppliers seem to value soft features more. For a buyer "hard business values" always come first, although the importance of soft values is recognised. It should also be mentioned that while the literature often highlights soft values as success factors (or benefits) in a relationship, in practice "hard" issues are the first priority for both parties. This is in line with the findings from the literature that clearly indicate that the importance of soft factors is an often under-recognised aspect in a partnership. Table 10 summarises the benefits and challenges as well as success and unsuccess factors according to both partners.

Table 10   Benefits, challenges, success and unsuccess factors[52]

	Benefits for suppliers	Benefits for buyers	Success factors	Challenges	Unsuccess factors
Suppliers' opinion	Financial outcomes Technology developments Reputation and importance of buyer Economies of scale, competitiveness, Business volume Learning and knowledge Co-operative nature of relationship	Technology developments Competencies Delivery capability Flexibility and speed Cost competitiveness Business understanding Soft issues (communication, openness, commitment, customer orientation)	Technology and its alignment Communication – openness Cost related factors Flexibility and speed Personal related factors: commitment, close relationship, face-to-face contacts, history, way of working, customer orientation Others: competitiveness, execution of strategy, time-to-market	Cost related: pressure to get prices down, costs of relationship for suppliers, showing gross margins A supplier's high dependency on the buyer New organisation – new people New strategy & understanding the strategy A large buyer's influence & size – using it as a trump High expectation and requirements from buyer Visibility: short & long term, volumes & strategy Execution of strategy and planning Others: Co-operation, supplier's size, economic situation, technology, poor information sharing, increasing business – how to expand successfully	Communication Costs, competitiveness Time-to-market Future & changing business: organisations, infrastructure Person-related factors: commitment, trust, individual characteristics, decision making Treatment of suppliers: categorising and valuing Delivery capability, logistics, planning Implementation of strategy
Buyer's opinion	Financial outcomes and growth Revenues e.g. in term of investments and R&D Competitiveness	Technology capabilities Competences Cost & prices Supplier's size, financial status Quality, reliable deliveries, flexibility Investment capability Future orientation, long-term relationship Attitude, customer orientation, personal tiers, commitment	Technology & investments Supply: flexibility, efficiency and ability to deliver Cost- and price-related factors Commitment, trust, attitude, engagement, communication Strategy alignment & clearness Quality Competitiveness, profits	Technical capability & product portfolio Supplier's high dependency on buyer Supplier's (unrealistic) expectation Supplier's attitude & arrogance & buyer's priority not self-evident Supplier's strong position Delivery problems Others: economic situation, investments, co-operation, suppliers' lack of openness, different culture and way of thinking/working, supplier's strong drive to win business, maintaining satisfactory relationship, buyer's inaccurate forecasting and new ways of working	Attitude Technology related factors & investments Financial situation Competitiveness Quality Prices Openness, personal relationships

[52] The subjects in the table are referred to in order of importance, i.e. how often buyers/suppliers mention these as benefits. However, the subjects in the challenges column are presented in random order, due to the large variation in the answers.

First of all, relationship success in this study refers to satisfaction, i.e. it is considered an affective measure, which takes into account the perceptions of the respondents (Mohr & Spekman 1994; Large 2005b; Kannan & Tan 2006). Since respondents' opinions have an important role, success is considered self-reported (Bishop 2006). This study also focuses on the "soft" issues of a relationship and how they are related to success (e.g. Lehtonen 2006).

Earlier research identifies many success factors, of which the most often mentioned are trust, commitment and communication, i.e. they are often behavioural in nature (e.g. Mohr & Spekman 1994; Krause & Ellram 1997; Cheng & Li 2001; Kauser & Shaw 2004). Therefore, it can be argued that these "soft factors" play a significant role in explaining overall success. However, this research gives contradictory results: although the research confirms that soft factors, such as trust, commitment, communication and co-operation are important, the most important factors are related to technology, finance and investment capability. This finding is important, since earlier research highlights the importance of softer business aspects.

However, this study focuses on investigating the softer, attitude-oriented aspects of a relationship, mainly communication (Cheung et al. 2003). Thus, it refers to the expectation that relationship success can be more fully understood by examining behavioural characteristics and by examining whether they provide a more realistic picture of a relationship (Ring & Van de Ven 1992, 495–496; Mohr & Spekman 1994, 148–149; Kauser & Shaw 2004, 45–46; Leonidou et al. 2006, 164–165).

Secondly, it is important to characterise communication in general in the studied relationships. When talking about the *development of communication*, most of the respondents state that communication has remained at the same level over a 1–2 year timeframe). However, some respondents, often from the buyer, state that communication has improved. When looking at the suppliers' answers, old suppliers often consider communication to have improved, while new suppliers with a growing business consider it to have remained the same. This is an interesting conclusion, since the literature often states that communication clearly improves when a relationship develops. However, none of the respondents, either buyers or suppliers, state that communication has worsened.

It is also important to *compare communication within the relationship with communication with others*. Most of the suppliers state that communication with this buyer is very good, especially when compared to its competitors. The main reasons for this are that the buyer's communication is good and consistent and clear messages are sent by employees throughout the organisation. Suppliers also highlight the fact that the communication process as such is a real strength of this buyer. It is even stated that, "no one can do a

better communication job than this customer".[53] However, some suppliers also state that there are no big differences in communication between the different companies and, for example, the meeting structures are similar. The fact that key suppliers get more information is also valid for all customers, although it seems to be more visible with this particular buyer.

The buyers conclude that there are clear differences between different suppliers about how strategy is communicated – some buyers even argue that sometimes it feels that key suppliers have more information than some internal parts of the buyer's company do. For other suppliers communication is limited and not regular or structured. In addition, for key suppliers, top management mainly communicates strategy, while for other suppliers the purchasing managers are the main communicators. Furthermore, personal relationships seem to affect communication. However, both sides, but especially buyers, argue that differences are mainly based on the fact that different suppliers need different information on different issues and that the general strategy is always the same for every supplier.

> *"The same presentation is shown to everyone and this is good. The differences are then coming from who is presenting the strategy and how much is discussed"… "With important suppliers we discuss about strategy, for traditional suppliers we tell the strategy." (Buyer's representative)*

> *"For key suppliers everything is told, compared to traditional suppliers: some of them have been told only in which position they are in the business… For traditional or small suppliers, we are not talking that much about strategies." (Buyer's representative)*

4.2 Quality of communication content

The quality of communication content is investigated with ten constructs identified from the literature (e.g. Mohr & Nevin 1990; Mohr & Spekman 1994; Kauser & Shaw 2004): accuracy, adequacy, clearness, completeness, consistency, content, frequency, reliability, relevancy and the timeliness of communication.[54]

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[53] Many suppliers state that they mainly work only with this customer and find it difficult to comment or make judgements based on what they have heard.

[54] While an empirical study is mainly conducted utilising open-ended questions, here the respondents are asked to evaluate constructs on the scale from 1 to 6, where 1 is the lowest and 6 the highest. The reasons for each score are also discussed, which highlights the qualitative nature of the study. In addition, since the amount of respondents is relatively small, no statistically important conclusions can be drawn and they were not a target of the study.

Although most of the constructs are studied on a scale from 1 to 6, there are some exceptions. The consistency of communication is investigated via an open-ended question. This decision is based on the high importance of consistent messages: it was assumed that more information could be attained with a purely open-ended question and this turned out to be true. Similarly, the content of communication is investigated with an open-ended question, which focuses on determining the extent to which strategic messages are tailored to suit particular relationships. In addition, while the frequency of communication often indicates communication quantity, here it is a part of the content of communication quality

The findings for each construct, except consistency and the content of communication, follow the same structure; the average of the scores is summarised and the comments from both partners are discussed and compared with the theoretical framework. The constructs are presented in the order they are placed in questionnaire, i.e. randomly. In addition, consistency, content and frequency are analysed separately due to their specific nature and/or importance. However, there are a few facts which could have affected the answers. First, some constructs have turned out to be difficult to explain and sometimes it was difficult for the respondents to differentiate between the constructs. The constructs are also quite subjective, and thus highly dependent on how respondents consider them. For example what is timely for one, could be late for another. In addition, some suppliers argue that it is impossible to score the constructs because strategy is not communicated at all.

4.2.1 Characteristics of the quality of the communication content

Only timely, accurate and relevant information should be communicated to a partner (Lehtonen 2006, 458) and this is highlighted in this study as well. Both buyers and suppliers score the *accuracy* of communication high, although there are also differences: the average for the suppliers is 5 and the answers are placed quite equally between 3 and 6. The average for the buyers is 4 and the buyers' opinions are more consistent, being either 4 or 5.

Suppliers score the accuracy of communication high. This is based on facts such as *"we know as much as the customer knows,"* there are no questions remaining after sharing the strategy, there are neither discrepancies nor differences in communication and all members in the buyer organisation seem to understand the strategy. These reasons also explain the high scores for frequency. Some suppliers score accuracy slightly lower and state that strategy should be defined more clearly and deeply. Further, suppliers argue that accuracy is difficult to evaluate as strategy and results do not always match,

i.e. topics discussed in a strategy meeting do not always happen in practice. However, this issue has improved and the challenges seem to be more related to operational issues, such as planning.

The buyers' opinion is more straightforward as most of them clearly regard the communication of strategy as being accurate enough, for example due to good dialogue and the alignment involved, as stated below:

> *"When we say something, it's accurate. Full picture is given anyway. Usually we are clear and so on." (Buyer's representative)*

However, although the buyers consider themselves to have a high accuracy in their communication, improvement possibilities are also highlighted. It is, for example, argued that the accuracy of the communication does not necessarily depend on them because they cannot always affect communication and some of it is beyond their control. An example of something being beyond their control is when something is discussed with a supplier, but later on management agrees something else. Similar to suppliers, buyers also argue that instead of communicating strategy for communication's sake, the focus should be on "what does this information actually mean". Additionally, strategic directions are not always explained well enough for suppliers and, supporting this observation, buyers conclude that accuracy is difficult to evaluate.

In sum, respondents often understand accuracy to be the amount and the depth of the information. However, although the literature highlights the relationship between accurate information and improved performance or efficiency (e.g. Larson & Kulchitsky 2000; Adewole 2005), this link is not directly visible in the findings. Hence, this research highlights the link between "strategy on paper" and how it is performed in reality. Accuracy is also related to the ability to give a full picture and show alignment in communication. As prior literature has found, both parties consider factual accuracy an important part of accuracy and argue that accuracy is considered essential for communication (Bishop 2006). The research also proves that accuracy is often difficult to evaluate, since it depends on many issues: some work well and some need improving.

The scores for *timely* communication are similar to those of accuracy. The suppliers' average is 5 and the scores vary between 3 and 6. The average for the buyers is 4 and the scores range from 3 to 5. In addition, the buyers' opinion is more consistent and a score of 5 is the most common.

Suppliers commonly state that timeliness is important, because information, for example about changes, has to be received early enough – getting information early is actually considered one of the most important aspects in communication. Suppliers also mention that they receive, at least, "pre-information" immediately on major issues and the topic is then discussed in detail

at the next meeting, or when more information is available. However, despite suppliers being quite satisfied with timeliness, it is argued that often the buyer decides their strategy and only then informs suppliers, i.e. there is no discussion involved. Thus, there are doubts as to whether this is actually related to timeliness. Furthermore, suppliers state that the communication of strategy could be more timely, especially when related to a buyer's internal communication and short-term action.

The buyers conclude, quite unanimously, that they are communicating in a timely fashion; strategy is communicated to suppliers as soon as it is ready. Similarly, important topics are communicated quickly. If face-to-face discussions are not possible, other media, such as e-mail or phone, are utilised to make sure that suppliers receive the information immediately. However, although the importance of fast communication is highlighted, some buyers argue that it does not always happen. Nevertheless, the communication of strategy has become largely routinized. For example, there is a "yearly calendar" in use, which improves timeliness. Some buyers also argue that they have become better at communicating in a timely manner earlier and that further improvement possibilities exist:

> *"I cannot remember cases, where radical changes have not been told to suppliers. Of course there are some "tactical cases", but nowadays we are also telling bad news quite early, there is no hiding. We have improved here, but we still have room for improvement." (Buyer's representative)*

In sum, the literature on the subject often compares the timeliness of information to communication satisfaction, describing factual correctness and the trustworthiness of information. Timeliness also describes the up-to-date dimension of information and requires that information should be provided as soon it is known (Low & Mohr 2001, 73; Modi & Mabert 2007, 45). The last one is especially relevant in relation to the major events of a company, such as organisation changes, since timing affects whether the message influences the receivers in the desired way (Kelly 2000, 98). This research especially highlights the up-to-date dimension of communication. The conclusion is that information should be passed on as soon as it is known. The relationship with satisfaction is not directly evident, although it can be assumed that timeliness is a source of satisfaction because its importance is highlighted. However, the research does not clearly answer whether timely information is actually a strategic activity for reaching partnership goals (Ferguson et al. 2005, 405).

The opinions about timely information, either positive or negative, are mostly based on respondents' feelings about how early they think they receive information. Timeliness is not compared to the accuracy or trustworthiness of information. In contrast to the theoretical framework, the research also finds a

link between timely information and bi-directionality: for example, it is argued that timeliness is not always clear because it is often the case that the buyer decides strategy and only then informs suppliers. Generally, most of the information seems to be timely, although improvement possibilities can be found as well.

The literature highlights the importance of timely information in both short- and long-term activities. For instance, Zhou and Benton (2007, 1354) state that sharing timely (demand) information might improve delivery performance, and Kelly (2000, 98) highlights its importance for long-term actions, such as the major (strategic) events of a company like organisational change. This research concludes that the main challenges facing the release of timely information are related to short-term actions and not the communication of strategy as such – the importance of timely information in long-term activities is clearly highlighted.

The timeliness of information often improves when a partnership grows (Brown et al. 1994, 16). However, this study does not consider that linkage and it was not separately asked for. The study instead highlights the fact that information should be provided to all suppliers at the same time, and should not be dependent on the relationship. Bishop (2006, 218) also highlights the need to be sensitive to the concept of time and points out that it might affect responses: what is timely for one person could be untimely for another.

The scoring on the issue of the *adequateness* of communication follows the previous questions. The suppliers evaluate adequateness on average as 5 (scores between 4 and 6) and the buyers evaluate it 4 (scores between 3 and 5). It should be mentioned that the meaning of the word "adequateness" was interpreted in different ways, which would seem to have affected the broad range of answers to this question.

The suppliers did not give many reasons for the way they scored this question, compared to the amount of comments they gave for the other constructs. The comments received are similar to previous ones. In addition, despite a relatively good score, the comments for the previous constructs are more positive. It has been stated that small issues affect the scoring of this construct, such as communicating mainly by e-mail. Suppliers also argue that they would expect the more frequent sharing of strategy from top management than that they receive – which is once a year – and that this affected their answers regarding adequateness, although they also concluded that communication from the buyer is limited by circumstance, and that this explains the limited frequency.

Despite the lower scores the buyers gave the suppliers, their comments are more positive. The buyers commonly believe that their communication, more specifically the content of what is communicated, is adequate. However,

improvement possibilities are highlighted as well, for example, buyers state that they should improve the feeling of security as this affects adequateness:

> *"We could and should increase understanding and discussion about strategy – to be sure that the message is understood in desired way. We should improve suppliers' feeling of safety, for example, with simple messages." (Buyer's representative)*

To continue, buyers argue that it might be good to focus more on key suppliers. Currently, time is spent "fire-fighting," which means helping the worst suppliers more than the best ones. This also means that the suppliers' importance (including business value) and the physical time spent working with them does not always correspond.[55]

Inadequate communication causes uncertainty and differing expectations (Forker & Stannack 2000, 32). The notion of adequateness used in this study is based on receiving information, communication frequency and time spent together. Often the respondents stated that communication was adequate or inadequate without explaining why, yet it is the content of the communication, which should be considered adequate or inadequate.

To continue, the *clearness* of communication follows the same trend. The average given by the suppliers' is 5 and the scores vary between 4 and 6. For buyers, the average given is 4, but the answers vary between 2 and 6 with 4 being the most common answer, which suggests there is no clear trend.

The comments from the suppliers are very positive and all information from the buyers is considered very clear. Communication is also clearly written from the suppliers' point of view. It is assumed that the high level of clarity is based on the fact that the communication of strategy is often repeated. The suppliers also consider clearness more positively than the buyers do.

Nevertheless, the buyers' comments are mostly positive as communication, especially with key suppliers, is considered clear. Clearness anyway depends heavily on whom you are talking to. Some buyers state that they could be clearer, for example, by offering more explanation as to why something needs to be done. Suppliers, who are involved in many business areas, often suffer most when receiving unclear messages, because there are so many people communicating with them. Buyers also argue that they should understand strategy better, both internally and with suppliers, since this heavily affects the clarity of the communication. The importance of clear communication material is emphasised as it is a pre-condition for later clear communication.

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[55] However, although this issue popped up when discussing adequateness, it is a common statement. With reference to the communication of strategy, it is widely argued that the key suppliers receive much more information than others. Thus, the statement here refers to general activities about running the business etc.

The study proves that the clearness of communication is of high importance, especially when communicating strategy. It is important because it allows people to better understand information (Bishop 2006, 217–218). Similarly, for example Daft and Lengel (1986, 568) state that a lack of clarity is often a major problem for organisations, not a lack of information, and their finding is that which this study supports. However, the buyer in this case seems to be good at clearly communicating and a lack of clarity does not seem to cause problems in the studied relationships.

Although the literature highlights that clear communication increases loyalty, job satisfaction, quality and the level of output (Ilozor et al. 2001, 499, 503), these links are not directly visible in this research. Instead, there are findings, which are not visible in the theoretical framework. First, the clarity of communication seems to depend heavily on individuals. Secondly, the study shows the relationship between clearness and the repetition of information: the main reason for the clearness found is that the strategy is often repeated. Thirdly, it is argued that a better understanding of the strategy in both organisations would increase the clearness of the communication. In addition, another important aspect, clear communication material, is highlighted when discussing communication clearness. However, none of these subjects is discussed in detail in the prior literature.

The suppliers also give slightly higher ratings to the *completeness* of communication than buyers. Suppliers gave an average of 5 (varying between 3 and 6, without a clear trend) for this construct, while buyers gave 4 (varying between 2 and 5, with 5 being the most common answer).

Overall, the suppliers conclude that completeness is good because most of the strategy is presented to them in meetings and, especially the messages given, are well prepared. Communication also appears to be more complete than it has been in previous years. However, some suppliers also stated that the completeness of communication is still below their expectations, for example, they state that the amount of information can never be enough and more information is always needed. A few suppliers are even more sceptical, as shown below:

> *"I believe that all information is not given or shared with us. Information control in buyer side is very strict. We understand this, although we are maybe not satisfied. Most of the time, buyer also decides strategy and informs us only later, i.e. communication is mainly one-way from buyer to supplier."* (Supplier's representative)

Most of the buyers agree that communication is complete enough, mainly because it includes key issues, in other words, completeness is understood as the content of communication being complete. The buyers also state that communication is complete because they are open and communicate a lot.

They point out that suppliers also say this of them. Buyers even consider completeness as one of their strengths due to having "one voice" throughout the company. However, the concern is how to keep this one voice, for example, after an organisational change. It is also concluded that communication has become much more focused, increasing completeness. To continue, completeness is often linked to accuracy, thus the reasons which make the communication accurate also make it complete. Furthermore, buyers who consider accuracy and completeness almost synonymous are more likely to give better scores for accuracy.

Contradicting the above, some buyers argue that there are areas where communication should be more complete and issues, such as strategy and execution plans, are not made clear to suppliers. It is further stated that sometimes a buyer is forced to make short-term decisions that are in conflict with the strategy communicated. Thus, communication might not seem to be complete enough. It is also stated that completeness is difficult to evaluate, because the term is wide and can be understood in multiple ways. Despite these arguments, the common opinion is that the communication given is very complete, especially when taking into consideration the content of strategy.

The most common conclusion found in the literature is that completeness is highly related to truthfulness and telling the whole story, which decreases the potential for misunderstanding. It is the responsibility of an organisation to ensure that complete information is given. (Bishop 2006, 219–220.) This is highlighted in this research as well because information is seen as complete when the whole story is given. Good preparation work is also a contributory factor in achieving completeness, highlighting the responsibility of communicators for ensuring the completeness of information. To continue, some respondents compare completeness to the overall amount of information given because it is argued by some suppliers that the amount of information given can never be enough, which affects completeness. In other words, it is not only the content or quality of communication which captures the completeness of communication, but also how much is thought to have actually been communicated, or not communicated. In contrast to the above, some respondents highlight the fact that only the content of communication ensures the feeling of the completeness of the information. Completeness is also linked to having "one message" only, accurate communication as well as open and focused communication, although these linkages are not specified in the literature on the subject.

Trustworthiness or reliability is one of the most important features of communication and its importance is visible in this research as well. Communication is considered reliable in all the responses and is given an average score of 5 based on a variation between 4 and 6 given by both suppliers and

buyers. Both parties also give quite similar reasons for their scores for reliability. Suppliers consider communication reliable mainly because they trust the buyers, in other words, reliable communication is highly related to individuals. Communication is also considered reliable, because there are no differences between what is communicated and what happens in reality between the buyers and sellers. The reliability of the communication is the most important issue for decision-making. In support of the observations, the information related to strategy is well documented and consistent on all organisation levels and this positively affects reliability. Further, reliability and accuracy are linked to each other and some interviewees wondered whether they are the same thing. Overall, suppliers conclude that the reliability of communication is very high, especially that related to official information. The exceptions are related to other information and do not affect the reliability of communication as such:

> *"Sometimes there is other information we really like to know and we need that information, but this information is not there. Buyer cannot give, for example, numbers. For example, demand information is not reliable and accuracy is very poor. Sometimes buyer cannot share or communicate all because of business reasons. But this is well understood by us that everything cannot be shared." (Supplier's representative)*

Also buyers consider communication to be very reliable in this company – as explained below:

> *"It has been thought well what is communicated. Most of the information is reliable… What is communicated is the truth. There is no hiding at all. This is our strength, we do not have hidden agendas, we are straight. Could this [no hidden agendas] be related to our company's Finnish background as well?" (Buyer's representative)*

Communication between the buyers and sellers is also considered reliable because it is consistent and the buyer's actions are in line with their promises. However, it is emphasised that reliability depends on the individuals, in other words, some buyers and sellers are perceived as being more reliable than others. Furthermore, buyers also consider reliability and accuracy as being approximately the same thing.

To conclude this section on the reliability of communication, it can be said that it is considered to be very good in the relationships studied for this research. It is seen as a very important factor in overall communication as it is regarded as the most important issue for decision-making. The reliability of communication rests on the fact that people and their words are considered reliable. However, this linkage has not been highlighted in prior literature, although it is often stated that poor information leads to mistrust, and that

truthfulness and honesty are standards of professional behaviour (e.g. Cheung et al. 2003, 337; Bishop 2006, 219). The study also makes it clear that the feeling of reliability increases with each successfully completed action in which what is said matches what is done. This observation is not directly visible in any theory, although reliable information is, for example, seen to improve performance and effectiveness as well as help operational decision-making (e.g. Penley & Alexander & Jernigan & Henwood 1991, 70; Larson & Kulchitsky 2000, 36). The study also argues that information which is perceived as reliable is closely associated with properly documented material, consistent messages, telling the truth (having no hidden agendas) and communication that is easy to understand. Reliability is also understood to be a very similar concept to accuracy. These findings are not visible in theoretical framework.

The *relevancy* of communication received the highest scores of all the constructs investigated. The average score given by both parties is 5. In fact, the suppliers gave of an average very close to 6 to the buyers, although many suppliers stated that they almost never give 6 in such surveys. The scores for both parties ranged between 4 and 6.

According to the suppliers relevant communication is highly related to the clearness of communication. It is argued that although communication itself is relevant, the content of the messages could be broader because only essential information is given to suppliers. More generally, the relevancy of communication is often referred to as resulting from the content of the message or the issue being relevant. In addition, relevancy is highly dependent on communicated information; not all information is considered relevant.

According to the buyers, relevancy is the most important issue in communication. The way something is communicated is also considered highly relevant, although some buyers highlight the potential for improvement. The following sentences summarise the buyers' opinions:

> *"Communication is relevant, it is important that we are able to communicate well."*
>
> *"Communication is relevant, but you can always be better as well. But what is discussed, is relevant."*
>
> *"Communication is relevant, but sometimes I feel that a supplier is more interested in irrelevant information: sometimes only irrelevant questions are asked by suppliers." (Buyer's representatives)*

In sum, relevancy refers to the perceived usefulness of information and allows people to fully understand information (Low & Mohr 2001, 73; Bishop 2006, 218). This study highlights the importance of relevancy by finding that it is considered the most important subject in communication. Relevancy is linked to good and clear communication and mainly refers to the relevancy of

the content of the message. However, although the relevancy of communication is seen as being high by suppliers and buyers, it could be broader in its content, i.e. it would contain information that might not be extremely relevant, but good to know. Relevancy also depends on the type of information, since not all information shared is considered relevant.

Bishop (2006, 218) states that people consider relevance differently depending on whether they accept the information or not. Similarly, people pay more attention to messages which are personally relevant for them. Bishop's findings are, in general, supported by this research. For example, it is assumed that people would like to receive more information that is personally relevant for them, although this information could be "irrelevant" as such for the topic under discussion. Kelly (2000, 97) states that when people perceive their counterparts as credible and honest, it increases the feeling of the relevancy of information. Thus, this research highlights the fact that information is seen as being reliable when it comes from a trusted source, but concludes that relevancy also depends on what individuals perceive as relevant. Nonetheless, overall, relevancy is more closely linked to the subject of the communication than the individuals communicating.

4.2.2   Consistency of communication

The consistency of communication resulted in more discussion than any other construct. First, the suppliers consider consistent communication to be very important and one of buyer's biggest strengths. It is clearly concluded that communication in the buyers' organisation is very consistent as messages, and especially the key lines of communication, are always the same for all individuals, units, organisational levels and different countries. Communication regarding sourcing was especially highlighted and said to be very consistent: in general, Finnish people are considered very consistent in their communication. Due to the high consistency of the information, communication is also considered very good and clear:

> *"I do not understand how this customer does that [consistency], especially because there are so many individuals involved. This is amazing: I have never seen similar with other partners. There is really 'one customer' – everyone says the same things. Many people say the same things to me: top management is saying the same and also middle level." (Supplier's representative)*

It is also argued that communication is not always consistent, although inconsistency is more related to operational issues than the communication of strategy. There are also conflicts in messages when different people, especially

from lower levels, describe strategy-related issues; sometimes a buyer has even changed the content of the message, or the information from two units has been contradictory.

Suppliers assume that inconsistent messages are related to individuals: for example, individuals, especially those on lower levels, might not be aware of strategy, thus their messages are inconsistent. Changes in personnel might also cause misalignments. Similarly, differences in opinions, either between the buyer and the supplier or internally in the buyer organisation may cause misalignments regarding a supplier's role. Unclear and inconsistent messages naturally make it difficult to find out what is actually correct. However, inconsistent messages are not a major problem for the buyers and suppliers as communication is mostly consistent.

Although buyers are more sceptical, most of them also state that consistent communication is their strength. Messages are also aligned internally, such as those between operative and management levels.

> "At the moment the messages are consistent from all sources, from leadership to commodity. Especially related to strategic issues, this is well managed in our company. Yes, this is our strength." (Buyer's representative)

In addition, buyers believe that the consistency of the communication is visible to suppliers, and that this is revealed in the supplier satisfaction surveys. The buyers further state that if consistency would be a problem, sourcing would be aware of it. The buyers assume that consistent messages are related to both the buyer's company culture and Finnish culture: Finnish people are considered honest, open and straight and that those qualities positively affect consistency. Strategy is also considered to be clear and strategy sharing is often conducted at a high level: this is due to fact that the team that builds and communicates the strategy is quite small- The organisation is also structured so that usually only one team communicates it to suppliers, which further helps to maintain consistent communication content. Many buyers also state that consistency has improved greatly in recent years.

However, there are also opposing opinions, and some buyers even consider consistency a weakness. It is, for example, stated that messages can change depending on who you talk to, which creates confusion when a supplier discusses strategy with many individuals in the buying company:

> "Our company is so big that the messages cannot be consistent, need to be conflicting. It depends on for example who visits the supplier, who communicates." (Buyer's representative)

> "Supplier's key account is always contacting many people from our side and knows everything. We do not have this set-up, that one person knows everything. Also our top management can give more

positive picture than operative level, like purchasing managers. Consistency is under the average." (Buyer's representative)

In addition, buyers argue that the challenge of maintaining a consistent message is related to the rapidly changing content of strategy: messages can change, even within half-a-year. The buyers also discussed the internal problems of accumulating strategy and not having a consistent message, although this has improved it is recognised that there are still challenges and a need for improvement.

> *"Generally, there is a good dialogue and alignment on what we are doing and we have improved this. But we still have cases, in which something is discussed but management has agreed something else with supplier. We have improved alignment, but there are still cases where differences occur. We have "strong" managers and opinions can change, even rapidly. For example, about the role of the supplier should be. However, we need to avoid changing direction rapidly, we need to choose a direction and keep to it." (Buyer's representative)*

Further, a new organisation with new people creates challenges for consistent communication, since ways of working and communicating might be different. The buyers further admit that suppliers, who are involved in many business areas and work with many individuals, suffer most from inconsistent messages since messages from different individuals might not always be in line. Individual opinions can also "pop-up," even inside teams: for example, if individuals prefer certain suppliers. Naturally, if individual opinions are different from those of management, mismatches in communication will occur. Thus, it is concluded that inconsistent messages are probably a bigger challenge at the operative level than those related to the communication of strategy. This is related to the fact that the communication of strategy should not change on the operative level, since that level should not discuss strategy. Despite the slightly conflicting opinions, the buyers highlight the importance of consistency:

> *"Consistency is extremely important, even the most important in a relationship. We need to have practices for this, if not, we are in conflict situation – lower levels and management are having own opinions. It is especially important that strategy-related messages are consistent." (Buyer's representative)*

To summarise, consistency requires that an organisation's words and actions do not contradict each other, and consistency has been equated with being reliable and is considered a dimension of trust (Grönroos 2000, 10; Bishop 2006, 218). Also, this study considers consistency to be a very important aspect of communication. Both parties, especially suppliers, also

conclude that communication is consistent between the companies. The buyers are more sceptical, for example, they believe that due to their globally dispersed operations and the many people involved, the messages cannot be consistent. They also point out the challenges of being consistent, especially those related to operational issues. Interestingly, there are also differences within one relationship where the supplier considers communication very consistent, but the buyer holds a different opinion.

High consistency is related to clear and good communication. In addition, this study relates consistency to culture and nationality: Finnish culture stresses open, honest and direct communication, resulting in consistent messages. Some nationalities, like Finns, are also considered more consistent in communication than others. In addition, the study finds that when strategy is clear, consistent messages are easier to maintain. These findings are not clearly shown in the theoretical framework. However, both the theory and the empirical work conclude that inconsistency results in misunderstandings and misalignments and that such instances are often related to an individual putting forth their "own messages". Prior literature has noted the importance of communication breakdowns and confusion when a receiver is trying to ascertain the "true message" (e.g. Kelly 2000, 97), which is a finding supported by this study.

4.2.3   The content of communication: tailored messages

The content of communication in this study is investigated by studying the amount of tailored messages. Overall, while the importance of a supplier specific approach – strategy that is tailored for each supplier – is emphasised when communicating strategy, communication seems to be quite generic in many cases. Thus, the question about tailoring messages, and how tailored the messages really are, is important.

The suppliers' opinions differed. Some suppliers conclude that the strategic messages are tailored and specific to each supplier. For example, strategy, feedback and expectations are discussed as separate topics, which make it easier for a supplier to understand what a buyer really wants. It concretises strategy. However, although this approach is considered beneficial, it is utilised by only a few suppliers.

Most of the suppliers state that the messages are general for all suppliers. It is also argued that strategic messages are often given in the form of what is good for the buyer, i.e. they are not tailored and do not take into account what would be good for the supplier. Some suppliers even argue that the buyer does not make a strategy which benefits suppliers, in other words, suppliers just

need to accept the buyer's strategy and align with it. Nevertheless it is important to align strategies so that suppliers also benefit because the buyer needs partners to implement its strategy. According to the suppliers, there are also differences between individuals and teams as some are better at tailoring messages and discussing issues, such as the best way to implement strategy.

Contradicting this slightly, most of the buyers think that the strategy is well-tailored for individual suppliers. For example, many purchasing managers make specific summaries for each supplier concerning positive and negative feedback and key challenges. These are jointly discussed and the supplier makes its strategy based on these comments. Buyers highlight that these comments are always based on the supplier's performance. The scorecard is the main source of performance evaluation. This leads to an important point: strategy discussion is quite performance-focused. In fact, buyers argue that suppliers might not clearly understand the relationship between strategy and performance, which causes confusion:

> *"Strategy can be understood [by suppliers] more as performance feedback. It is not always understood that it is actually communication of strategy." (Buyer's representative)*

However, buyers admit that strategy is not tailored to every supplier. This is despite the fact that buyers highlight the importance of tailored communication combined with clear communication material and that suppliers are highly dependent on the buyer's communication.

> *"Communication material is very important, how it is done. It cannot just be copy-pasted from our strategy, but must be specific to the supplier. Otherwise, the strategy presented will be stable and the way it is communicated generic." (Buyer's representative)*

In sum, the content of communication often refers to the message exchanged between people, i.e. what is said, although it can be also be categorised based on the type of information exchanged or the influence of the embedded strategy (Mohr & Nevin 1990, 39–40; Müller 2003, 346; Prahinski & Benton 2004, 41). In this research, communication content is investigated by studying the amount of tailored messages. Generally, the study concludes that strategic messages are tailored and that buyers believe this. However, there are also opposing opinions, especially those stated by suppliers. It is argued that messages are only generic and mostly in the form of what is good for the buyer. Thus, more bi-directionality would be required if both parties are to benefit equally when aligning strategies. The importance of communication material is also highlighted. Both parties conclude that suppliers are highly dependent on the buyer's communication since their actions and strategies are mainly based on how they understand the buyer's strategy. This further highlights the importance of tailored messages being combined with

providing sufficient communication opportunities to allow individual suppliers to get the best out of the strategy. Naturally, this statement is valid with regard to overall communication.

4.2.4   Frequency of communication

Communication frequency specifies the quantity of communication and refers to the amount and/or duration of interaction and the number of formal communication events (e.g. Mohr & Nevin 1990, 38–39; Müller 2003, 346). This study scores frequency as 5 for both parties, although the variation in the answers is high, between 2 and 6.

Suppliers rate frequency high because no questions and unclear issues remain after strategy sharing, and communication is consistent between individuals. Strategy is also well understood by all members in the buyer organisation, which is clearly apparent in their communication. To continue, suppliers highlight that there are many channels for discussing strategy and that more meetings can be arranged, for example, during major changes.

Although many suppliers are satisfied with the frequency of communication, some of them call for more frequent communication because the media for communication is considered to have changed due to there being less [face-to-face] meetings. Some suppliers even argue that it is difficult to evaluate frequency, because there are no regular meetings related to strategy and both corporate and business strategies are poorly communicated. For example, the question about "what is behind strategy" is often left unanswered. Suppliers also expect more frequent strategy sharing from top management than the once a year currently available.

The buyers conclude that strategy is very often discussed with suppliers – and is often referred to by phrases such as "this is because of our strategy" – and such changes are communicated as soon as they can be. Thus, frequency is considered high. In addition, buyers believe that they make strategy visible at certain meetings and with certain meeting structures like steering meetings and collaboration days. It is further argued that the frequency of communication is good if a team is working well, because communication then becomes an automatic dialogue in which strategy is discussed once per quarter (or on any other agreed timeframe) as well as once per year during collaboration day. According to buyers this frequency is adequate.

Frequency depends on the type of relationship a buyer has with a supplier and the supplier's activeness in raising questions about strategy. Similarly, frequency depends on both the level of strategy (the level on which the strategy is discussed with the supplier, such as only supplier specific issues or

corporate strategy) and the position of employees regarding who discusses strategy, and whether that occurs on operative or management level. Buyers also conclude that there are differences in what is considered frequent enough, depending on whether the respondent is a buyer or supplier. Buyers often consider communication frequent enough, and suppliers take a less positive view. However, some buyers also state that strategy should be communicated more often and that this is an area for improvement. It is argued that although communication is frequent, it is not always consistent. Some individuals and teams are also better at frequent communication than others.

In sum, this research finds that the respondents give a high rating to the frequency of communication. In particular, suppliers conclude that the high scores are based on the fact that there are no questions after the strategy has been shared: this suggests that frequency is not exactly related to the amount of information, but the clarity of communication instead. Both parties also conclude that there are many opportunities to discuss strategy and that strategy is often referred to, which highlights the amount of information shared as well as regular meetings. In addition, the research proves the importance of a meeting structure for the frequent communication of strategy. If a meeting structure is in place, the automatic communication of strategy will occur during the meetings. However, even though frequency is generally considered good, some respondents, especially suppliers, expect that the communication of strategy should occur more frequently, especially from top management. There also seems to be individual buyer-seller cases that do not have regular meetings related to strategy, which is seen as a challenge.

The literature highlights the possible drawbacks of information overload when communication is too frequent or there is too much communication (e.g. Mohr & Sohi 1995, 398–399; Parker et al. 2006, 129). Therefore, it is suggested that partners aim for stable, routine and frequent communication practices by utilising different communication methods and structures, the challenge is to find the right balance between frequency, form and the content of communication (Biong & Selnes 1995, 493; Mohr et al. 1999, 42; Müller 2003, 353). Information overload is not considered a challenge in this research. Instead, the importance of frequent communication and high amounts of information is highlighted. Certainly, the suppliers involved preferred more communication in all circumstances.

The literature discusses the relationship between frequency and familiarity since the amount of "personal" knowledge seems to increase with frequent communication (Gremler et al. 2001, 48), another finding which is supported by this study. People, who know each other better and meet more frequently also naturally share more information. This is valid for all organisation levels. The literature further argues that frequent communication can even transfer a

relationship from a transactional-orientation to a partnership (House & Stank 2001, 20). Although this is not directly visible, the importance of frequency is not questioned. For example, frequent communication with a clear meeting structure is considered an important factor of partnerships and personal connections are highlighted throughout the research.

Another important viewpoint for frequency is the regularity of the communication, which needs to be systemised and occur at regular fixed intervals. Thus, the partners need to jointly define what information is exchanged, how often it is exchanged and who attends the information exchange. How frequently information and strategy is communicated then varies depending on the type of information required (Müller 2003, 350; Shaff 2003, 2; Lehtonen 2006, 458, 461). This approach is also highlighted in this study. Teams with frequent communication and a clear meeting structure seem to be more satisfied with their overall communication, while others call for a more regularly structured system of communication. Some teams also define their meeting structure together to make communication more efficient, e.g. reducing unnecessary meetings. In addition, Turner and Müller (2004, 332) argue that more frequent, but less formal communication is also important, which is strongly supported by this study, since the importance of informal communication as well as a formal meeting structure is emphasised.

The frequency of communication reduces significantly as geographic distance increases (Dawes & Massey 2005, 1332). This study concludes that there are more meetings when partners are located close to each other. However, although a close location is seen as a benefit, it is not highlighted. In addition, partners who have been located close to each other for a long period of time, stress the importance of being located close to each other more than those who have recently located close to each other. Nevertheless, even those buyers and sellers located far apart do not see that as a major challenge, although they admit that more face-to-face meetings would sometimes be needed. Distance is not considered a reason to look for improvements or shortcomings in communication. This might be then related to fact that there are many options available for communication and companies are used to communicating with different media. To continue, the literature argues that although internal communication is often considered more frequent than external, there are actually no major differences (Chiu 2002, 196, 204). For example, in study by Bennett & O'Kane (2006, 19) suppliers argue that the buyer's internal organisations have a serious lack of communication between purchasing, engineering and manufacturing, i.e. in internal communication. This is supported by the findings of this study in which even buyers argue that external communication is sometimes more efficient than internal.

4.2.5   Concluding remarks

The quality of communication content is investigated with ten characteristics identified from the literature on the subject: accuracy, adequacy, clearness, completeness, consistency, content, frequency, reliability, relevancy and timeliness of information shared. From these, consistency, content and frequency are investigated in detail. The scores for the constructs are summarised in Table 11 below. It should be remembered that the constructs are quite subjective and highly dependent on how the respondent considers them.

Table 11   Summary of the scores for the communication quality characteristics

Subject		Scores[1]						AVE[2]	TOT AVE[3]
		1	2	3	4	5	6		
Frequency	Supplier					x		4.6	4.6
	Buyer							4.7	
Accuracy	Supplier							4.7	4.4
	Buyer				x			4.1	
Timeliness	Supplier							4.8	4.6
	Buyer					x		4.4	
Adequacy	Supplier					x		4.8	4.5
	Buyer					x		4.2	
Clearness	Supplier					x		5.3	4.7
	Buyer				x			4.2	
Completeness	Supplier							4.7	4.4
	Buyer					x		4.0	
Reliability	Supplier					x		5.3	5.1
	Buyer							4.9	
Relevancy	Supplier						x	5.5	5.3
	Buyer					x		5.1	

1) The dark area shows the scale of scores. If some score is given very often, it is marked with "x": if "x" is not visible, the distribution of the scores is more equal.
2) Weighted average for answers (suppliers and buyer answers separated)
3) Weighted average for all responses (suppliers and buyers)

In addition to the scores, comments were asked for. It should be mentioned that although there are no major differences in the comments, the buyers seem to be slightly more critical in their opinions and also highlight potential areas for improvement more often. Table 12 below summarises the comments from suppliers, buyers and prior literature.

Table 12   Content of communication: comparing suppliers' and buyer's opinions with prior literature on the subject

Construct	According to suppliers	According to buyers	According to literature
Accuracy	▪ Knowing as much as possible ▪ No questions after information sharing ▪ No discrepancies in communication ▪ Strategy is well understood ▪ Deepens communication: answers the question "what is really meant by strategy" ▪ What is said matches what is done	▪ Good dialogue ▪ Good alignment & consistency of messages ▪ Giving a full picture, adequate explanations ▪ Clearness of communication ▪ What is said is accurate ▪ What is said matches what is done	▪ Improves performance and effectiveness ▪ Leads to closer relationships ▪ Removes unbalanced skews of data ▪ Helps operational decision-making ▪ Avoids unnecessary delays ▪ Improves customer service ▪ Essential for ethical & professional behaviour
Timeliness	▪ Receiving information early enough	▪ Communicating and getting information as soon as possible ▪ Communicating to all at the same time ▪ Routine communication ▪ No hiding of information	▪ Up-to-date: information provided as soon as possible. ▪ Improves coordination and performance ▪ Allows people to respond and interact ▪ Specifies functioning of information flow ▪ Describes communication satisfaction. ▪ Corresponds to the trustworthiness of the information
Adequateness	▪ Small issues affect e.g. communication by e-mail instead of F2F ▪ More frequent strategy sharing from top management expected: affects adequateness	▪ Content: what is communicated is adequate ▪ Improves feeling of security with simple messages ▪ Increases understanding and discussion: messages are understood in desired way	▪ Inadequate information can create problems because of differing expectations and unresolved conflicts ▪ Inadequate communication causes uncertainty.
Clearness	▪ Information is very clear ▪ Communication is clearly written from the suppliers' point of view. ▪ Strategy is repeated often – improves clearness	▪ Depends heavily on who you talk with ▪ Improves clearness of messages & understanding by telling why something is done, both internally and with suppliers ▪ Importance of clear communication material ▪ Working with many people reduces clearness	▪ Allows people to understand communication, e.g. related to jargon ▪ Problem is lack of clarity, not lack of information ▪ Clear communication increases loyalty, job satisfaction, quality and level of output ▪ Clarity leaves less room for initiatives

Completeness	▪ Most of the big picture given ▪ Meetings well prepared. ▪ Nowadays more complete: amount of information is never enough	▪ Communication includes key issues: refers to content of communication being complete ▪ People are open and communication has a positive effect ▪ "One voice" throughout the company ▪ Linked to accuracy and clearness	▪ Related to truthfulness & telling whole story ▪ Ensures that there are no deceptions leading to misunderstandings. ▪ Leads to honest and open dialogue
Reliability	▪ Highly related to individuals: trusted individuals ▪ Communication vs. reality: no difference ▪ Most important for decision-making. ▪ Information is well documented and consistent ▪ Linked to accuracy ▪ Overall very high – not everything can be shared	▪ Thinking through what is communicated ▪ What is communicated is the truth: no hiding, no hidden agendas, straight talking ▪ Communication vs. reality: no differences ▪ Consistent information across the company ▪ Highly related to individuals ▪ Considered equivalent to accuracy.	▪ Improves performance and effectiveness ▪ Leads to closer relationships ▪ Removes unbalanced skews of data ▪ Helps operational decision-making ▪ Avoids unnecessary delays
Relevancy	▪ Highly related to clearness ▪ Referred to relevancy of content of message, rather than communication as such ▪ Depends very much on what kind of information is discussed	▪ Most important issue in communication ▪ Communication is very relevant: what is discussed is relevant ▪ Related to good overall communication	▪ Perceived usefulness/significance of messages ▪ Allows people to fully understand information. ▪ People consider relevancy in different ways, more attention to personally relevant messages ▪ Linked to credible information
Consistency	▪ Very important aspect of communication, one of the buyer's strengths ▪ Messages and key lines of communication are the same throughout whole organisation ▪ Linked to clear and good communication ▪ Inconsistent messages are related to individuals deviating from the strategy: results in challenges to find out what is actually correct	▪ A strength & improved a lot. Challenges on operative level ▪ Messages are aligned internally, no cheating ▪ A clear strategy is easier to maintain ▪ Related to culture ▪ Good because top management shares strategy; the team making it and communicating it is small; one global team communicates ▪ Messages can change depending on an individual's own strong opinions ▪ Suppliers involved in many areas suffer most: receive messages from many people ▪ Changing the content of strategy and internal problems in communication causes inconsistency	▪ Specifies that an organisation's words and actions do not oppose or contradict each other. ▪ Emerges when various messages sent are aligned and constantly support each other ▪ Equal to being reliable: dimension of trust ▪ One aspect of authenticity ▪ Inconsistent communication leads to communication breakdowns and confuses the receiver in attempts to figure out the "true" message: not knowing what messages to believe leads to a lack of security and trust

Content of communication (tailored messages)	• Specified messages: Commonly messages & requests are more generic than tailored • Strategy, feedback and expectations included as separate topics: concretises strategy • Comments received are widely utilised when the supplier makes their own strategy • Messages often in the form "what is good for the buyer" i.e. the messages are not tailored & do not take into account what is good for suppliers: • bi-directionality is important e.g. buyer cannot implement strategy alone • Amount of tailored messages is highly related to individuals and teams.	• Strategy is tailored quite well for suppliers, but not tailored for every supplier • Issues are discussed & supplier makes own strategy based on the discussions • Messages always based on performance, discussion based on needs: positive and negative feedback • Performance evaluated mainly with scorecard • Strategy discussion is performance-focused: suppliers might not understand this relationship • Importance of communication material • Suppliers are very dependent on the buyer's communication	• Content refers to messages exchanged between partners at any formal communication event and by any media or, simply, what is said. • Categorised based on type of information or what type of influence strategy is embedded • Characterised with two levels, helpful & proprietary: Sharing helpful information is necessary for co-ordinating activities, but propriety information is also communicated • Classified as supplier, manufacturer, customer, distributor and retailer information
Frequency	• No questions after sharing; no unclear issues remain • No discrepancies in communication among individuals • Strategy is well understood by all members: this is directly visible in communication. • Many channels available to discuss and listen • Related to well-defined meeting structures • More meetings during major changes • Communication is currently different due to less (F2F) meetings • Slightly more frequent strategy sharing from top management expected	• Strategy is discussed and often referred to ("this is because of our strategy") • Changes are communicated as soon as possible • Certain meeting structures provide good visibility • Differences between individuals and teams: well-working team increases frequency – communication is an automatic dialogue • Depends on relationship type and supplier's activeness, e.g. in raising questions • Depends on the level on which the strategy is discussed and who is discussing • Differences in opinions about what is considered adequate for frequent communication • Frequent communication happens, but is not always consistent	• Amount and/or duration of interactions, number of formal communication events or intensity of information flow • Creates competitive advantage & effective partnerships • Drawbacks with information overload • Related to familiarity: "personal" knowledge increases with frequent communication • Can transfer relationship from transactional to partnership • Related to regularity & systemised communication • Communication at fixed intervals: frequency varies according to type of information • Importance of frequent but less formal communication • Frequency reduces as geographic distance increases • Internal communication considered more frequent than external: no important differences

Accurate information refers to the amount and depth of information, the ability to give the full picture or alignment in communication. However, even though the literature highlights its relationship to improved performance (e.g. Larson & Kulchitsky 2000; Adewole 2005), this link is not directly visible in this research. The accuracy of the information is considered important.

The timeliness of information is often compared to communication satisfaction, since it describes factual correctness, trustworthiness and the up-to-date dimension of information. It requires that information is provided as soon as possible. (Low & Mohr 2001, 73; Modi & Mabert 2007, 45.) In this research, the opinions about timely information, either positive or negative, are mainly based on feelings about how rapidly people get the information, i.e. up-to-date dimension. The relationship to the correctness or trustworthiness of information or satisfaction is then not that evident. The importance of timely information is anyway highlighted throughout the research, thus it can be assumed to be a source of satisfaction. In addition, timeliness of information often improves when partnership develops (Brown et al. 1994, 16), although this is not directly proved in this research. However, this research considers the relationship between timely information and bi-directionality, although the link is not visible in the theoretical framework. The research concludes that information is timely, although there is potential for improvement, even if these challenges are mostly related to short-term activities. In addition, sensitivity to the concept of time (Bishop 2006, 218) is also considered: what is timely for one may not be for another.

Inadequate communication causes, for example, uncertainty (Forker & Stannack 2000, 32). This research compares adequateness to the channel from which respondents get their information, communication frequency and time spent together. It is also argued that communication is not adequate. Instead, it is the content of communication that is considered adequate. The meaning of the word "adequate" was not clear for all respondents, which may have resulted in biases in the answers.

The research strongly suggests the high importance of the clarity of communication, especially when communicating strategy, since clear information for example allows people to better understand communication (Bishop 2006, 217–218). Daft and Lengel (1986, 568) state that a lack of clarity is often a major problem for organisations and that a lack of information is not a problem as such. This is supported, although it is stated that overall a lack of clarity does not cause problems, as the buyer is good at providing clear communication. Suppliers also consider the clarity of the communication to be much higher than the buyers do. In addition, there are findings, which are not visible in the theory: first, clearness of communication seems to depend heavily on individuals. Secondly, the research proves the relationship between

clearness and the repetition of information. One reason for the clarity seems to be that the strategy is repeated often. Thirdly, an improved understanding of strategy, in both organisations, increases the clarity of communication. The importance of communication material is also highlighted when discussing clearness.

Completeness is related to truthfulness and telling the whole story, since it decreases misunderstandings. It is the responsibility of an organisation or its communicators to ensure that complete information is given. (Bishop 2006, 219–220.) Also in this research information is seen as complete when the whole story is told. In addition, good preparation work is seen as a reason for completeness, highlighting the responsibility of communicators. The research also finds a link between completeness and the amount of information as it is not only the content or quality of communication which captures the completeness of communication, but also how much is actually communicated. Completeness is also related to having only "one message" as well as accuracy and open and focused communication, although these linkages are not visible in the literature.

The reliability of communication seems to be very high in selected relationships and it is considered a very important factor in overall communication. It is, for example, seen as the most important issue for decision-making. The reliability of communication mainly results from people being considered trustworthy and their words reliable. Although this relationship is visible in the literature (Cheung et al. 2003, 337; Bishop 2006, 219), this individual-focus has not been much emphasised. The research also proves the relationship between reliability and actions. When there are no differences between what is said and what is actually done the feeling of reliability increases. This link is not directly visible in the theoretical framework, though it is, for example, stated that reliable information improves performance and effectiveness (Penley et al. 1991, 70; Larson & Kulchitsky 2000, 36). In contrast to the theory, the research also links the reliability of information to well-documented, consistent messages and telling the truth, i.e. having no hidden agendas. Reliability is also considered good as it reveals that what is planned is well-thought out and well-communicated. Reliability also seems to be closely linked to accuracy.

Relevancy refers to the perceived usefulness of information and allows people to understand information thoroughly (Low & Mohr 2001, 73; Bishop 2006, 218). The importance of relevancy is highlighted here as well. It is considered one of the most important subjects in communication and it also receives the highest scores. Relevancy is linked to the clarity of the communication and refers mainly to the relevancy of the content of messages, and not communication as such. This research proves that relevancy could be ranked

even higher with respect to its importance to the breadth of the content of information, i.e. it should include information which might not be extremely relevant, but is good to know. Relevancy is also highly dependent on the type of information as not all information is considered relevant or accurate. To continue, this research shows that relevancy is linked to good communication. Bishop (2006, 218) states that people consider relevance in different ways and that more attention is paid to messages which are personally relevant for individuals. This is supported because it can be assumed that people would like to receive additional information that is personally relevant for them, although this information could be "irrelevant" as such for the topic under discussion. Kelly (2000, 97) argues that when people perceive their counterparts as credible and honest, it increases the feeling of information relevancy. However, this argument is not directly visible here. It is stated that relevancy depends on individuals, but the findings here show that it is more closely linked to the subjects communicated than the individuals communicating.

Consistency specifies that an organisation's words and actions should not be in conflict. Hence, consistency is related to being reliable and is considered a dimension of trust (Grönroos 2000, 10; Bishop 2006, 218). It is also seen as a very important aspect of communication in this research and as one of the buyer's strengths, even if the conclusion is that consistency depends, to a large extent, on individuals. High consistency is related to clear and good communication as well as culture. Some cultures highlight open, honest and direct communication, which is visible in consistent messages – as is demonstrated by the particular relationships in this study. The research also demonstrates that when the strategy is clear, consistent messages are easier to maintain. Inconsistency causes misunderstandings and misalignments and they are often related to individuals giving their "own messages" rather the company's. Inconsistencies are anyway often seen as being related to operational issues rather than the communication of strategy. The literature also finds that communication breakdowns and confusion arise when the receiver tries to find out the "true message" behind inconsistent messages (Kelly 2000, 97). In addition, the research concludes that suppliers are more likely to find that messages are consistent over time, but that buyers often believe that – due to their globally dispersed operations and the many people involved – the content of the messages cannot always be consistent.

The content of communication refers to the messages exchanged or, simply, what is said, although it can also be categorised based on the type of information or the type of influence strategy that is embedded (Mohr & Nevin 1990, 39–40; Müller 2003, 346; Prahinski & Benton 2004, 41). In this research, communication content is investigated by studying the amount of tailored messages to individual suppliers when communicating strategy.

Generally speaking, the research concludes that strategy messages are tailored and that this also makes it easier to concretise strategy – buyers especially believe this. Suppliers are more likely to argue that messages are generic and constructed for the benefit of the buyer. Therefore, it can be concluded that more bi-directionality would be needed when communicating strategy as it makes, among other things, the aligning of strategies easier. The importance of communication material is mentioned again. Both parties also highlight the fact that suppliers are highly dependent on a buyer's communication because their actions and strategies are mainly based on how they understand the buyer's strategy. This further highlights the importance of tailored messages and tailoring strategy to each supplier, so that they get the best out of it.

Frequency refers to the amount and/or duration of the interactions, the amount of formal communication events or the intensity of the information flow. It often measures the quantity of communication. (Mohr & Nevin 1990, 38–39; Müller 2003, 346; Large 2005b, 30.) Frequent communication creates a competitive advantage and a more effective partnership (Lee 2001, 326) and these facts are considered here as well. The research finds the rates of the frequency of communication between the buyer and supplier to be high due to the fact that only a few or no questions were asked after information had been shared. In that sense, frequency is not exactly related to the amount of information. It was noted that there are many opportunities to discuss strategy and that strategy is often said to affect frequency as well.

In addition, the research proves the importance of having a structure in place for communication frequency. If a structure is in place, the communication of strategy is automatic as it is discussed in an agreed timeframe. However, the structure is not clear and regular in all the relationships studied. The research also concludes that suppliers expect the communication of strategy to be more frequent, especially from top management. The relationship between frequency and familiarity is a widely held and supported opinion (Gremler et al. 2001, 48): people who know each other well also meet and share information more often. The literature often highlights drawbacks associated with information overload (Mohr & Sohi 1995, 398–399), however this research does not consider information overload a problem. The importance of frequent communication combined with a high amount of information is highlighted, but without reference to it being challenging for suppliers. Thus, it can be argued that at least the suppliers in this study prefer more communication in all circumstances.

The frequency of communication reduces as geographic distance increases (Dawes & Massey 2005, 1332) and, although this study confirms the linkage, it does not consider it important for communicating strategy. Instead, the difficulties some individuals have in communicating with others as well as

differences between different cultures are emphasised. One reason could be that the companies involved are used to communicating by utilising different channels. The literature also states that although internal communication is often considered more frequent than external communication, this is often not the case (Chiu 2002, 196, 204). This is visible in this study and external communication is actually considered to be sometimes more frequent.

The regularity of communication is important. This means that communication needs to be systemised. Thus, the partners need to jointly define what information is exchanged, how often it is exchanged and who and which organisational levels attend the information exchange. Shaff 2003, 2; Lehtonen 2006, 458, 461.) It is emphasised that communication should happen continuously and at fixed intervals, and that the frequency of communication can be varied depending on the type of information (Chiu 2002, 196; Müller 2003, 350). Those findings are supported in this study; people with frequent communication and clear meeting structures seem to be satisfied, while others call for a structured communication. The research also argues for the importance of informal communication alongside formal meetings (Turner & Müller 2004, 332).

Finally, a common opinion is that the buyer is very active and open in communication, in other words, there seems to be very few contentious issues with regard to the communication between the buyers and sellers interviewed. In addition, although the constructs of communication are important, it is most important that the parties are able to communicate well with each other.

4.3 Quality of the communication process

4.3.1 Bi-directionality of communication

The bi-directionality of communication is investigated with three aspects: how much feedback a buyer gives to a supplier, how much feedback a supplier gives to a buyer and how much buyers listen to the feedback they receive.

Both parties conclude that the buyer gives plenty of formal and informal feedback, although this is an area with continuous improvement possibilities and more feedback would always be appreciated. The suppliers further state that the buyer is very quick to give feedback. However, the level of feedback seems to depend on individuals and personal relationships – with some people open discussion and feedback works better.

The suppliers also state that even if they get feedback, they are not always satisfied with it. One example is that feedback might not be as detailed as hoped for. Some suppliers also argue that feedback is given only when

something goes wrong. Similarly, buyers conclude that feedback is given very rapidly if a supplier "fails". This means that the feedback from buyers is often negative, although positive feedback would be as important. The buyers admit that when the supplier asks for feedback, they are not always ready to give answers. In such a situation, it would be then better to answer later with the complete information available in order to avoid misunderstandings. The issues related to giving feedback affect all organisation levels.

> *"Customer is like parents, tells when something goes wrong – and this customer is good in that." (Supplier's representative)*

> *"We are giving very straight feedback in all areas. We should also remember to give positive feedback. However, in most cases, we have good discussions, what is working and what is not"… "Giving fact-based feedback is good, but we could be also better: This is valid for both directions." (Buyer's representative)*

The scorecard, together with a supplier survey, is the only official and formal channel for feedback from buyer to suppliers.[56] Suppliers argue that even when the results are reviewed together, more discussion – focusing on the background and comments for given scores – would be beneficial. It is also argued that the scorecard concentrates on pricing. Similarly, buyers point out that the scorecard is quite subjective – if a respondent has "a bad day," this might be visible in the answers. This can create difficulties as suppliers often take their feedback very seriously and act based on it. The buyer also highlights the suppliers' role in utilising feedback, no matter how good it is:

> *"We are giving to each supplier a summary about positive and negative issues, which are based on scorecard comments. This is straight feedback and includes key challenges we are facing with them. Suppliers then start to do their strategy based on these comments. This means that message given for them is very clear. I hope they understood our expectations. It is then up to supplier how to utilise our feedback, for example in terms of actions based on feedback." (Buyer's representative)*

When stating how much feedback suppliers give the buyer, the answers are varied. Many suppliers state that they give both positive and negative feedback and that the buyers seem to value straightforward feedback and want to know what suppliers think. Similarly the buyers conclude that they, and especially other parts of the organisation, ask for more input from the suppliers, such as new ideas about what to focus on. Thus, feedback is often considered

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[56] In addition, some suppliers collect customer satisfaction surveys once or twice a year. The other sources for feedback are informal discussions that occur in e.g. steering meetings.

bi-directional, although the buyers especially state that more bi-directionality in communication would be appreciated.

> *"We don't hesitate to give feedback. This goes both ways, feedback is bi-directional. Sometimes we disagree as well, which is good."* *(Supplier's representative)*

In contradiction to the majority view, some suppliers do state that feedback is mainly one-way and it is not clear whether the buyer really expects feedback. Some suppliers even argue that although feedback is given, the buyer does not consider it. Feedback from suppliers is also mostly related to operational and practical issues. It is even argued that they do not give any other feedback and that there is neither an official feedback process nor tools for that. Some suppliers also state that there are not so many issues on which to give feedback, which explains the rather small amount given – it should be noted that the feedback here is referred to as negative feedback.

Generally speaking, suppliers feel that giving feedback, especially negative feedback, to the buyers is difficult because they are worried about losing business. This is especially true in the beginning of a relationship and is seen as a challenge for efficient co-operation. Giving feedback to a buyer is considered especially difficult in Asian countries, where giving negative feedback to a customer means that the customer needs to correct something. Thus, giving feedback is related to culture as well. Similarly, developing trust and having a long history together affects the level of feedback and it was noted that giving and receiving feedback develops over time.

According to the buyers, feedback from suppliers is very limited. It is even stated that the suppliers do not give direct and honest feedback at all, although the buyer requests it, in fact, suppliers want to be sure that they do not say anything to upset a buyer. This raises the question of whether this is related to a supplier's fear of losing the buyer's contract or whether it is a cultural trait. Some suppliers, especially "challenging ones," give more feedback, which can take the form of complaints about issues such as small volumes and what the buyer is "doing wrong". Thus, it is difficult to utilise and does not necessarily lead to actions; it easily "goes in one ear and out the other".

However, buyers also highlight the fact that some suppliers, such as Japanese suppliers, give very valuable feedback. This is slightly in conflict with the suppliers' opinion, since they state that giving feedback is especially difficult for Japanese suppliers due to culture. However, the buyers also point out that getting feedback from suppliers has improved greatly, but there is room for improvement. They also believe that suppliers are still "filtering" feedback. However, the suppliers have reduced the amount of defects that they let through. In addition, feedback is still mostly given during informal happenings and is usually positive. If negative feedback is given, it is related

to operational issues and never, for example, about managing relationships. Many buyers argue that they would expect feedback related to topics like their way of working and how to improve co-operation. This raises the question of whether the buyers would be ready to change their way of working according to a supplier's feedback.

The buyer's reactions to the received feedback vary according to its content. They also admit that they could easily say that they are working on something, but be quite slow in taking action – and yet this would be considered an area where they are showing improvement. In addition, the buyers conclude that although they are quite good in listening to feedback, there is room for improvement:

> *"Do we listen to feedback? Yes. How good we are in listening and learning, this is a good question. First you are very excited when you receive feedback, but later it has considered inflation, meaning that you are not so enthusiastic anymore. I suppose we have room for improvement here, that we have actions for feedback as well."*
> *(Buyer's representative)*

Buyers highlight that feedback in both directions is very important and that subjective topics should also be presented fairly and systematically. It is also concluded that although for example collaboration day is based on one-way communication, with many suppliers communication is based on discussions, i.e. it is two-way. However, feedback in both directions depends on the relationship with the supplier and the type of meeting.

Despite these comments, most of the suppliers believe that the buyer listens to the feedback they receive and take action based on that, although some actions may require a lot of time and might not be visible in the short-term. Listening to feedback seems to be unique to this buyer with the suppliers widely stating that their other customers do not want to receive feedback, because they don't want to know that the supplier could have a better understanding of something. They stated that the ability to listen to feedback is related to a few individuals in the buyer's company as well as self-confidence – because it can be difficult to admit you don't know something. Overall, the suppliers conclude that feedback is well received, listened to and understood by the buying company, although the feedback might not form the basis of their decisions.

Relationship communication requires interaction and two-way communication, where both parties give and receive feedback in order to provide each other with input. This bi-directionality allows partners to ask questions, seek clarification and have a perception that communication is complete. Thus, bi-directional communication in supply chains is at least as important as communication frequency. (Mohr & Sohi 1995, 399; Duncan & Moriarty 1998, 1;

Massey & Dawes 2007, 1120.) The importance of feedback is also clearly seen in this research. The research suggests that buyers are highly active in giving feedback and that they give much more feedback than suppliers. However, it is concluded that this is an area where you can always improve. The buyers in this study expect more feedback from suppliers, although they state that the amount of feedback is slowly increasing. However, the feedback that suppliers give is said to be either positive or just "complaining".

Furthermore, suppliers are seemingly not willing to give feedback, especially negative feedback at the beginning of a relationship, since they can be scared of losing business. The smaller amount of feedback they give is also related to culture. Most of the suppliers state that they try to give feedback as much as possible and believe that the buyer values it and takes actions based on it. However, and in contradiction to the above, some suppliers argue that the buyer does not consider feedback at all, which is considered to be breaking "the rules of partnerships" regarding open information sharing. Official feedback from the buyers is given in official meetings and is mostly based on the scorecard survey, but it is considered quite subjective. Most of the feedback was actually found to be given informally, especially feedback from suppliers, and this research concludes that informal feedback actually has a bigger impact. Informal feedback seems to be more bi-directional, because it is usually carried out in the form of discussions.

Partnerships are supposedly based on bi-directionality and although people often believe that communication is bi-directional, the process is in fact one-way from buyer to supplier, in which feedback from the supplier is discouraged or even ignored (Lascelles & Dale 1989, 11; Grönroos 2000, 6). This is weakly supported by this study which finds that although the importance of bi-directionality is known, communication, including feedback, is often one-way. The clearest example of that is when a buyer decides the strategy and then informs the suppliers without any discussion about it. Some suppliers also believe that the buyer ignores feedback; however, overall the buyer seems to listen well to the feedback they receive. One-way communication has been found to create misunderstanding and prevent healthy discussion (Grönroos 2000, 6; Massey & Dawes 2007, 1121). The importance of discussion is highlighted here as well and both parties state that bi-directionality should increase. Additionally, suppliers were found to take feedback very seriously and took action based on it. Some buyers even argue that sometimes suppliers take feedback too seriously.

Buyers stated that they now listen to suppliers more often and, for example, discussions related to technical solutions were found to be highly bi-directional. It was also noted that different business areas utilised bi-directionality in different ways and amounts.

Feedback from the buyer to the supplier is mainly related to performance and operational issues – often given when something goes wrong. Thus, both parties conclude that positive feedback is not given very often, although it is important. Feedback from suppliers is mostly related to operational issues and never to issues like managing the relationship, the way of working and the level of co-operation, although buyers would expect that kind of feedback as well. The feedback from the suppliers is also often positive and this research points out that if a supplier asks for feedback, it is usually given. A different question arises as to whether the suppliers are satisfied with this feedback.

The level of feedback depends on individuals. Similarly, trust, history together and the strength of the relationship affect the level of feedback because feedback develops when people get to know each other. Or, as O'Toole and Holden (2001, 20–21) argue, the closer the relationship, the more intense and two-way the communication is. Bi-directionality also increases knowledge, prevents problems, enhances cooperation and clarifies misunder-standings (Prahinski & Benton 2004, 58; Lehtonen 2006, 458; Massey & Dawes 2007, 1126). This is clearly seen in this study as well. However, for example Mohr and Sohi (1995, 409) emphasise the strong relationship between bi-directionality, partner satisfaction with communication and relationship, though this study not clearly demonstrate it. In addition, the link between feedback and perceived communication quality, which has been mentioned (e.g. Massey & Dawes 2007, 1126), is not completely confirmed by this study.

In contrast to the literature, this research argues that the ability to listen to feedback is related to the self-confidence of the individuals. This is especially related to negative feedback, since it might be difficult to admit not knowing something. To continue, this research highlights the fact that the level of feed-back also depends on culture, noting that Asian companies are not very willing to give feedback to buyers, although they take the feedback they receive very seriously. However, this strong relationship between feedback and culture is not mentioned in the literature. In addition, reacting to feedback seems to depend heavily on the content of the feedback, for example, no action is likely to be taken by the buyer if the feedback is seen as just "bargaining". The buyers also argue that feedback can overload the receiver if too much is received – and this was not visible in the theoretical framework. However, despite the many different comments received, the research clearly highlights the importance of fact-based feedback in both directions.

4.3.2   Direction of communication

The direction of communication was not separately queried, but some conclusions about it can be drawn. Direction refers to the vertical and horizontal movement of communication. When presenting the inter-organisational context, the literature argues that, depending on the situation, either the buyer (the upstream channel member) or the supplier (the downstream channel member) is more powerful. Hence, a strict analogy of "downward" communication cannot be applied. (Mohr & Nevin 1990, 39.) However, when talking about communication of strategy, the research clearly shows that information moves downwards from the buyer to the suppliers. This is quite natural, since, in this process, the buyer can be considered an upstream channel member. It is also argued that communication is more often unidirectional in nature and that it is the buyer who decides the strategy and asks suppliers to follow it – as noted above, communication about technical issues is more bi-directional.

Additionally, it has been argued that in the inter-organisational context the focus is on contacts between organisations, organisational structure and the tasks of members, and thus authority and status may play smaller roles (Mohr & Nevin 1990, 39). This research clearly states that even in inter-organisational communication, authority has a role to play – and it is top management, who are expected to decide and communicate the strategy. For example, collaboration day is seen as main channel for strategy communication. But, in practice, it is the lower level, i.e. purchasing managers, who describe the strategy to suppliers. Here it can be argued that communication is downwards, since the buying organisation is seen as more powerful in this process. It is therefore important that lower levels precisely repeat the messages sent by management, in order to avoid misunderstanding.

The direction of communication is often discussed in the intra-organisational context, in which communication is typically also "downward" from the more powerful member of the organisation to a subordinate (Mohr & Nevin 1990, 39). This is also related to the communication of strategy. Top management communicate strategy to the lower levels. The buyers in the survey also argue that there are only a few people in their organisation capable of explaining the strategy well enough. Nevertheless, the relevant literature states that both employees and suppliers should have channels for passing information up to management, calling for "upward" communication (Rodwell et al. 1998, 279; Kalla 2005, 304), although in practice this is not visible.

Participatory management practices, where decision-making responsibility is passed to lower levels, are not often used in communicating strategy, although this would increase employees' participation and commitment from employees (Rodwell et al. 1998, 279). It can be argued that these practices

would be needed in strategy communication, and would be necessary in many other areas too.

Horizontal communication describes interaction between colleagues and it is often informal, based on human relationships and openness in communication. Thus, good relationships and "grapevines" are the preconditions for this type of communication. (Tukiainen 2001, 49; Akkirman & Harris, 2005, 400.) Critical communication in supply chains is predominantly horizontal, but an important question is whether it is one-way or bi-directional (Ambrose et al. 2008, 362). This research highlights the importance of horizontal communication combined with good relationships and openness. However, the communication of strategy is often one-way and not bi-directional, and this issue needs to be addressed if there is to be an improvement in buyer-seller relationships.

To continue, the direction of communication can be categorised based on the areas of operation, where uni- or bi-directionality depends on the issues under discussion (Li et al. 2005, 34). Since this research focuses on the communication of strategy, uni-directionality is highlighted. Similarly, the theoretical framework argues that communication is often limited to only a few people, especially in hierarchical organisations (Lehtinen 1996, 164; Chiu 2002, 196). This is seen in the communication of strategy in both the inter- and intra-organisational contexts in this study. The research shows that only a few people are involved in the discussion of strategy, although the strategy is widely disseminated across all organisation levels. Managing communication flows is thus important, especially when companies become larger and develop more complex structures and information flows and this is supported by the findings of this research. The research also finds that it is essential to have a flexible communication structure that works well, irrespective of whether it is top-down or bottom-up. (Mumby & Stohl 1996, 66; Krucken & Meroni 2006, 1504.)

4.3.3 Formality of communication

The formality of communication produced much discussion. Generally, both buyers and suppliers consider both formal and informal communication important. Messages are distributed in both forms and they are aligned. Both parties, and especially suppliers, also highlight the fact that the channel or type of communication, formal or informal, does not matter – what is important is that information moves freely and accurately between the parties.

"There are no differences between formal and informal messages, they are not in conflict. Only additional information is given informally, like 'what is actually meant with something'. Formal information is shorter, informal communication has more meanings." (Supplier's representative)

"It does not matter if information is formal or informal. The main issue is that we get information and it is moving to both directions. Most important is that the most effective way to get message through is used to distribute information." (Supplier's representative)

Although both formal and informal communication is important, suppliers stress informal communication. It is, for example, referred to as "the oil of the engine". Informal communication is also widely utilised as a normal part of business. Buyers argue that you are more likely to generate greater influence with informal communication and it is therefore considered more important.

"There is lot of informal communication. I have a feeling that I have information, which I might not have. This is given informally. Informal communication plays a big role." (Supplier's representative)

"Information we get is mostly informal. Most strategic information we don't get in meetings, but instead during dinners and smoking breaks. We don't have formal communication about the strategy." (Supplier's representative)

"You can maintain relationships with informal communication. It is very important to maintain informal communication. It is a channel from which you get the whole picture." (Buyer's representative)

"I would like to believe, that formal and informal communication are in line. We cannot have two agendas. We are quite straight: we do not have separate agendas for formal and informal communication. Both are important, but maybe you can influence more informally." (Buyer's representative)

"Communication depends on many issues. Majority of information is given and received in informal channels and is highly informal, although you need to have formal channels and meetings as well, such as collaboration day." (Buyer's representative)

Informal communication is a good way to build trust and many buyers value informal events and the personal relationships created through them. Informal communication is considered easier, more straightforward and it sometimes includes confidential topics. Some issues are also easier to present informally. The suppliers also believe that a high amount of informal communication is related to openness and culture. The main source for informal communication is informal events, such as dinners or casual meetings.

The amount of informal communication seems to depend on individuals, personal relationships, beliefs and personal opinions – even at the management level. Thus, informal communication can also be dangerous, unreliable and misleading. This is especially true if informal communication is the only channel for receiving information, which makes how informal messages are interpreted important. It is argued that informal communication has more meaning and it is often "valued" more than formal communication because it is based on personal relationships. It is also considered a sign of trust. However, informal communication is also more challenging than formal communication. For example, in a relaxed atmosphere there is a risk that something is revealed, which is not supposed to be. Both parties also admit that sometimes informal channels are utilised to find information. While this is valid for suppliers and buyers, it is often suppliers who try to utilise informal channels. Thus, informal communication needs extra care.

> *"Formal information from customers is limited. We need to try to get it in other ways, for example via informal channels. We are looking for informal information as much as we can, even though this information might not be reliable. We anyway understand that we cannot always trust to informal information, there is no commitment to this, you cannot trust to it 100%. However, any information is helpful for us." (Supplier's representative)*

> *"All suppliers, as well as people in our side, do not work in this way [using informal communication]. They have only formal way for communication and they don't utilise relaxed atmosphere strategically. Some suppliers are then better in using informal communication 'strategically'. They are friendly and don't give this kind of attitude to us [that they are utilising informal information]." (Buyer's representative)*

> *"Both are needed, but informal is a challenge. Individuals are talking to individuals; with informal information there is a risk of telling something which should not be told. Sometimes supplier also tries to 'snoop' in informal sessions, but this highly depends on individual. Some people try more, some less. You need to look at informal information very carefully. It could be that it is not always a truth." (Buyer's representative)*

> *"Suppliers are aiming a lot towards informal information. It is bigger challenge for us than for them, for example, if messages are different or information is not yet shared internally in our side. Thus, we need to have rules for informal communication. It must be like formal equals informal, otherwise we are facing problems." (Buyer's representative)*

The content of informal communication, i.e. what kind of information is shared for example during business dinners, is mainly "common discussion topics" such as sport, weather and food, although business information is also discussed. However, it is concluded that if business issues are discussed, decisions are always made in formal meetings. Informal communication can also repeat formal messages, or include additional information, which allows the better understanding of the information received formally.[57] Since informal communication is considered to be more personal, subjects like "how certain topics affect people" or "what happens with people after an organisational change" are common informal discussion topics. Informal communication also involves more speculation than formal communication does.

Although many respondents highlight informal communication, some of them highlight formal communication – and do not want to utilise informal communication. For example, one buyer states that he doesn't want to be a friend to the suppliers and does not participate that often in events the supplier arranges. Both parties also consider the buyer to be a more formal company. It is stated that despite the high importance of informal communication, communication is mainly formal. Formal communication with this buyer is thus seen as strong, clinical and direct. It can be said to discuss issues broadly and not to shy away from difficult topics. Some suppliers even conclude that informal communication is not and should not be an important part of business. The principle is that work is done in the office and business issues are not discussed elsewhere. They also believe that the buyer values this approach.

> *"Messages from this customer are very controlled, both formal and informal information. I believe this is due to fact that informal information is not shared during dinners. Especially sourcing, they don't share anything they should not share. They say: if I tell you this, it is not fair for other suppliers. They treat suppliers similarly."(Supplier's representative)*

> *"This customer is very strict, there is no casual information sharing. Of course, some information we get, for example, during dinners – but this is normal. The way this customer communicates is quite formalised today." (Supplier's representative)*

> *"If you think you can buy business during dinners, you are mistaken. This is not even ethical." (Supplier's representative)*

However, those suppliers, who highlight formal communication, point out that dinners, or similar activities, with informal discussions to get to know

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[57] However, opinions about giving additional information vary: some buyers conclude that it is given, while some of them argue that it is not given, i.e. the messages and the quantity of information are always the same

each other are important for building a relationship. Thus, the amount of informal and formal communication, as well as opinions about it, are highly related to individuals involved. In addition, although many suppliers openly discuss informal communication, some of them seem to avoid the subject.

When discussing different meetings, collaboration day is considered very formal. Similarly, large meetings are usually formal, because they need to be conducted according to an agenda and there is no time for discussion. Similarly, meetings with a few people are often considered quite informal. It is stated that, for example, CEO meetings might be "formal" in theory, but the discussions conducted are more informal by nature. Generally it is also believed that a formal meeting does not create direct, open and helpful discussion, which is a vital part of any relationship. For example, even when asking for honest feedback, suppliers do not always pass it on. Thus, for example, dinners should be considered a vital part of business, the importance of which cannot be underestimated.

In addition, although informal communication often refers only to dinners, it includes other activities as well, usually arranged by the suppliers. It is common that in these activities, the atmosphere is relaxed in order to facilitate information sharing. Although this is valid for both parties, the buyers conclude that suppliers are especially more open in a relaxed atmosphere and will speak more openly about their concerns or state their own issues and ideas. This is one reason why buyers consider informal discussions a vital part of any relationship. On the other hand, irrelevant messages can also be given during informal occasions. The amount of informal communication is also highly related to culture. For example, the Japanese are thought to be more direct in an informal atmosphere. Or, as concluded below:

> *"During evening you can specify topics and suppliers know that they can get answers [to questions] which have not been answered during the meeting. This works for both directions. This is utilised by both... Japanese are very efficient on this: they do not tell that much during the meeting, a lot then during the evening. You learn a lot and understand the issues when discussing informally – you catch up with issues informally." (Buyer's representative)*

Relationships are established through formal and informal information flows (D'Amours et al. 1999, 64), depending on the extent to which information flows and contacts between partners are routinized, planned and structured, as opposed to being spontaneous and ad hoc (Mohr & Sohi 1995, 394). The formality of communication provoked much discussion in this research. While opinions differ, generally both parties consider both formal and informal communication important. Both channels are utilised and seen important, and messages are mostly consistent in both channels. The suppliers

frequently commented that they communicate more informally than formally, even stating that strategic information is mainly given during informal events. However, the buyer is seen as a formal company in which formal communication is dominant. The formality of communication can also be understood differently. For example, some interviewees refer only to dinners when talking of informal information channels, while some refer to meetings that are more relaxed in nature. In addition, both parties conclude that the channel or type does not matter, what is important is that information flows in both directions and the most effective way to transmit the message is utilised.

The interviewees, especially the suppliers, seem to value informal communication over formal communication. In addition, buyers and suppliers believe that informal communication has more meaning and is better for influencing partners. Formal communication is considered to be shorter and limited. In contrast, informal communication seems to be easier, direct and more likely to include confidential issues – it is even considered as the channel through which the whole picture can be seen. This suggests that although partners can feel that communication is more accurate and complete with structured and routine communication, this is not always the case; formal communication can be considered for example too sterile (Mohr & Sohi 1995, 399).

Furthermore, although the literature often highlights formal communication as being more effective, this research has slightly different conclusions as the interviewees indicate that informal networks can be even more successful in close relationships. This is in line with conclusions of Mohr and Sohi (1995, 398) and Guimerá et al. (2006, 653–654). To continue, the research supports the argument that communication formality does not directly affect performance, communication quality and satisfaction with communication. For example, some relationships require less formality, while others require higher levels of stability and formality (Mohr & Sohi 1995, 399, 409; Prahinski & Benton 2004, 43). Formality is then mediated by direct involvement such as site visits (Prahinki & Benton 2004, 44) and that observation is supported by this study.

Informal communication is often face-to-face in nature (Boyle & Alwitt 1999, 328). The research also demonstrates that meetings can be a source of informal communication if they are informal and casual in nature, as they seem to be in many cases. One example is a CEO's meeting: although it is a formal meeting as such, the discussions that take place are often considered informal. This means that formality is not necessarily linked to hierarchy or power (Tixier 1994, 22). Certain meetings are anyway formal, such as collaboration day, as they take place officially, are facilitated based on agenda and leave no time for informal discussion (Turner & Müller 2004, 333).

If a meeting is very formal, it does not create direct, open and helpful discussion, which is important for a relationship. For example, even when a buyer asks for honest feedback, the suppliers do not necessarily provide it in a meeting. Thus, many respondents consider informal discussions a vital part of a relationship. This is relevant for both parties, but especially suppliers seem more likely to be open in a relaxed atmosphere.

The amount of informal communication is highly related to culture, e.g. Asian companies are said to be more direct in an informal atmosphere. Culture also affects communication in the sense that what is perceived formal in one culture might be perceived as informal in another (Tixier 1994, 22; Trim & Lee 2004, 289) – and this is clearly seen in this study in the fact that the interviewees have differing perspectives on informal communication. The amount of informal communication is also highly dependent on individuals and personal relationships and this is clearly a reason why informal communication is often valued more highly. Thus, informal communication is also considered a way to build trust (Turner & Müller 2004, 331), although, opinions on this differ because some respondents value informal events and personal relationships, while some do not want to utilise informal communication that much. The research does establish that formal communication channels must be established before informal ones (Mohr et al. 1996, 105). In addition, although informal communication creates the uniqueness of a relationship, industries that experience rapid changes and develop complex products do require formal communication (Mohr et al. 1999, 42; Tuten & Urban 2001, 158).

To continue, this research also shows that because informal communication is reliant on personal relationships it also needs extra care as the information can be challenging, dangerous, misleading and unreliable, especially if something is revealed which was not supposed to be. Furthermore, the research finds that buyers and particularly suppliers try to utilise informal channels tactically – though this depends on the individual. The above findings have not previously been highlighted in prior literature on the subject.

When discussing the content of informal communication, i.e. what kind of information is shared informally, both parties conclude that the discussion is often related to neutral topics, such as sport, weather, family and food. If business information is discussed, the decisions are made at meetings and communication mostly repeats the messages of the formal channels or gives additional information, which allows a better understanding of the formal information. The research demonstrates that topics that focus on people and their welfare are common in informal discussions. Informal communication is also often used for making speculations, which the prior literature instead relates to the functioning of the grapevine (Tukiainen 2001, 49).

Formal communication is seen as being strong, clinical and straight to the point. In relation to this, it is stated that the buyer does not use informal communication much; messages are always controlled and there is no casual information sharing. One reason for this is that business information is not shared in informal channels as "buying business during dinner" is not considered ethical. However, even though informal communication is not considered important from a business point of view, its importance for building personal relationships is not questioned and this is seen as being the target and best use of informal communication.

Opinions differ greatly when discussing information formality, but most respondents state that both informal and formal communication is required and utilised. The content of the messages must also remain constant whether formal or informal. Suppliers believe that the amount of informal communication is more than the amount of formal communication, although contradictory opinions were held on this as well. In addition, despite the importance of informal communication, the buyer is considered a formal company, and both parties, especially the buyers, stress the fact that formal communication covers much ground, including difficult topics. Thus, these findings prove that communication formality is an equivocal subject (Mohr et al. 1996, 105; Low & Mohr 2001, 73).

4.3.4   Openness in communication

When talking about openness in communication, both parties conclude that openness in their relationships is very high at all organisation levels and that the ways of working are also very open, for instance, sharing information about costs requires openness. Some suppliers even wonder whether the buyer is sometimes too open as some suppliers expect that they have received information that should not be shared. Both parties also highlight the fact that openness depends on individuals, teams and personal relationships and will be susceptible to organisational change. Information, which had earlier been shared, might not be shared when a new person joins a team. Buyers state that openness increases as a relationship matures or, to be more exact, buyers conclude that they become open only when they know the supplier and trust has been built.

In addition, culture and relationships affect openness. Problems with open communication are rare if the relationship is good. To continue, openness reflects the level of both formal and informal communication. In general, buyers, but more so suppliers, consider openness a major strength of the buyer.

"We have open discussions on the level customer and are able to do that, discussion in not unethical. This means that although discussion is very open, it does not go to unethical side. Customer communicates as much they can; we cannot expect that customer is very open all the time." (Supplier's representative)

"We are open, we communicate a lot. We are neither "pledging" nor hiding information, we tell straight. We openly tell the plans etc. for suppliers. Also suppliers have been saying this. This is our strength: one voice with all units." (Buyer's representative)

However, some suppliers argue that there is room for improvement, arguing that more frequent and open communication about the organisation, strategy and strategic changes would be beneficial. This raises the question of whether a lack of openness is due to a lack of trust. Many suppliers also stress that the level of openness required might be understood differently, depending on whether the respondent is a supplier or buyer:

"Our expectation to openness is a bit different than what customer thinks. If close relationship is needed, everything needs to be shared. Supplier needs more background information, but customer assumes this kind of openness is not necessary. For example, 'relevant' is only forecast numbers and no background information for these are given. Of course, we would need more information – information, which maybe cannot be shared. But we understand also that no more information is coming from customer." (Supplier's representative)

The buyers argue that you need to be careful with openness and that it needs to be controlled since not all business issues can be revealed. It is also stated that while openness does not result in challenges, there is room for improvement, especially in some parts of the organisation:

"[X unit] is still not so open, people are not certain what they can do or tell. If you are not sure, better not to say anything. We can improve with openness. However, we always agree together the new working and development areas – this is openness."(Buyer's representative)

Openness indicates the degree of critical and proprietary information communicated by the partner. It leads to close ties between partners by emphasising that they feel comfortable discussing difficult issues before they turn into major conflicts (Sonnenberg 1992, 52; Mohr & Spekman 1994, 138; Large 2005a, 428). This study demonstrates the importance of openness and notes that openness in the studied relationships seems to be high as some suppliers even wonder whether the buyer is sometimes too open. Openness is considered to be the buyer's strength. Ferguson et al. (2005, 405) conclude that open communication is especially important in a dynamic environment,

such as the one investigated here, as uncertainty can be mitigated with open communication. This further highlights the importance of openness.

The importance of open communication increases as a relationship strengthens and the partners become more dependent (Noordewier et al. 1990, 84; Brown et al. 1994, 16). Similarly, this study shows that openness increases as a relationship matures. In fact, buyers especially argue that they become open only when they know the supplier and trust has been built. In other words, openness is related to the level of trust. This is also considered by Large (2005) who concludes that free and open information sharing improves relationship quality, because sharing confidential information is a sign of trust (Large 2005a, 429). It is also stated that when a relationship highlights integration, this calls for openness, such as sharing sensitive information about prices (Large 2005b, 32). Such features are essential for relationships like the ones studied here. To continue, the research proves that openness is highly dependent on individuals and personal relationships. Thus, organisational changes involving new personnel are considered challenging for openness. This study also highlights the relationship between culture and openness.

Openness reflects the level of both formal and informal communication and this is highlighted in this research. In addition, openness enables partners to understand the big picture, which affects decision-making and loyalty. (Ilozor et al. 2001, 505; Trim & Lee 2004, 284; Simatupang & Sridharan 2005, 263.) To continue, according to this study openness means not hiding information but being honest and direct. Discussing and agreeing on issues together, for example related to ways of working and development areas are considered signs of openness, but are not mentioned in the theoretical framework.

Although the level of openness is considered high, the research concludes that this is an area with potential for improvement. This is especially relevant for the communication of strategy, in which more frequent and open communication would be required and would benefit both parties, especially suppliers. The research highlights that the level of required openness can be easily understood in different ways. According to some suppliers, a close relationship requires that all the cards are laid on the table and all information is shared, while buyers state that even though it is important to be open, any discussion needs to be controlled and not everything can be shared. Similar expectations about information exchange would help to foster an atmosphere of open communication and encourage partners to communicate often (Mohr & Sohi 1995, 408). The study also considers the ethical aspect of openness in which it is stated that openness should be at the level that the buyer can share information, so as to ensure that the discussion will not be unethical.

Carr and Smeltzer (1999, 49) argue that linking suppliers directly to a purchaser's strategic planning is an example of open information exchange.

This research does not state any clear example of when communication is considered open: the observations are based on the participants' intuition and responses, although, for example, revealing sensitive information about costs is a clear example of openness. To continue, talking through problems, keeping each other informed and having frequent visits ensures open and frequent communication (Phan et al. 2005, 182–183). This is visible in this study as openness in discussions about problems and in the continuous information sharing by the buyers and suppliers. According to this study, site visits are not directly linked to openness, though they do reinforce personal relationships and mutual understanding, which, in turn, affect openness. The literature further concludes that communication channels are not of central importance, only that open communication is facilitated (Shaff 2003, 3), which is supported by the findings contained in this study. The research also highlights partners willingness to openly share the information (Sonnenberg 1992, 52), emphasising the importance of focusing on individuals; because it is individuals who want to share information openly.

4.3.5   Concluding remarks

The quality of the communication process in this research is investigated with reference to bi-directionality, direction, formality and the openness of communication. Communication in a relationship requires interaction in which both parties give and receive feedback. This *bi-directionality* allows partners to ask questions, seek clarifications and have the perception that communication is complete. In supply chains this is at least as equally important as the frequency of communication (Mohr & Sohi 1995, 399; Carr & Smeltzer 1999, 49; Massey & Dawes 2007, 1120). In this research, feedback is investigated in terms of feedback from the buyer to the suppliers, from the suppliers to the buyer and the buyer's ability to listen to feedback.

In particular relationships the buyer is strong at giving feedback and much stronger than the suppliers. Both parties agree that the potential for improvement exists, especially for the buyer with regard to receiving feedback from suppliers. The feedback, especially from buyers, is mainly related to performance and operational issues. It is often given when there is a problem, although positive feedback would be important as well. The feedback from suppliers is always related to operational issues and never to issues like managing the relationship, the method of working and the level of co-operation. In addition, suppliers might not be so willing to give feedback, especially negative feedback in the beginning of a relationship, since they can be scared of losing business. Suppliers also believe that a buyer values, listens and takes

action based on the feedback they have received. The level of feedback from both parties has also increased in recent years, according to the interviewees.

Official feedback is given in formal meetings and often based on surveys. The research demonstrates that informal feedback has a bigger impact, is more likely to be bi-directional and is often preferred. Most feedback is also given informally. The research also concludes that if suppliers request feedback, they usually get it, although they might not always be satisfied with this feedback. However, suppliers take the feedback they receive very seriously, sometimes, even too seriously, and take action based on it.

Although partnerships should be based on bi-directionality and people often believe that communication is bi-directional, the process is, in fact, usually one-way, from buyer to supplier, and the feedback from the supplier is often ignored by the buyer (Lascelles & Dale 1989, 11; Grönroos 2000, 6). This research supports this: although the importance of bi-directionality is highlighted, it is widely stated that feedback and communication is predominantly one-way. For example, the buyer decides the strategy and informs the suppliers with the expectation that the suppliers will implement the strategy without much discussion. Prior studies indicate that one-way communication results in misunderstanding, prevents healthy discussion and reduces the ability to listen and respond (Grönroos 2000, 6; Massey & Dawes 2007, 1121), which is the conclusion of this research as well.

The closer the relationship, the more intense and two-way the communication is (O'Toole & Holden 2001, 20–21). Two-way communication increases knowledge, prevents problems, clarifies misunderstandings and enhances cooperation (Prahinski & Benton 2004, 58; Lehtonen 2006, 458; Massey & Dawes 2007, 1126). The research also clearly shows that feedback is dependent on personal relationships and the history and trust between partners, and that feedback develops over time. The research also argues that the ability to listen to feedback is related to the self-confidence of people, especially with regard to negative feedback.

A strong relationship between bi-directionality and the partners' satisfaction with communication and the relationship itself (Mohr & Sohi 1995, 409) was not completely found by this research. The literature discusses a possible link between feedback and the perceived quality of communication. Some literature confirms this (Massey & Dawes 2007, 1126), while other research rejects it (Mohr & Sohi 1995, 409); however this research finds no evidence for such a link. Instead, the research highlights that the level of feedback depends on culture, and that this link was not visible in prior literature.

The research also reveals that the courses of action taken in response to feedback heavily depend on the content of feedback, which has not been clearly demonstrated in the theoretical framework. The research also finds that

too much feedback, especially if it is not so valuable, can lead to the situation where feedback is not taken seriously. Although this is not shown in the literature, it can be compared to the effect of information overload as such. Overall, the research clearly highlights the importance of fact-based feedback.

Communication formality discusses how planned and structured communication is and finds that both formal and informal communication is required (Mohr & Sohi 1995, 394; D'Amours et al. 1999, 64). In this research, the formality of communication causes a lot of discussion and it is considered important, although different opinions exist regarding the amount of formality or informality needed. Messages are clearly distributed using both channels but it was found to be most important that information moves in both directions and that the information remains consistent in both channels, which was found to be the case most of the time.

Although both formal and informal communication are important, informal communication is often valued more, especially by suppliers because it is thought to carry more influence than informal communication and convey more meaning. It is considered easier, more straightforward and can also include confidential issues. It is even seen as a channel from which the whole picture is gained. Formal communication is considered shorter and more limited. Suppliers are more likely to state that the majority of information, including strategic information, is given and received informally, but recognise that formal channels are needed as well. In other words, informal communication plays a more influential role and its amount is found to be related to openness and culture.

This means that although the literature often highlights formal communication as being more effective and complete, this research draws the following conclusion; informal networks can even be more successful in close relationships, which is in line with Mohr and Sohi (1995, 398) and Guimerá et al. (2006, 653–654). This research also concludes that communication formality does not directly affect performance, communication quality and satisfaction with communication and finds that relationships also require different levels of formality as do Mohr & Sohi (1995, 409). Prahinki and Benton (2004, 44) develop the argument further by stating that formality is mediated by direct involvement, and this is supported by the evidence found in this study as well.

Informal communication usually occurs face-to-face (Boyle & Alwitt 1999, 328), and is mainly given during informal dinners. This research argues that if meetings are informal and casual in nature, they can be a source for informal communication – as in most of the relationships studied. Even CEO meetings can be "informal" – although a meeting as such is formal, the discussion can be conducted in an informal way. This highlights the fact that formality is not necessary linked to hierarchy or power (Tixier 1994, 22). On the other hand,

certain meetings are also very formal, such as collaboration day, since they take place through official channels and are conducted based on an agenda (Turner & Müller 2004, 333).

The study further argues that very formal meetings do not create direct and open discussions, which are important for a relationship. For example, even when the buyer requests honest feedback, they do not receive it in meetings. Although this is valid for both parties, suppliers are especially more open when discussing issues informally. In addition, informal communication is related to culture. Culture also affects in the sense that what is perceived formal in one culture might be informal in another (Tixier 1994, 22; Trim & Lee 2004, 289). The amount of informal communication also depends on individual beliefs, opinions and personal relationships – and this is actually a reason why informal communication if often valued more and considered a way to build trust (Turner & Müller 2004, 331). The opinions here differ as some respondents value informal happenings and the personal relationships created through them much more than others. Nevertheless, formal channels must exist before informal ones can develop (Mohr et al. 1996, 105). Similarly, although informal communication is highlighted, especially in industries with rapid changes and complex products, some formal communication is necessary as well and this is confirmed by this research (Mohr et al. 1999, 42; Tuten & Urban 2001, 158). Due to the high dependency of the individuals involved, the research also shows that informal information can be challenging or even dangerous and unreliable and there is always the risk that confidential information will be revealed. In fact, buyers and especially suppliers try to utilise informal channels to obtain confidential information.

When discussing the content of informal communication, both parties confirm that the discussion is more likely to be about "common discussion topics," such as sport, weather, family and food. Many respondents state that if business issues are discussed, they usually only repeat formal messages or give additional information that allows each other to better understand the information received through official channels. However, major strategic decisions are always taken beforehand, in formal meetings. Another topic common for informal discussion is how something affects the employees involved. Furthermore, informal communication is seen as containing much more speculation (Tukiainen 2001, 49).

To continue, although many respondents highlight the importance of informal communication, formal communication is highlighted as well. Both parties, and especially buyers, state that formal communication covers many topics and also raises difficult issues. Formal communication given by the buyer is considered strong, clinic and direct. Both parties also see the buyer as a formal company. In addition, some respondents, especially the suppliers,

state that the buyer does not have much informal communication as messages are always very controlled in both channels and there is no casual information sharing. It is even argued that informal communication should not be seen as an important part of the business. Furthermore, although informal communication is acknowledged as essential for building relationships, it is said that this should be the only target of informal communication. Thus, while opinions did differ on many issues, most respondents stated that both informal and formal communication is needed and used in relationships.

Honest and *open communication* leads to close ties between partners because it encourages the discussion of difficult issues. This also indicates the degree of critical and proprietary information communicated. (Sonnenberg 1992, 52; Mohr & Spekman 1994, 138; Large 2005a, 428.) Such communication enables partners to understand the big picture, which, in turn, affects decision-making and loyalty (Ilozor et al. 2001, 505; Trim & Lee 2004, 284). This research confirms the importance of openness, which seems to be high in the relationships examined. Furthermore, both parties also consider openness one of the buyer's strengths. Some suppliers even wonder whether the buyer is sometimes too open, although such issues are dependent on the individuals involved. Openness is also seen as being highly dependent on individuals and personal relationships.

Openness increases as a relationship becomes closer and longer (Noordewier et al. 1990, 84; Brown et al. 1994, 16). In particular, buyers stress that they become open only when the supplier has become personally known and trust has been built. Culture is also found to affect openness. According to Ferguson et al. (2005, 405), open communication is especially important in a dynamic environment with uncertainty and the fear of partner opportunism. Such characteristics are valid for the industry represented in this research, thus openness should be considered important.

The research confirms that openness reflects both formal and informal communication. In addition, as the relationship highlights integration, openness is obviously called for when sharing sensitive information, such as when passing on information about prices (Large 2005b, 32). The literature further concludes that sharing sensitive information does not necessarily lead to reliable and timely information, although it is a sign of trust and therefore improves the quality of a relationship (Smeltzer 1997, 47; Large 2005a, 429), which is in line with the results of this research. In addition, the research indicates that openness should mean no information is withheld from the partner. Discussing and agreeing together on issues such as new working methods and development areas is also considered to be a sign of openness, although these findings are not clear from the prior literature.

However, although the openness of the buyer is considered to be good, the research also concludes that this is an area with potential for continuous improvement, especially in relation to the communication of strategy – an issue on which suppliers claim they need more open communication, since this would benefit both parties. The research also highlights the fact that different parties can understand the level of openness required in differing ways. For example, some suppliers believe that a close relationship requires the sharing of all information. Although this point is not clearly evident in previous research, it is stated that having similar expectations about information sharing fosters open communication and encourages more communication (Mohr & Sohi 1995, 408). Further, the research highlights the ethical aspects of openness. It was apparent that open communication only involves that information which the buyer is able to share, in other words, ensuring that the discussion is not unethical, which is something not examined in the prior literature.

Linking suppliers directly to a buyer's strategic planning activities is an example of open information exchange (Carr & Smeltzer 1999, 49). However, this research does not offer any specific reasons as to why the communication in this research is considered open. Phan et al. (2005, 182–183) point out that talking about problems, keeping each other informed and having frequent visits ensures open and frequent communication. This is confirmed by this study as openness is related to for example open discussion about problems and continuous information sharing. However, site visits are not seen as a source of openness. They do reinforce personal relationships and mutual understanding, but they are not directly linked to openness. The research also concludes that the communication channel does not matter, what is important is that it allows open communication (Shaff 2003, 3), although face-to-face meetings are seen as the most efficient method of communication. Similarly, the research highlights the partners' willingness to openly share information (Sonnenberg 1992, 52). This again emphasises focusing on individuals; it is not the company, but individuals, who share information openly.

4.4   Quality of the relationship

The positive impact of relationship quality on both relationship success and supplier management performance is widely held to be true (e.g. Kivimäki et al. 2000, 40; Large 2005a, 429; Massey & Dawes 2007, 1122). Thus, relationship quality is considered as a part of communication quality and is investigated with six dimensions: personal relationship, co-operation, trust, commitment, risk and reward sharing as well as perceived fairness.

4.4.1 Personal relationships

The success of a partnership is highly related to successful personal relationships. This research confirms the importance of personal relationships and both buyers and suppliers consider each other to be strong and honest individuals whose words can be trusted. There is no hiding or second-guessing and the working methods are very open.

Both parties indicate that personal relationships take time to build. The strong relationships examined in the research found that some suppliers even believe that, due to their strong and long relationship, they have an "inside" position and know more than other suppliers. In other words, personal relationships are linked to long-term relationships. For example, one buyer stated that a supplier began to "foresee" the buyer's ideas and thoughts as they became better acquainted at a personal level. Thus, for example, changes in an organisation, with new people involved, affect personal relationships.

This means that personal relationships are highly related to individuals and individual characteristics. Thus, personal relationships are also highly dependent on the chemistry of individuals.[58] One supplier even concludes that no long-term successful business can be conducted without a person-to-person relationship. Suppliers emphasise the importance of individuals slightly more, while the buyers highlight professionalism. In essence, they often regard personal relationships as good, but only at a working level.

> *"It is people who are doing business; everything starts from people and personal relationships. Personal relationships are the key element in business." (Supplier's representative)*

> *"It is people who sell to other people. Thus, personal relationships are important – and most suppliers have good guys in [business] relationships." (Buyer's representative)*

> *"Supplier can even think some people in our side as friends. I would not say that he is my friend, but a very good business partner and very trustful, without giving useless promises." (Buyer's representative)*

Strong personal relationships exist at all organisation levels. Suppliers especially stress the need for strong personal relationships with sourcing and the importance of building a good relationship with top management. In contrast, the buyers conclude that personal relationships are especially good with the suppliers' key contacts. They further state that although a more

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[58] Related to this, the buyers highlight the fact that the amount of suppliers is a challenge and that maintaining personal relationships with many suppliers is challenging, because time for each supplier is limited. However, the challenges in the relationships seem to be usually unrelated to individuals and personal relationships and are, in fact, company level issues.

straightforward discussion format is required, this is normal in business and is not related to personal relationships as such. There are challenges as well. For example, the evidence from the buyers confirms that management has not built strong (personal) relationships with all suppliers and that some companies just have better individuals doing the same work – individuals, who are more skilled at understanding business. Similarly, some suppliers argue that personal relationships are good with only a few individuals and it is natural that not everyone will get along equally well. Some suppliers were reluctant to criticise the personal relationships they have with the buyers.

> *"Can a supplier say that there are troubles with somebody... A supplier cannot say that somebody on the buyer's side is stupid, although the buyer can say this to the supplier. There are always problem-makers on both sides. Trust then plays a big role."* (Supplier's representative)

One indicator of a good personal relationship is the ability to discuss negative issues since the fact is that suppliers are often afraid to give bad news to a customer, especially in the beginning of relationship. However, both parties conclude that in this relationship the suppliers pass on bad news as soon as possible to be sure that buyer gets the information directly from the supplier. However, it is not clear whether this highlights the openness of the relationship or the personal relationships as such. Similarly, buyers often mention openness, collaboration and the open sharing of problems as characteristics of personal relationships. For example, even bad news can be good, if it is shared early enough so that the situation can be controlled and the problems don't result in a "snowball effect," leading from one problem to another. This means that in addition to openness, information sharing is key to building personal relationships. For example, buyers argue that it is important to share background information and "informal forecasts," e.g. information which is not visible in official tools. "We are all in the same boat" thinking is also highlighted when discussing personal relationships.

A buyer's visits to a supplier's location are mentioned as examples of good personal relationships as, during the visits, the buyer meets people who are not frequently involved. The suppliers also greatly value these visits. Similarly, both parties believe that good personal relationships are related to having locations close to each other; local offices near to a buyer and co-located employees on a buyer's premises are considered important for building and maintaining personal relationships. One buyer even noted that when the supplier's representative was located nearby they met very often and he was considered "part of the team," and sometimes it was difficult to remember that he is actually worked for a different company. Furthermore, buyers highlight the fact that some suppliers focus more on personal relationships and team

building, which is often shown by the arranging of activities for the buyer and supplier and requesting meetings more often.

> *"We are open with everyone. Different personal relationships then affect to communication level. This means that quantity is different, but quality is the same. The only differences are coming in informal meetings. In addition, of course we are discussing more, also about strategy – with those suppliers we have meetings more often. The type of relationship the supplier has with our top management affects communication as well." (Buyer's representative)*

Many suppliers also highlight the role of cultural similarities and differences, especially when partners come from very different cultures. Suppliers also argue that although the importance of cultural differences is noticed, it is often an area that is neglected. Furthermore, suppliers also highlight the meaning of culture more than buyers do.

> *"Personal relationships are ok, mostly because most people on our side understands Finnish way and working with the buyer. The fact is that you need to know Finnish culture in order to work successfully. This culture element needs to be taken into account, both different cultures of countries and different business cultures, in order to understand customer." (Supplier's representative)*

According to the suppliers, successful personal relationships are also related to the question of "how the buyer treats me". It was found that mutual respect built up a good working relationship. In addition, although personal relationships are considered good, many thought that there was always room for improvement. Suppliers also expect to receive bigger orders and confidential information when they have a closer relationship with the buyer, but a buyer does not necessarily think that. Or, as stated by one supplier:

> *"Most people in buyer side know the rules of, for example, confidentiality. But this does not exactly "fit" to close relationship." (Supplier's representative)*

In sum, personal relationships demonstrate how individuals and personal connections play an important role in a partnership and its success. It is individuals, not companies, who do business together and, for example, the decision to continue a relationship is at least partly based on interpersonal relationships (Biong & Selnes 1995, 484; Gremler et al. 2001, 46; Trim & Lee 2004, 287). This research confirms the importance of personal relationships. Generally speaking, personal relationships are strong in particular types of relationships, especially when individuals are considered strong, honest, open and trustworthy. Openness in sharing problems is then an important indicator of personal relationships, which should work well on all organisation levels.

Personal relationships take time to build because the contacts need to learn to know each other. In other words, both a business relationship's length and individual characteristics affect the personal relationship. Because of the strong focus on individuals, there is also naturally friction between some people. To continue, being located close to a partner is expected to improve a personal relationship. In addition, suppliers conclude that cultural differences impact personal relationships as well, although this is often forgotten. The buyers also add that the amount of suppliers means that maintaining a personal relationship with many suppliers is challenging.

Successful personal relationships are always related to questions about how parties treat each other. It is useful here to make a distinction between formal and personal relationships. In a "formal" relationship the behaviour between the individuals is primarily based on the roles they occupy. In a personal relationship, individual knowledge about each other is more likely to influence behaviour (Gremler et al. 2001, 46). The research shows that although both parties consider the importance of personal relationships, suppliers emphasise them even more. Buyers instead focus more on professionalism. They regard personal relationships as being good, but only at a professional level. There are major differences between different buyers and suppliers about how they consider the importance of personal relationships. Both parties agree that they have open, trusting and confidential relationships, in which the partners respect each other. However, the buyers seem to consider the personal relationships slightly more positively than the suppliers do, or at least they do not point out possible weaknesses as much.

4.4.2 Co-operation in the relationship

The discussion about co-operation is based on questions about how it works and how it has developed. Both parties highlight the importance of co-operation throughout the research and it is considered good, often already from the beginning of a relationship. Thus, the respondents argue that its development has remained stable.[59] The suppliers conclude that co-operation is often tighter in the beginning, because people do not know each other.

Although the level of co-operation is mainly considered stable, the suppliers conclude that certain features have improved. For example, co-operation extends when the relationship is longer and the amount of individuals involved in the different organisational levels increases. Many suppliers also say that

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[59] Most of the relationships are long-term, which might explain why large-scale changes have not been seen recently.

co-operation can only improve when business between partners grows. It improves because trust, openness, commitment and history affect it – as those characteristics increase, co-operation improves. The meaning of trust and commitment is especially highlighted. The level of co-operation seems to be also related to the amount of purchased items, the importance of the relationship and shared history together. To continue, suppliers state that the focus of co-operation has changed over recent years, and, especially during the recession, co-operation has become more focused.[60] Regular meetings are considered a good indicator of co-operation and a good way to affect it.

Co-operation is highly related to individuals. Thus, for example organisational changes are considered a challenge because when people change positions, it takes time to rebuild the co-operation. Similarly, individual beliefs and characteristics are related to co-operation. So, if somebody does not believe in new possibilities, this is directly visible in their co-operation. In other words, personal characteristics, or personal agendas, affect co-operation:

> *"Does strategy depend on people, business or personal agendas? For example, is a strategic decision about widening a supplier's portfolio related more to people or is it really related to business needs. What is the effect of personal agendas? Is it a merit for somebody if business increases, or vice versa? If it is not a merit or willingness for somebody, then business is not increasing... I suppose these personal agendas affect a lot, this is an interesting question. If personal agendas affect, does it help somebody in his own success... This means also that if personal agendas are not depending on business needs, they can even be contradictory to the customer's business requirements. Therefore, too flexible strategy can affect negatively. If personal agendas have too much value because of flexible strategy, this is not fair. We have had this kind of case with another customer: all business depended on the personal relationship, there was no theoretical framework for the business." (Supplier's representative)*

Similarly, buyers agree that personal issues affect both co-operation and whole relationships. This is especially clear when a supplier's key persons are highly committed to a relationship. It is even argued that, in some cases, co-operation is personified through certain individuals. To continue, buyers argue that the efforts a supplier puts into a relationship when combined with a supplier's performance highly determine the level of co-operation. For example, one negative issue, such as challenges with capacity, could strongly affect co-operation and the whole relationship.

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[60] For example, the financial situation of suppliers is highlighted. However, the focus on financial aspects does not affect co-operation or personal relationships as such.

In addition, although many suppliers consider co-operation to have remained stable, newer suppliers clearly state that it has improved. This is typical of new contacts as they are more likely put more commitment into developing a relationship. Some suppliers also consider co-operation to be cyclical, fluctuating over the years and compare their relationships to the stock market. Some suppliers do not want to comment on whether co-operation has improved or worsened, it is just stated that co-operation is now more challenging. It can be argued that perhaps some suppliers think that co-operation has actually worsened, but are not willing to say so. Nevertheless, none of the suppliers say that co-operation has worsened.

The buyers more frequently state that co-operation has improved. They also expect that this is the suppliers' opinion as well, based on their examination of supplier surveys, resulting in contradictory opinions being held. This means that buyers often refer to the results of surveys when evaluating cooperation, while suppliers rely on their own opinions. According to the buyers, one reason for improved co-operation is strategy as such. If a buyer's strategy emphasises their relationship with a supplier, this will be visible in their further co-operation. Shared long-term plans affect co-operation and the suppliers' strategies – but only if they are in line with the buyer's strategy.

In addition, buyers conclude that although overall co-operation has improved, there are still issues to solve in many relationships. For instance, there are differences between the suppliers – some are better at co-operating than others. Thus, it can be restated that individual characteristics also play a major role. In addition, the cyclical nature of the development of co-operation is visible in the buyers' answers as well. To continue, conflicts, especially when another supplier is selected, can reveal a supplier's high dependency on the buyer and supplier arrogance in future co-operation – as one buyer says:

> *"Time-to-time, some supplier people forget who is customer and who is supplier. Suppliers need to understand buyer's position, supplier's position and how relationship remains good. There have been also conflicts in personal or individual level – question is how to avoid these." (Buyer's representative)*

Buyers also conclude that sometimes opinions about the level of co-operation and the importance of the relationship with a certain supplier can vary inside the buyer's organisation – usually between top management and the operational level or between the buyer and the supplier. For example, a supplier can expect that a buyer will support them and be upset when the support does not materialise. These differences create challenges. Too routine a relationship is also seen as a risk to co-operation. For example if there is no continuous drive towards implementing improvements:

> *"You get used to everything. Maybe I expect too much from this supplier, since I have been used to extremely good service. We also require more from this supplier than from others. This is due to our relationship status with them"* (Buyer's representative)

In sum, co-operation enables partners to achieve a stronger position than they could achieve alone (Boddy et al. 2000, 1004). The importance of co-operation is clearly shown in this research and, in most cases, it works well. However, although the literature argues that co-operation increases with long-term relationships, this is not completely supported. Most of the respondents, especially suppliers, argue that co-operation has remained on the same level. Buyers are more likely to indicate an improved co-operation. Furthermore, buyers also refer to the results of the satisfaction surveys when evaluating co-operation, while the suppliers' view is based on their personal opinions.

Co-operation expands and the amount of contacts increases as a relationship matures and the parties get to know each other. The respondents also state that co-operation can only improve as business grows, because trust, openness, commitment and history all affect it; when they increase, co-operation increases. The meaning of trust and commitment is especially emphasised, as it is in the literature (e.g. Jonsson & Zineldin 2003, 228–229). To continue, co-operation, as well as trust and commitment, is often considered to fluctuate. The research also finds that the amount of purchased items, the importance of the relationship and the strategy directly affect the level of co-operation, especially if the parties have a different understanding of the relationship. Those findings are not explicit in the theoretical framework. In addition, performance, and especially the suppliers' performance, is clearly related to co-operation, which is something that has also been seen in the literature. Regular meetings are then an efficient way to increase co-operation.

Co-operation is dependent on individuals and therefore organisational changes, personal characteristics and personal agendas affect co-operation, as well as the development of the whole relationship. It is even proposed that in many relationships the co-operation between the companies is personified through connections between the individual buyers and suppliers. Some individuals, on both sides, are also better at co-operating than others. However, even though the literature has considered the effect individuals have on business cooperation, this has not been not been studied in-depth. Furthermore, the dependency-relationship, the power effect and the attitudes of individuals, can create challenges for co-operation. Surprisingly, relationships that are considered too routine are also seen as a challenge. These findings cannot, however, be found from prior literature. Overall, although co-operation is considered strong in most relationships, the research also highlights the potential for improvement.

4.4.3   Trust in the relationships

Trust and commitment are needed in order to do business. This research highlights the importance of trust, for example a buyer concludes that if there is no trust in a relationship, the business between them will fail. Both parties also state that trust in the other party is strong. The buyers also note that business risk is always involved but say it does not directly affect trust, even though it is sometimes linked to it.

> *"This is a partnership with high level of trust. Trust is both-sided between companies; both parties trust each other, including top management." (Supplier's representative)*

> *"I believe in what is said... although it can be a risk to tell that much to supplier. I believe that what is said is based on trust and this knowledge is not misused, although risks are anyway defined." (Buyer's representative)*

Trustworthiness results from keeping promises, which is seen as one aspect of a real partnership. The suppliers point out that sometimes a buyer makes worthless promises, which affect their trust in the buyer. Similarly, buyers argue that although not keeping promises might not be directly related to trust, it affects it anyway. To be more precise, buyers argue that keeping promises is regarded as being related to a supplier's willingness to do business rather than being an expression of trust itself. However, a strong willingness to do business can even lead to arrogance:

> *"Supplier is working as a puppet, they are doing just as requested and they don't challenge. But this is not directly related to trust and there are no shortages of trust. You can trust supplier's words." (Buyer's representative)*

Both parties also conclude that trust and commitment are related to each other: when two companies trust each other, there is commitment there as well. The buyers even consider trust equivalent to commitment. Similarly, when trust is built, legal contracts are not always needed and mutual agreements are considered a good enough basis for business. What is important is that both parties understand the business issues in the same way.

The suppliers also conclude that trust is visible when parties want to increase business with each other. Similarly, both parties conclude that trust is visible in open information sharing, especially when related to negative information – as you need to trust the other in order to openly share problems. Issues that can negatively affect trust include quality problems and delays, even if such issues can be said to be just disappointments, rather than the breaking of trust. Trust develops over time, so issues like how long you have

known the business partner and have conducted business together affects trust. In addition, trust can only be built on what you have done and not on promises or the wording of agreements. In other words, work needs to be done to attain trust, which raises the question: how do organisational changes affect trust?

> *"When people change, there is no basis for trust, no basis on what is done together earlier. Because new ones don't know, we don't have basis for trust with them. How to transfer trust and commitment after a change is a big question." (Supplier's representative)*

This suggests that trust is built on and highly dependent on the individuals involved in the transactions. For example, suppliers argue that although they trust many people, there are individuals they don't trust at all. Similarly, the buyers generally agree that although most suppliers are trustworthy, some of them are merely playing games. The difference between trust in individuals and trust in a company is also highlighted. For example, one buyer states that he trusts the people working for the supplier, but not necessarily their company. The suppliers even argue that trust in a company is not possible and instead put forward the idea that individuals, personal relationships and the issues people promote and drive always affect trust. Some suppliers even wonder whether buyers utilise the feeling of trust as a tactic.[61]

> *"If buyer promises a lot, but nothing is actually given – is this trust or tactic? Or, when they aim at creating a fair situation, where trust plays a big role? However, is this only tactic and misuse of trust?" (Supplier's representative)*

When talking about differences between a buyer's and suppliers' trust, suppliers usually argue that a buyer trusts suppliers less than suppliers trust the buyer. For example, although suppliers trust in the buyer to make the best decisions, these decisions are often best only for the buyer and this affects trust. One practical example of this is that suppliers state that buyers often do not trust the figures that suppliers present, which easily leads to misunderstandings, although such misunderstandings are not necessarily related to trust in a relationship. It is also common for suppliers to consider the buyer a trusted partner, especially when compared to other customers. The suppliers here emphasise that much depends on how trust is defined.

> *"Basically we trust this customer and also customer can trust us. But sometimes we think about that trust if, for example, our share drops." (Supplier's representative)*

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[61] Trust in the company seems to be more related to sustainability and this does not reflect "real trust". Thus, suppliers wonder whether trust in a relationship is at all individual-related, i.e. "real trust" or just trust in the company, i.e. sustainability.

Similarly, many buyers conclude that trust, as well as commitment, are high from the suppliers' side, but buyer's trust and commitment is liable to fluctuate. In other words, the trust the supplier puts in the buyer is more visible than the buyer's trust. In addition, the buyers indicate that they are likely to reveal their mistrust of a supplier than the other way round and they also turn conflicts into trust issues – suppliers rarely reveal their mistrust of the buyer.

> *"We have different understanding about trust. We can turn conflict issues directly to trust issues. Suppliers instead suppose that we are accepting some problems as well. This means that in these cases trust still exists from supplier side, they just feel that we are demanding customer. These are not trust issues for them, only that requirement level from us is high."* *(Buyer's representative)*

The literature often considers trust the most critical feature of a partnership: It is said that a partnership cannot survive without trust (Morgan & Hunt 1994, 24; Haque et al. 2004, 46–47). This study states that trust is important, and it was made explicit by the interviewees that you cannot do business without trust and commitment. This in turn highlights the close linkage between trust and commitment. Trust is based on (mutual) commitments, not only on legal commitments such as contracts. This is a slightly different view to that found in the literature on the subject. In fact, although the link between trust and commitment is widely espoused, it is commonly argued that trust leads to commitment and not the other way round (e.g. Morgan & Hunt 1994, 24).

The research concludes that trust needs to be present on both sides. As trust was shown in most of the investigated relationships, it is further argued that the buyer's trust is less than the suppliers' trust, or, at least, the suppliers' trust is more visible. On the other hand, some buyers state that they think the trust exhibited by suppliers is actually minor. More importantly, both parties agree that there are no issues with trust. It can be argued as to whether the relationships selected are affected by their opinions about trust because all of their relationships are considered important. Thus, it would be interesting to investigate relationships which are not considered to be important.

Trust is best visible in the keeping of promises, which is considered one aspect of a partnership. This supports Doney and Cannon (1997) who define trust as perceived credibility and benevolence. Here credibility focuses on the expectancy that a partner's word can be relied on (Doney & Cannon 1997, 36). In other words, the research proves that unreliable promises might affect trust, at least in the long run. Clear communication is thus highlighted. For example, if the reasons for an unreliable promise are clearly communicated, they become understandable. In addition, buyers admit that they can easily turn small issues into trust-related topics, even if suppliers consider them merely disappointing – a normal part of business risk. Or, as Smeltzer (1997)

argues, trust takes time to re-establish and even one negative event could destroy long-term trust (Smeltzer 1997, 47).

Trust develops only with time and thus, issues like the length of a relationship affect trust. Similarly, this research concludes that trust can only be built on real actions, and not on promises or agreements. Furthermore trust has to be earned in a relationship, in other words, trust is dynamic, either growing or diminishing. These opinions are also supported by the literature (e.g. Tixier 1994, 17; Cheung et al. 2003, 336).

To continue, the research concludes that trust is based on individuals and not on relationships as such. However, Gremler et al. (2001) state that trust exists between individuals (i.e. interpersonal trust), organisations (i.e. organisational trust) or individuals and organisations (i.e. inter- or intra-organisational trust) (Gremler et al. 2001, 50). According to the findings of this research, trust between organisations is considered to be more an aspect of sustainability and not "real trust". Some individuals even argued that trust in a company is not possible, although putting trust in individuals naturally affects the whole relationship. Therefore, one concern is how do organisational changes affect existing trust? The question is relevant because there will be no basis for trusting in new employees.

Ulaga and Eggert (2006) claim that in a business-to-business relationship trust means that the customer attempts to reduce its perceived risk by selecting a supplier, who is considered capable of performing reliably (Ulaga & Eggert 2006, 315). This is supported by this study as it is stated that a buyer's trust in the supplier is one basis for decision-making, although technical capability and cost competitiveness might be considered more important.

Communication, relationship-specific investments, consistency and mutual respect are important factors in fostering trust (e.g. Campbell 1997, 421; Smeltzer 1997, 42). Based on this research, trust is more visible when the partners want to increase business with each other, e.g. in terms of investments. The research demonstrates that the level of trust is visible in aspects such as open information sharing, especially when related to negative information, because trust needs to be in place in order to share problems openly. Similarly, Olkkonen et al. (2000, 405–406) state that trust is greatly dependent on and reinforced through constant communication. However, although trust and information sharing are closely linked, this research highlights that partners do not need to share everything. To continue, the research shows that trust develops confidence in the belief that rewards and burdens will be shared fairly during hard times (Ganesan 1994, 12).

4.4.4 Commitment to the relationship

Commitment is discussed in two sections. First, how do suppliers evaluate their commitment towards the buyer? Second, how do suppliers evaluate a buyer's commitment to its suppliers and vice versa?

First, suppliers concur that they are 100% committed to the business. Commitment is also considered to be a success factor in a relationship, especially commitment from the top management of both parties. Similar to trust, commitment seems to be more related to individuals than the company as such. Suppliers also highlight the fact that buyers are extremely dependent on their commitment. Furthermore, buyers also state that both parties are usually highly committed to a relationship, and that a supplier's commitment is normally very high.

> *"Supplier's commitment is 101%. It goes like: What we ask, suppliers do" (Buyer's representative)*

Suppliers show commitment by aligning their ways of working with the buyer. For example, organisational structures can be aligned with a buyer's organisational structure. Investments, for example in terms of equipment, as well as their willingness to increase business also demonstrate commitment:

> *"Although we are growing also with others, we don't want to lose this business in any case. For example, if other customer is growing x amount, we would like this customer to grow the same amount, so that its share in our business remains as big as before." (Supplier's representative)*

According to the buyers, the fact that a buyer is an important customer for many suppliers is a reason for the suppliers' high commitment. If a buyer is not so important for a supplier this is also visible in their actions. Though the reverse is true as well Buyers also state that as long as a supplier's commitment is high, they should "utilise" the situation in a positive way. According to the buyers, the commitment of suppliers is clearly visible in their actions when they have been working on something for the buyer at their own risk. It is also visible when suppliers engage in business areas which might not be the most profitable, but are important for the buyer. To continue, the buyers point out that even when business has decreased, a supplier's commitment has remained strong in many cases.

When discussing a buyer's commitment to suppliers, the responses from the suppliers are not as unambiguous. The suppliers state that the buyer's commitment is strong and especially their sourcing reveals their commitment – commitment reflects the fact that they always detail what is expected of them. Top management also seems to demonstrate their commitment surprisingly well. Suppliers even conclude that commitment is strength of the buyer – a factor

the buyer can be proud of. Open discussion is seen as the best sign of the buyer's commitment, although it is difficult to measure:

> *"Markets have changed, and thus, our portfolio needed to change as well. This situation has been told us fairly and it has been discussed together how to continue. This [open discussion] is the reason why we think that commitment has increased." (Supplier's representative)*

The buyer's commitment is also visible when they give more business to the supplier or when a new supplier is used. Commitment is also built when operation models and ways of working are combined and shared. In addition, the suppliers conclude that in investments, a buyer's commitment is made very early and specific written contracts are not always needed. In contrast to that, some suppliers argue that the buyer does not always keep its promises and that this affects commitment.

As mentioned, commitment is dependent on individuals and some individuals or teams are more committed than others to the business relationship. It is even argued that some individuals are only committed to the business or a particular supplier because of the company's strategy. Thus, is this real commitment or only a role that has to be followed? To continue, some suppliers argue that commitment is not always at the level it should be, noting that suppliers would need more commitment than they receive. However, these are often related to issues which the market situation and industry characteristics affect, thus they are not dependent on the buyer as such.

> *"Buyer is stuck to commitment, everything depends on markets. This means that buyer needs to operate just according to markets and this affects to their commitment. We are expecting more volumes, but buyer cannot commit to any volumes, for example, due to market situation." (Supplier's representative)*

In addition, the suppliers argue that the buyer's different commitments towards different suppliers are problematic. For example, it is argued that there are suppliers to whom the buyer is already so committed that this becomes a problem. The buyer's commitment on operational, daily issues is also seen as an area for improvement.

When discussing the buyer's commitment towards suppliers, buyers first state that this question is difficult for them. In principle, they do not commit, although in practice the commitment is there and is implicitly present in the company's strategy. It is also generally stated that due to industry characteristics, the buyer cannot be too committed to one supplier. For example, a supplier is not allowed to get too dominant a part of the business. The buyers' commitment is most clearly visible when they give business to suppliers. The role of verbal commitments is also highlighted because, for example, sometimes a buyer has only committed to buying a certain volume of goods

only verbally. To continue, buyers argue that their commitment often decreases when the supplier is not able to keep promises.

In addition, although most of the suppliers agree that the commitment from both parties is good, they believe that they are more committed to the relationship than the buyers are. It is further stated that even if the buyer's commitment is in place, suppliers cannot trust that this commitment will be there forever. Similarly, most of the buyers believe that although their commitment is strong, including commitment from top management, the suppliers' commitment is even stronger. However, some opinions do differ. For example, some buyers state that their commitment to the most important suppliers is higher than the commitment they receive back. It is also a widely held opinion that the smaller the amount of suppliers, the greater the buyer's commitment. To continue, buyers argue that sometimes their commitment varies depending on whom the issue is discussed with.

To sum up this sub-chapter, prior research highlights that commitment from both parties is very important, especially commitment from top management (Morgan & Hunt 1994, 23). The commitment found by this study was considered a factor in creating success. However, even though the commitment was found to be good, the study shows that the suppliers' commitment is often stronger or at least more visible. In addition, the suppliers seemed to require more commitment from the buyer, and it can be speculated as to whether they receive the commitment they expect. The suppliers also highlight the fact that it is not only the suppliers who are dependent on the buyer's commitment, in fact, the buyer is extremely dependent on the suppliers' commitment. Further, it is argued that many reasons might explain why a buyer's commitment might appear weaker. For example, a buyer's commitment is highly dependent on the market situation and they state that in principle they do not commit to any supplier, although in practice the commitment is there.

This research also demonstrates that the buyer's commitment varies greatly between different suppliers. This indicates that the importance of the relationship plays a big role. Similarly, the amount of suppliers can be said to affect commitment: commitment seems to be stronger if there is a smaller amount of suppliers. Similarly to trust, commitment can be seen as being more about relationships between individuals rather than the business relationship as such. For instance, some people are strongly committed and show their commitment openly, while other individuals seem to be committed only through their company's strategy. The same observation was made by Huxham & Vangen (1996, 15), who state that commitment can vary from organisation to organisation and individual commitment can vary from one time to another.

One way to demonstrate a supplier's commitment is to dedicate local facilities and equipment to serving the customer, which leads to greater trust

(Handfield & Bechtel 2002, 375). This is noted in this research by the fact that both parties consider investment, such as the purchase of new equipment to facilitate buyer's business, as a very strong sign of commitment. A willingness to grow and work together is also considered a sign of commitment. In addition, working at one's own risk indicates a strong commitment

To continue, open communication, especially the sharing of expectations, future insights and negative news, is positively related to commitment, while broken promises negatively affect commitment. In other words, as in the case of trust, commitment is built only on actions, not on promises (Jonsson & Zineldin 2003, 226). The research also indicates that commitment grows over time and is considered cyclical and is not a stable, continuous state, i.e. commitment today does not necessarily mean commitment tomorrow.

The meaning of mutual commitments is highlighted in the research with reference to the quotes that not all commitments need to be "agreed on paper". Opinions on mutual commitment do vary, with some individuals being satisfied with mutual commitment and seeing it as beneficial for a relationship, while some individuals differ on the central meaning of mutual commitment. Prior research does show that all business relationships have elements of both formal and informal commitment (Veludo et al. 2004, 145–146). This research supports the notion that trust and commitment are quite similar and affect business relationships similarly.

4.4.5 Risk and reward sharing

Both parties believe that risks and rewards are shared and existing risks are well controlled. One recent example of risk sharing is the recession, which resulted in decreased customer demands. The response was managed well and clearly communicated to the suppliers, and the managing of that situation actually kept the suppliers believing in the relationship.

> *"On average, risks and rewards are shared. There are risks, but those are controlled. Typically it works well. Of course there are surprises, but they are not necessarily related to this customer. For example, last year's demand drop. On average this is good, although some areas could improve as well. However, this is more related to how people work on the buyer side, meaning that their working ways are not the same." (Supplier's representative)*

Suppliers highlight open risk and reward sharing, especially with sourcing, because their messages need to be clear and people need to act according to them. Thus, risk sharing is highly related to openness. In addition, it needs to be clear that the business will continue and that there will be new products.

This is also seen as an important aspect of risk and reward sharing since it decreases concerns about the future.

Both parties are in agreement on the fact that suppliers often carry a bigger risk. Hence, suppliers need to believe in the buyer's words as even big decisions involving significant financial investment and risk can be based on verbal commitments.[62] The buyers thus conclude that risk and reward sharing is always involved in business and sometimes suppliers just need to take a bigger risk. The buyers believe that suppliers understand this and the fact that the "big lines" related to risk taking are agreed together.

> *"Truth is that we are the last one who is making loss and this is more visible in difficult times. In "good" times the situation is different and the game is more fair – bigger prices can be accepted and also suppliers have made good profits." (Buyer's representative)*

The buyers also argue that sometimes suppliers invest without discussing future projects through with them. This leads to the situation that they can invest in something which is not needed but which increases their risks. Buyers do though highlight that the importance of risk sharing and taking.

Similar statements are also relevant for rewards. It is concluded that business needs to be profitable for both parties. For example, suppliers conclude that the common target of business it to make a profit, "to get bread and at least some butter on it," and this works on a healthy level in most of the relationships. However, both parties, and especially suppliers, argue that usually the buyer gets better rewards as the buyer is the last one to make a loss. It is also emphasised that a business cannot be too profitable for one party only as that won't support a win-win situation. The economic situation when combined with the buyer's strategy and how suppliers are treated, regarding issues such as volumes and the amount of suppliers, significantly affects rewards. However, suppliers often consider this understandable, because the situation is clearly communicated. Suppliers further argue that sometimes they need to also get the support of competitors, although this is not the best practice from the point of view of rewards.

Partnerships work only if they are financially beneficial to both parties in the long run and allow a win-win situation (e.g. Ellram 1995, 14; Sonnenberg 1992, 51; Fiala 2005, 420). This highlights the importance of risk and reward sharing as well as fair treatment. This research suggests that in most cases both parties believe in fair risks and reward sharing. Risks also seem to be well controlled and communicated. One often mentioned example is coping with a recession. However, both parties admit that risks rest more with suppliers,

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[62] It needs to be remembered that buyers often consider mutual commitments a vital part of business and close relationships.

especially in relation to investments. As Anderson and Narus (1991) state, in practice partnership-building efforts may not be in the best interests of a supplier (Anderson & Narus 1991, 95).

4.4.6   Fairness in the relationships

Fairness is highly related to risk and rewards sharing. Both parties share the opinion that their relationships are fair. Fairness is also considered a must for business relationships.

> *"We are dealing extremely fairly: I have been wondering if customer can really work that fairly. There are no hidden agendas... Working fairly is our starting point. There are no other options. It is benefit for both, that we are working fairly. It is common that changes happen, but those needs to be done in controlled manner." (Suppliers' representative)*

Logical and reasonable decision-making, a trust-based relationship and open communication are heavily reflected in perceived fairness. To continue, according to the suppliers, fairness is related to culture. For example, Finnish people are generally considered to be trustworthy, be good to work with and have a more direct way of working than other cultures. The word "fair" is, however, considered a difficult word to define.

> *"I don't want to use word 'fairly'. 'Fair' is a difficult word. I need to say the customer deals fairly as long as my company participates in this business as well. This means that fairly is related to the question of whether a supplier participates or not, meaning that both are needed in a relationship." (Supplier's representative)*

Fairness heavily depends on individuals and teams: some people act more fairly than others. In addition, although suppliers generally consider relationships and individuals fair, opposing opinions exist as well.

> *"Customer's target is all the time to get best deal to them. And this is more visible in some areas, meaning that some people are not so fair. For example, they are saying in negotiations that our competitors' prices are lower. It is not fair, because we know that this cannot be true. This kind of statements have been utilised as a trump in negotiations. This is not fair for suppliers: companies in business need to do profit as well." (Supplier's representative)*

> *"Sometimes we think customer can consider our old relationship as well. But now it is more based on numbers. Some people think more*

fairly, some more unfairly: they are not thinking about our history. But anyway, I say relationship is fair." (Supplier's representative)

Suppliers also argue that sometimes a buyer has difficulties in keeping to schedules and that this is not fair for suppliers because the delays have a major effect on company finance. In addition, a buyer's decisions are not always beneficial and fair for suppliers. For example, decisions might only be related to technology and might not be the best from a commercial point of view.

"Overall, way of working and all decisions are not always beneficial for supplier. This can create unfair situations. Generally, relationship is anyway trustworthy and fair." (Supplier's representative)

Most buyers state that they work fairly, at least in the "big picture," and that their suppliers work fairly. The buyers also highlight the fact that fairness is a requirement for a long-term relationship because if you don't work fairly in the long run, suppliers will disappear. Buyers also expect fairness in their relationships to be partly the result of their long history together, in other words, they know the business and individuals involved. In some cases fairness in a relationship is even due to certain individuals.

This also means that fairness is, like other factors, highly dependent on individuals. To continue, fairness is closely related to trust, open communication and risk and reward sharing. The research suggests that both suppliers and buyers consider their relationships fair because the decision-making process is reasonable and the individuals involved are fair. However, although most people believe that fairness is achieved, there are a few dissenting voices. Some suppliers state that a buyer works only in its own interest. Nevertheless, the main conclusion is that both parties believe that fairness is a requirement for a long-term business relationship.

4.4.7   Concluding remarks

The positive impact of relationship quality on both relationship success and supplier management performance has been clearly noted in prior literature (e.g. Kivimäki et al. 2000, 40; Large 2005a, 429; Massey & Dawes 2007, 1122). However, although relationship quality is found to be important also in this research, factors such as technical capability and cost competitiveness more likely affect business and success. Research also supports the notion that fostering a cooperative relationship based on trust, business understanding and commitment helps achieve success (Lee 2001, 332). The quality of relationship in this study is investigated by reference to personal relationships, co-operation, trust, commitment, risk and reward sharing and fairness.

All characteristics discussed in this chapter highlight the importance of individuals and personal connections. For example, the decision to continue a business relationship is at least partly based on interpersonal relationships (Biong & Selnes 1995, 484; Trim & Lee 2004, 287). Personal relationships also affect the success of the business relationship; it is individuals and not companies who do business together. Thus, this research confirms the importance of *personal relationships*. It is evident that everything starts from people and personal relationships. Personal relationships, on all organisational levels of the organisations represented, were mainly thought to be good, especially with individuals considered strong, honest and open, whose word could be trusted. Openness in sharing problems is seen as being an especially important indicator of personal relationships.

The research demonstrates that personal relationships take time to build but also that they do improve as the individuals get to know each other. The aspects of a relationship that are closely linked to building a successful relationship are confidence, trust, respect, relationship length, individual characteristics and personal chemistry. Because of the significant effect of individual characteristics, some individuals naturally face more trouble than others. Buyers add that the amount of suppliers affects since the ability to maintain personal relationships with many suppliers is challenging. To continue, near or far distance between partners as well as cultural similarities and differences affect personal relationships. However, the effect of cultural differences is an under-explored area of previous research.

Personal relationships are related to questions about how the parties treat each other. In addition, the distinction between formal and personal relationships is important: In a "formal" relationship the individuals' behaviour is mainly based on roles they occupy. In "personal" relationships it is common that individual knowledge about each other is more likely to influence behaviour (Gremler et al. 2001, 46). According to this research, suppliers often emphasise personal relationships, while the buyers emphasise professionalism, for example, the buyers state that personal relationships are good, but only on a working level. There are also differences in how much focus is put into building a personal relationship.

Co-operation has been found to enable partners to achieve a stronger position together than they could achieve alone (Boddy et al. 2000, 1004). The importance of co-operation is evident in this research and was found to work well. However, although the majority of the literature on the subject argues that long-term relationships increase co-operation, this is not completely supported by this study. Instead, most of the respondents, especially suppliers, argue that the level of co-operation has remained the same but has always been good. Most of the relationships have lasted so long that another reason

for this discrepancy could be that there have been no recent changes in the relationships studied. The buyers were also more likely to indicate improved co-operation and they referred often to the results of different satisfaction surveys, while the suppliers' view was often based on personal opinions. None of the respondents suggested that co-operation had worsened.

Nevertheless, in contradiction to the above mentioned, many respondents state that co-operation can only improve as a business grows, because trust, commitment, openness, commitment and history affect it. In other words as they increase, co-operation increases (Jonsson & Zineldin 2003, 228–229). In addition, co-operation and the amount of contact persons increase as a relationship matures. To continue, co-operation is also considered to fluctuate and is not seen as constant. This research suggests, especially in the interviews with the buyers, that the amount of purchased items, the importance of a relationship, the buyer's strategy, and supplier performance directly affect co-operation. This leads to the conclusion that regular meetings are a good way to increase co-operation.

Organisational changes create challenges for co-operation and personal relationships as co-operation is highly dependent on the individuals involved. Thus, personal characteristics and personal agendas can affect both the co-operation and the whole relationship as such. Co-operation between companies can even be personified by certain individuals, and naturally some individuals are better at co-operating than others. To continue, challenges to co-operation arise from dependency-relationships, power effect and arrogance. Surprisingly, too routine a relationship without "a drive" is seen as a challenge to co-operation. These factors are not highlighted in the literature. In sum, although co-operation is seen as strong overall, the research states that there are issues to solve.

The literature often considers *trust* the most critical feature of any relation-ship (e.g. Morgan & Hunt 1994, 24; Smeltzer 1997, 41; Haque et al. 2004, 46-47). This study agrees with those previous findings on the importance of trust. It was often stated that business cannot occur without trust and commitment. This, in turn, highlights the close link between trust and commitment. However, although this link has been considered before, it is often argued that trust leads to commitment and not vice versa – as seemed to be stated in this research (Morgan & Hunt 1994, 24). Trust is also in place in the studied relationships, although some respondents argue that trust from a buyer towards a supplier is lower than that of a supplier in a buyer, or at least it is less visible.

The research confirms that trust develops only over time and can only be built on what is done, not on what is promised or agreed. Trust is also dynamic; always either growing or diminishing (Tixier 1994, 17; Cheung et al.

2003, 336). One topic for further discussion is how, for example, do organisational changes affect trust, since there is no basis for trust with new people. In other words, the research highlights the fact that trust is based on individuals and not business relationships. It is even argued that trust in a company is not possible because it is always individuals you trust or do not trust, although this has an effect on the whole relationship. Gremler et al. (2001, 50) provide an alternative view and conclude that trust exists between individuals (i.e. interpersonal trust), organisations (i.e. organisational trust) or individuals and organisations (i.e. inter- or intra-organisational trust).

The research suggests that the buyer's trust in a supplier is one reason for decisions being made with them. This supports Ulaga and Eggert's idea (2006, 315) in which trust means that the customer attempts to reduce its perceived risk by selecting a supplier, who can perform reliably (Ulaga & Eggert 2006, 315). The research also proves that communication, relationship-specific investments, consistency and mutual respect are important for fostering trust (Campbell 1997, 421; Smeltzer 1997, 42). To continue, according to this research, trust is most visible when partners want to increase business with each other, for example in terms of investment and higher volumes. The research further concludes that buyers are more likely to turn even small issues into trust-related issues, which is consistent with earlier research that found that trust takes time to re-establish itself and one negative event could destroy long-term trust (Smeltzer 1997, 47).

In addition, the research concludes that developing trust is evident when keeping promises (Doney & Cannon 1997, 36) and that unreliable promises and delays have a negative effect on trust, at least in the long run. However, clearly communicated reasons for unreliable promises do make them more understandable. In other words, trust is visible in open information sharing, especially in cases of negative information. This confirms previous findings on the relationship between trust and communication (e.g. Olkkonen et al. 2000, 405–406). However, this link does not mean that everything should be shared with each other. In addition, research shows that trust develops the parties' confidence that rewards and risks will be shared (Ganesan 1994, 12).

The research also highlights the importance of *commitment,* especially from top management. In order to do business together, commitment is considered an essential factor for the success of a relationship (Morgan & Hunt 1994, 23). Commitment therefore needs to be two-sided, although commitment from suppliers is often stronger, or at least more visible – as in the case of trust. It is further highlighted that both parties are dependent on each other, in other words, a buyer is extremely dependent on the supplier's commitment.

Prior research shows that commitment varies between relationships, especially the buyer's commitment. The importance and type of relationship

as well as the amount of suppliers have been shown to affect it. In addition, commitment is also seen to be more based on relationships between individuals than the business relationship, i.e. there are people who are strongly committed and people who are committed only because of their company's strategy. The same observation has been made by Huxham & Vangen (1996, 15), who state that commitment can vary from organisation to organisation and individual commitment can vary from one time to another.

This research also supports the finding that suppliers especially demonstrate their commitment by making investments (Handfield & Bechtel 2002, 375). In addition, the research states that a willingness to grow and work together, and especially the actions taken to ensure this, is an important sign of commitment. Mutual commitments are also emphasised, although their importance is not self-evident as some people do consider mutual commitments important, while some doubt their importance. The research makes the overall finding that all business relationships have elements of both formal and informal commitment (Veludo et al. 2004, 145–146). In relation to this, the study found that suppliers making investments at their own risk were considered to being showing their commitment to the buyer.

Open communication, especially when sharing expectations, future insights and negative news, is related to commitment. For example, broken promises negatively affect commitment. Additionally, commitment can only be built on actions and not on promises and, even though it grows over time, it is also cyclical, i.e. commitment today does not necessarily mean commitment tomorrow (e.g. Spekman 1988, 81; Morgan & Hunt 1994, 23; Jonsson & Zineldin 2003, 226). This means that trust and commitment have many similar characteristics.

Prior studies show partnerships work only if they are financially beneficial for both parties in the long run, allowing a win-win situation (e.g. Ellram 1995, 14; Sonnenberg 1992, 51; Fiala 2005, 420). This highlights the importance of *risk and reward sharing* as well as *relationship fairness*. These factors are emphasised by the results of this research as well, in which they were seen as being generally good. It is for example concluded that if risks appear, they are well managed and communicated, which means that openness plays a significant role, especially when sharing risks. However, suppliers argue that the risks mostly rest with them. Or, as Anderson and Narus (1991, 95) have noted, in practice, partnership-building efforts may not be in the best interests of the supplier. Similarly, this research concludes that the buyer usually gets the better rewards, although the rewards for both are not that visible during a recession. Naturally, the buyer's strategy and how suppliers are treated affect the rewards for individual suppliers.

The research indicates that fairness is closely related to risk and reward sharing and is a requirement for a long-term relationship. Both parties also consider the relationships to be mostly fair, due to the fact that the decision-making is seen as reasonable. Strong levels of trust, open communication and a long history of cooperation also affect the fairness perceived. In addition, it was noted that fairness could be highly dependent on the individuals involved, and some suppliers also stated that the buyer works only in its own interest.

Overall, this research concludes that the quality of a relationship between communicators is an important aspect of a business relationship and in determining whether it will be a success. The quality of the relationships studied clearly seems to be good. However, even though relationship quality forms part of the basis for good relationships and communication between individuals, factors such as technology and cost play a more significant role in explaining the success of a business relationship.

4.5   Communication channels and meeting structures

According to both parties, face-to-face communication is the main channel for communicating strategy, and, as one supplier says, "historical forms of communication" such as face-to-face and telephone discussions are used for the communication of strategy. Both parties also consider face-to-face communication necessary for such topics since it reduces misunderstandings, allows questions to be asked about unclear issues, raises concerns immediately, considers body language and builds trust. It also allows discussion about sensitive subjects, like how people feel. Overall, face-to-face communication is important, even if it is only to meet the partner. For example, buyers believe that suppliers value it more if you visit them personally. Thus, visits are also important in order to build up relationships. In fact, many believe that a business relationship can only be built on face-to-face communication. Buyers also mention the importance of informal communication, for example during dinners. The respondents also add that in practice the communication of strategy is mainly discussion-based and is not built on ready-made presentations.

Despite the high utilisation of face-to-face communication, it is concluded that phone and e-mail are also utilised for the communication of strategy.[63] These channels are not liked for this kind of communication as they can reduce understanding, clarity and reciprocity. It is also stated that important topics always raise questions, and, if they are received via e-mail or the

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[63] In contrast, some suppliers say that the main source for a buyer's [corporate] strategy is gleaned from newspapers and the Internet.

Internet, the possibility to ask questions is reduced and the topics need to be discussed face-to-face at a later date. To continue, buyers highlight the fact that attention is often focused on different issues in teleconferences than in face-to-face meetings. It was stated that "you can clean the e-mail inbox" during a teleconference. Similarly, buyers argue that replacing face-to-face meetings could have consequences that are not seen immediately, but which are significant in the long term. This is apparent for suppliers who do not have clear [steering] meeting structures, because co-operation with them is often on a different level. To continue, most buyers state that while the Internet, phone- and videoconferences might help formal meetings, they do not cover informal communication.

Further, suppliers, and sometimes buyers, argue that a technology that could replace face-to-face meetings has not been developed yet, although there are nowadays more ways to communicate. Despite these comments, both parties regard e-mails, phone- and videoconferences as effective for sharing certain types of information, such as product information and measurements. They are also useful for standard meetings with a clear agenda and focused topics, such as discussing technical details. However, they are not often seen as an option for communicating subjects like strategy, in other words, the topics determine whether phone- and videoconferences are suitable. It is also believed that even if the use of electronic media is highlighted, "personal channels" will still be utilised in the future for communicating topics like strategy:

> *"Internet is a good way to show strategy for public. But not for suppliers, it should be a meeting. Because then we have a chance to ask questions about unclear issues and it allows two-way communication. Sharing and feedback needs to be face-to-face, to avoid misunderstandings." (Supplier's representative)*

> *"What would people do on getting an e-mail like 'listen to the buyer's strategy from the attached link'. Everyone is anyway overloaded with e-mails. Most probably the e-mail would remain in the inbox and then be deleted later, even if it would be important to listen." (Supplier's representative)*

> *"Difficult to imagine that internet would be used – you can understand issues in so many different ways, so internet would probably increase the amount of misunderstandings and also interactivity, two-way communication would be missing." (Buyer's representative)*

There are arguments for video- and teleconferences. Suppliers for example state that videoconferences are not as effective as face-to-face meetings and thus, they are not preferred. A weakness of videoconferencing is that the focus is purely on speaker and the reactions of others cannot be seen.

Videoconferences are even considered to be completely different to face-to-face meetings. However, both video- and teleconferences are considered better than e-mails.

On the other hand, some respondents conclude that the Internet and especially videoconferences work excellently and it is possible to get the feeling that you are in the same room; thus, they could be useful also for communication of strategy. Some buyers then wonder why the Internet, for instance in terms of videoconferences, has not been utilised more. For example internal strategy sharing is mostly conducted via the Internet and it works well. The systems even provide some interactivity, such as voting. They also enable efficient time management since you don't need to be present all the time and with a good agenda it is possible to choose when to participate. Similarly, the buyers argue that many training videos are shared internally nowadays, so it would be efficient to utilise those with suppliers as well.

Utilising these systems would save money and time, although the informal part of the communication, i.e. what actually will be done, is lacking. It is also argued that this technology-based approach would be easy to apply, even at top management level – it would just require more detailed planning in terms of agenda. However, both parties, especially the buyer, highlight the technology-based approach and its utilisation is expected to increase, although it is argued that face-to-face meetings are needed on some level. The buyers also highlight the need for people to be involved in the implementation and execution of strategy.

> *"Internet as a channel is not in the use at the moment, but I see potential here – for example, videoconferences. There is discussion on going and it has been proposed, and also by suppliers. However, I would highlight the importance of face-to-face meetings and, for example, informal dinners. Personal relationships play a vital role in [business] relationships." (Buyer's representative)*

To continue, the usefulness of e-mails is heavily questioned: e-mail is an effective tool for distributing some information, but is not necessary for topics such as strategy. The problems with e-mail are mainly related to people's reactions, since different individuals can understand messages in very different ways. The style of e-mail can also be a challenge: for example, the receiver does not necessarily interpret the message in the desired way and cultural differences impact the use and content of e-mails.

Both parties agree that the channels utilised for the communication of strategy work well and they are satisfied with them, although it is highlighted that nothing can replace face-to-face communication. More channels are also utilised at the moment than before. When discussing the amount of face-to-face meetings, it is concluded that although travelling (and thus face-to-face

meetings) has been reduced, all necessary meetings still take place. The suppliers even state that the reduced amount of face-to-face meetings has improved their quality. They are better organised and more effective because people know that they cannot travel again next week. It was even stated that it is not useful to have face-to-face meetings too often and there were conflicting opinions on whether there was too much travelling earlier that lead to poorly prepared meetings. These opinions highlight the importance of a clear, functioning meeting structure, where only relevant meetings with appropriate frequency, participants and well-prepared agenda are included:

> *"We use everything: face-to-face as much as possible, but also video- and phone conferences, net meetings, e-mails – there is no limit. Most important is that messages are running. It also depends on what tools are available: there are nowadays lot of tools available and also utilised." (Supplier's representative)*

To continue, the suppliers concur that there are no differences in the channels used by their other customers: face-to-face communication is the main tool. However, there are differences in how meetings are conducted and the topics communicated. The buyer in this study is often considered open, i.e. suppliers get more information from this customer than they do from others.

In sum, despite the many channels available today, both parties highlight face-to-face communication. It is even stated that face-to-face meetings affect the overall atmosphere of relationship. The content of a topic affects the channel and because face-to-face meetings convey the most information, they are necessary for communicating topics like strategy. However, the possibilities of other channels are not dismissed, although the opinions differ between the individuals. Many people also highlight the combination of channels. For example face-to-face meetings could be used for the main discussion and the follow-up discussion may be conducted via teleconference. In addition, it is stressed that the channel is not the most important issue and that it is more important that the strategy is understood, made concrete to the receiver and implemented on both sides.

The discussion about the communication channels, and especially face-to-face meetings, naturally leads to the discussion of meeting structures. This study supports a calendar-driven meeting structure (Turner & Müller 2004, 332), as illustrated in Table 13 below. The structure, frequency, focus and even meeting names depend on the commodity areas and suppliers.

Table 13   Meeting structure and characteristics

Meeting	Focus	Frequency	Participants	Comments
Collaboration day	Strategic	1/year	CEO level	Highest level meeting
Leadership meeting (CEO meeting)	Strategic	1–2/year	CEO level	Highest level meeting with individual suppliers.
Steering meeting	Strategic	2–4/year	Commodity level	Differences on how considered
Commodity meeting	Strategic/ operational	1 or 3–4/year	Commodity level	Differences on how considered, e.g. strategic vs. operational focus
Quarterly Business Review (QBR)	Strategic (/Operational)	4/year	Commodity level	Differences on how considered, nearest to steering meeting
Operational meetings (Quality, R&D, planning, cost…)	Operational	From weekly to quarterly	According to responsibility areas	Frequency depends on focus area.

The highest level meeting for communicating strategy is *collaboration day*, which is held once a year and which the key suppliers' CEOs attend. It is the main channel for sharing strategy at a high level.

Collaboration day is seen as being extremely useful, although some respondents state that it is nowadays highly exclusive, both in terms of content and participants. It is argued that the focus is on strategic issues only at high level, although earlier the content was more concrete. In other words, it does not answer what the buyer's strategy means for individual suppliers. It can then be argued that this is not even a target of collaboration day, and thus the importance of strategy sharing on all relevant supplier levels cannot be underestimated. Smaller suppliers are not even invited to collaboration day, although they are important for the buyer and would be willing to participate. It is further argued that those suppliers who are always invited might not be that interested in participating since they think that they already know everything that will be said; they participate only because they need to.[64] However, for example, buyers mention that many people (such as suppliers, competitors and press) consider collaboration day the best one of its type in the world.

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[64] The issue of whether there should be a local supplier day, for example in Asia, in addition to the "traditional" collaboration day has been discussed.

With many suppliers there are also separate *leadership meetings* with sourcing's top management. These are often conducted once or twice a year, though the regularity varies based on the supplier's importance. With some suppliers there has also been a clear decision not to "promote" these meetings. These meetings are anyway considered effective only when conducted regularly. It has been stated that some topics need to be discussed many times before they are clear and that messages are often better understood when communication comes from a higher level, which suggests that there could be a need for informal CEO level meetings to be in place, such as breakfast meetings after collaboration day or the "unofficial" visiting of suppliers when travelling. These are naturally not a part of the official meeting structure and personal relationships will also affect and result in such meetings. For instance, the buyer's management does meet some suppliers more often and therefore knows them better, resulting in a closer working relationship.

Despite the importance of these high level meetings, *steering meetings* are considered the main, and for some suppliers, the only channel for reviewing and discussing strategy. The purchasing managers describe how strategy is communicated in these meetings:

> *"[Strategy is] effectively communicated, in steering meeting, as well as in one-to-one discussions. Purchasing manager is basically the one going through strategy. Sourcing management has been sending information about strategy and changes on it, but mainly via e-mail or teleconference. There have been no face-to-face meetings on that level." (Supplier's representative)*

Steering meetings are mainly conducted face-to-face, which is seen as very important, and they are held regularly – one to four times a year, depending on the supplier and the meeting structure. In some areas steering meetings are then held only with strategic suppliers. It was also stated that because the amount of meetings has reduced, both parties are actually worried that the buyer is not visiting suppliers that often anymore. This is especially true in areas with many suppliers, since it is impossible to meet them all.

The agenda for these meetings includes topics relevant for each supplier, such as roadmaps, business models, feedback, status discussions, challenges, forecasts and volume estimates. People from sourcing, quality, R&D and technology often participate at these meetings, although the participation of top management varies between never participating and participating every time. It is also usual that top managers participate when their support is needed. Suppliers also state that if management does not participate in such meetings then they meet separately, although the focus of these meetings can be different – often they are informal "commitment meetings" to ensure management knows a supplier's capabilities. Thus, these meetings are not

considered as meetings where strategy will be communicated. Management's participation is also very important for some suppliers, while others prefer to discuss with lower levels e.g. purchasing managers instead of top management.

> *"It is important to the supplier that (top) management participates when the supplier visits us, or at least that they meet higher level management briefly. Could this be also related to cultures? – for example, in cultures where everything is based on personal relationships. Even the meetings are only "handshake". Suppliers could [become] stressed if they don't meet management, or they are not told whether management is participating in the meeting or not."* (Buyer's representative)

Purchasing managers mainly communicate the strategy to the suppliers. The "main lines of discussion" are then often discussed with top management. In fact, steering meetings are considered by some to be main occasion for the discussion of strategy, even if the discussion might not be so focused. Furthermore, suppliers state that other people, such as engineers, share strategic messages, even when a discussion focuses on operational issues, such as how to execute a strategy.[65] In addition, practices, content, the participant's status and even the naming of meetings vary greatly. For example, in some areas steering meetings are separated from commodity team meetings and considered higher level, in some areas they are considered equal and in some cases commodity team meetings are considered higher.

The next level is *commodity meeting*, although in some areas these are not held with all suppliers. Also here the focus varies. They can be considered a higher level meeting than a steering meeting, which is conducted only once a year or a lower level meeting conducted three to four times a year. In addition, *quarterly business reviews* (QBRs) are often considered equivalent to a steering meeting as they focus on strategy alignment, reviews and key messages for suppliers. Participants are also often the same for these meetings. Some respondents, often suppliers, consider QBR meetings to be more focused on practical issues.

There are also *meetings on the operational level* that are related to quality, planning and technology. These meeting are often regular, for example weekly, monthly or quarterly depending on the subject and the focus is on short-term activities, i.e. these meetings are not for strategy communication.

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[65] In addition, there are "unofficial" [management] meetings in which a project's status is updated. These meetings are usually highly dependent on the situation and arranged when needed and at short notice and the amount of people participating is often smaller. These meetings are considered good, especially by suppliers as communication in these meetings is often considered closer.

When discussing participants, in general, the amount of people participating, especially from the supplier, seems to be quite high for all meetings, except CEO level meetings. Buyers assume the reason for this might be that suppliers want everyone to hear what the customer is saying. That opinion is at odds with the opinion that suppliers seem to prefer meetings with smaller groups – as those are often considered more effective because people pay more attention and are not afraid to ask questions. Thus, it is unclear as to whether suppliers prefer many people participating from their company and only a few from the customer's, or smaller groups from both companies.

To continue, some interviewees stated that they do not have separate meetings for strategy, which is discussed piece-by-piece in different meetings, in other words, the communication of strategy is not very focused. It is also argued that there could be a meeting where strategic objectives are discussed, but not necessarily the strategy as such. Suppliers are also keen to highlight that a more structured method would be more beneficial. And some suppliers even conclude that strategy is never communicated in any formal or informal meeting.

> *"We don't do that [communication of strategy] in the "normal way" in meetings, or as a separate topic in meetings, such as in steering or leadership meetings. It is more like a discussion, one part of strategy here and other part there." (Buyer's representative)*

In addition, new suppliers have noticed that while different meetings are held, there is no systematic, clearly defined meeting structure in place, although this would be required. Hence, it can be argued as to whether or not routines are just not in place for new suppliers and clear meeting structures need to be built. In support of this idea, established suppliers seem to work well with buyers, although the structures differ from company to company. In some relationships, the meeting structure is even decided together, and is related to a certain type of meeting and meeting agenda in order to eliminate unnecessary meetings.

In addition to the official meeting structure, strategy is also discussed informally, for example, during dinners – most respondents actually highlight the importance of these discussions. Such discussion settings are said to be more "straightforward" for informal communication, and suppliers are more likely to be more open about their concerns, although the same topics are covered in formal meetings. In fact, buyers argue that the majority of information is given and received outside official meetings. However, it is believed that suppliers understand the different focus of these discussions. The importance of face-to-face contacts and personal relationships are also widely acknowledged in the overall communication of strategy.

"I'm confident they [suppliers] understand informal discussion as part of strategy. I suppose this is one issue why they want to meet, also outside meetings. Actions from the supplier's side are based on these discussions. They want to know the background and this is often discussed informally." (Buyer's representative)

"When I lived in Europe, I saw counterparts often. We had discussions, for example about strategy alignment – strategy was communicated well. I met many people from different levels quite often. I had and still have good knowledge what comes to communication of strategy – I have no issues with this. Meetings are both formal and informal, but we don't have for example lunches during the weekends. Some meetings are also very casual, without strict agenda, but still meeting atmosphere is there." (Supplier's representative)

"We visit one supplier and met key persons there in order to show and create commitment, i.e. people, who are usually not participating to steering meetings. We have got lot of positive feedback about this [from supplier]. This is good for us as well. It is good to see different persons, those who supplier considers as their key employees." (Buyer's representative)

To summarise, face-to-face communication is highlighted throughout the research. It is the main channel utilised for the communication of strategy – and argued to be the only possible channel for this kind of information. The study confirms that face-to-face communication creates opportunities for immediate feedback, has a personal focus and makes it easier to clarify misunderstandings by giving partners the opportunity to discuss problems. It is essential for developing trust and respect. (Dyer 1996, 278; Turner & Müller 2004, 333; Simatupang & Sridharan 2005, 264; Hewitt 2006, 87–88.) Similarly, the research concludes that face-to-face meetings maintain active and bi-directional communication, which in turn establishes communication networks and improves relationships (Cheung et al. 2003, 339–340). In other words, face-to-face contact with a partner becomes "a partner with a face" and only then do the partners really get to know each other. It is also noted that people are also more motivated in face-to-face interactions. (Chiu 2002, 199; Wagner et al. 2002, 261; Hewitt 2006, 85; Oertig & Buergi 2006, 25.)

This study finds that face-to-face interactions do not always lead to greater trust, better performance and success and, most importantly, not all interactions are not of equal quality. Thus, managers should not simply increase the number of meetings in order to improve a relationship. (Kahn & Mentzer 1998, 59; Handfield & Bechtel 2002, 375; Kalla 2005, 309; Massey & Dawes 2007, 1127.)

The literature often argues that face-to-face communication is the key to establishing a successful relationship and personal non-commercial sources become important when a relationship develops (e.g. Thompson et al. 1998, 702; Ambrose et al. 2008, 372–373). This study provides conflicting results. Even though face-to-face communication is seen as more important in the beginning of relationship, it is argued that face-to-face discussions became even more important as the personal relationship develops. Thus, it might be that in the beginning of a relationship, when trust is just developing, the parties rely more on "written" communication. The study clearly shows that although technology-based media are common, the importance of personal contacts and face-to-face communication remain essential for business relationships, mainly because telephone and e-mail are often thought too impersonal and lack human interaction. (Larson & Kulchitsky 2000, 31; O'Toole & Holden 2001, 22–23.) The study also supports the notion that the nature of face-to-face interaction differs depending on how long partners have been interacting (Ellram 1995, 14; Grönroos 2000, 12; Müller 2003, 350; Ambrose et al. 2008, 372–373); in other words, face-to-face communication improves as the personal relationship develops.

The study also confirms the impact that the explosion in the number and type of media has had on communication (Larson & Kulchitsky 2000, 36; Turner & Müller 2004, 332; Ambrose et al. 2008, 362–363), noting that electronic communication is nowadays more common. Furthermore, e-business fosters efficient communication, reduces product cycle times and makes business routines more profitable and simple. It provides a fast and low-cost way to transfer information, especially when the parties are in geographically distant locations. (Boyle & Alwitt 1999, 340; Andersen 2001, 177; Handfield & Bechtel 2002, 368; Adewole 2005, 359; Ritter & Walter 2006, 295.) While this study confirms the benefits of electronic media for some forms of communication, the main reason for utilising it is to save money by travelling less.

The advantages and disadvantages of e-mail have resulted in much discussion. It is commonly argued that while e-mails are efficient for distributing information, you need to be careful with them. For example, one of e-mail's strengths is its ability to distribute information quickly, but the use of e-mail can also lead to information overload and, similarly, e-mails can also be misused or mistakes made with regard to distribution lists or the sending out of irrelevant information. The partners' different attitudes towards e-mails, for example, due to cultural differences, are also considered a vital challenge. (House & Stank 2001, 18–19; Hewitt 2006, 78, 87.) This study also confirms that while e-mails save time, they lack a personal tone and are not the best media for getting messages across or motivating people – face-to-face communication remains superior in that respect (Larson & Kulchitsky 2000,

31; Hewitt 2006, 80; Shapiro & Nieman-Gonder 2006, 129). Similarly, it is argued that e-mail, or any other electronic media, lacks bi-directionality and although they are important, they have a limited value in developing a relationship (Hewitt 2006, 88–89).

In other words, although the use of technology is increasingly efficient and cost saving, it has drawbacks and therefore it is important to balance technology-mediated and face-to-face communication (O'Toole & Holden 2001, 23; Kalla 2005, 310; Oertig & Buergi 2006, 29). An interesting question is, how much should technology-based solutions, such as videoconferences and the Internet, be utilised for the communication of strategy? For the interviewees the answer was that they considered them only as supporting functions, and did not utilise them as the only channel.

Prior literature also states that the use of electronic media has reduced the frequency of face-to-face meetings, which hinders the establishment of collaborative relationships, because the social dimension is missing and the opportunities for personal relationship building are minor (Lancioni et al. 2000, 50; Veludo et al. 2004, 151). While that observation finds support in this research, it is also concluded that the use of electronic media has made face-to-face meetings more efficient. The study also confirms that despite their possible drawbacks, electronic communication allows companies to improve business in new ways. Thus, the influence and importance of electronic communication for efficient information sharing should not be underestimated. (Adewole 2005, 364; Ritter & Walter 2006, 293.)

The study confirms that managers prefer to use a variety of media, and the one they choose is the one that they think best conveys the message. Although face-to-face communication is seen as the best option for the communication of topics like strategy, other types of communication can be easily used to pass on other forms of information. Therefore, it is essential that the media matches the needs of the message and that managers know how and when to use different media. (Kelly 2000, 97; Larson & Kulchitsky 2000, 29, 32; Turner & Müller 2004, 332; Ambrose et al. 2008, 362–363.) It is also widely acknowledged that the channel as such is not the most important issue. It is perhaps more important that strategy is communicated in a way that allows a message to be understood and implemented. The other main point is the importance of personal relationships as it is not always the "companies" who communicate with each other. In fact, it is believed that business is always people-driven and computers should not replace personal contacts (Boyle & Alwitt 1999, 328; O'Toole & Holden 2001, 24).

Relationships involve different types of meetings, from high level strategy sharing to meetings for operational decision-making. It is important that meetings are held at every relevant level of business and that the key persons

on every level are involved. For example, the participation of directors signals trust and commitment at a high level. (Rich & Hines 1997, 218; Pheng 1999, 159; Wagner et al. 2002, 259.) The findings of the study agree with this and support a calendar-driven meeting structure, where certain meetings are held in an agreed timeframe. It can be then argued that calendar-driven communication is probably the best approach for such issues. Collaboration day, which is held once a year for key suppliers, is a channel for communicating strategy to higher levels. However, because not all suppliers participate in that, steering meetings are widely considered the main channel for distributing strategy to suppliers. In these meetings, purchasing managers mainly communicate the strategy but the widely noted problem of purchasing managers having different communication skills often leads to different types of communication with different suppliers. It is even argued that there are only a few people representing the buyer who are capable of explaining, or "opening", the strategy successfully, although it is vital for suppliers that strategy is explained clearly because a suppliers' own actions and strategy are often based on the strategy given. In addition, even though a set meeting structure could exist, there are differences in the structures and different ones are used for different companies regarding frequency, content and the calling of meetings.

In addition, it is important to define who participates in such meetings, which is also seen as a challenge facing buyers and sellers. The key question is: should all people who are involved in the process participate in all meetings? This study and the literature confirm that this is a relevant question and the finding is that often a small group is preferred (Lehtinen 1996, 166; Chiu 2002, 192; Lehtonen 2006, 461).

In addition, the importance of informal communication is emphasised. It has been stated that customer visits and spending time together over meals is important if the buyer and seller are to get to know each other and build a better working relationship. It is also much emphasised, though opposing opinions do exist, that informal communication allows less formal discussion, fosters team spirit and develops personal relationships (Daft & Lengel 1986, 560; Rich & Hines 1997, 221; Andersen 2001, 177; Oertig & Buergi 2006, 28; Giunipero et al. 2006, 834–835). This study also found that buyers and sellers try to extract confidential information at these occasions and that this is a problem with informal meetings. For example, a supplier might try to assess their performance compared to other firms by discussing information related to that informally at a casual meeting. The study also confirms that informal meetings and discussions are often considered more effective than formal ones, and that they represent the most complete communication media (Ambrose et al. & Marshall & Fynes & Lynch 2008, 370).

4.6   Satisfaction with communication

Generally speaking, both buyers and suppliers are satisfied with the way strategy is communicated. Many suppliers also highlight the fact that they are satisfied with how communication is conducted on all levels of their organisation. The suppliers are especially satisfied with the strategy communication made by sourcing – it needs to be remembered that strategy is mainly communicated by the sourcing unit. Further, although some suppliers conclude that other units, such as R&D, are also good at communicating strategy, some suppliers argue that discussions with other units are very limited. However, the suppliers do not even expect other units to communicate strategy, although it may be beneficial, especially during organisational changes. Or, as concluded by a supplier:

> *"There is nothing to improve, no problems... We don't expect to get more information." (Supplier's representative)*

However, both suppliers and, especially, buyers agree that there is potential for improvement. For example, the buyers argue that their communication related to strategy is brief, and includes only general subjects. The buyers state that strategy is now communicated clearer than previously by saying "this is what we are doing," which makes communication easier. Furthermore, it is a widely held belief that the quantity and quality of the communication of strategy is different for different suppliers – and that this causes dissatisfaction among suppliers who receive less communication about strategy.

In addition, the suppliers argue that the communication of strategy is mainly one-way, in other words, the buyer defines the strategy and merely informs the suppliers what is expected of them. These expectations are also often communicated quite late. Similarly, the suppliers argue that although such communiqués as press releases are positive, more discussion is needed if suppliers are to understand the underlying messages and what strategy means in practice. In many cases press releases are just sent to suppliers without discussion.[66] Sometimes information should also be more detailed. For example strategy is often discussed only piece-by-piece in different meetings. Thus, a more structured method for the communication of strategy would benefit both parties.

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[66] In addition, some suppliers highlight the weaknesses on the operational level, for example, those related to planning. However, they do not directly affect the communication of strategy and overall satisfaction with it.

"I just have to deal with this level of communication: it is part of my job. Buyer is limited on what it can give out to suppliers, communication is limited on need to know basis. This means that buyer tells only what is necessary and this is not so good." (Supplier's representative)

To continue, some suppliers emphasise the potential for improvement in communication, especially during large organisational changes.[67] It is also argued that while the strategy for sourcing is generally well communicated, there is less communication related to corporate strategy, although that would be important to understand. Thus, more focus should be put on ensuring the clarity of communication, since that would make managing business easier. For example, more information is often required in relation to forecasting, supplier shares and the products of the supplier as well as the buyer's future expectations of the market. Hence, it is often thought not communicating this kind of information is a buyer's strategic decision, which is made in order to avoid incorrect statements and confusion:

"I don't want to blame, but... for example, market share information and how to gain market share is not communicated: maybe buyer cannot give this information. This means that it is company confidential information, although suppliers would be curious to know." (Supplier's representative)

Buyers commonly conclude that suppliers have a different background, history and overall situation and that this affects communication and their satisfaction with it. Thus, it is important that communication, especially communication related to subjects like strategy, is planned based on the needs and viewpoints of each supplier, rather than the utilising of common material made for all, or as one buyer puts it:

"There are lot of inside issues in strategy we get from management. We need to do our own adjustments, for example, to add what can be told and what are opportunities for each supplier; what exactly can be told to each supplier or could be shared? There is always a question: can we tell this or not?" (Buyer's representative)

To continue, both parties conclude that the implementation of strategy is a challenge. For example, suppliers argue that implementation is not always aligned with "written" or communicated strategy and it seems that lower levels do not follow management's strategy. Similarly, buyers highlight the fact that a greater focus should be placed on the link between the

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[67] For example, more communication would have been needed at the beginning of the recession, although some suppliers also state that communication at that time was extremely good.

communication of strategy and operational work in order to ensure that strategy is not merely a slide set presentation. Buyers further argue that implementation is a challenge to communicate to suppliers and to lower levels within their own company. Similarly, suppliers make the criticism that changes need to be defined more clearly in the buyer's company before communicating them to suppliers.[68]

Buyers stress the importance of giving concrete examples when communicating strategy in order to better answer the question: "What does this mean to the supplier?" Without this information suppliers might not figure out the real meaning of a strategy and not get the best out of it. Buyers also wonder whether their strategy really reaches all levels in both organisations, or is only discussed at management meetings. In addition, buyers argue that maybe they should more frequently use strategic messages in negotiations – as an asset, although this might not always be fair for suppliers. However, the suppliers argue that if some information is missing, more comprehensive information will usually be distributed later. Thus, incomplete or missing information rarely causes dissatisfaction.

Overall, despite the comments and potential for improvement shown, most of the respondents are satisfied with the current quality of the communication of strategy and note that the challenges that do exist are more likely to be found on the operational level. The overall importance of communication is also emphasised in these following quotes:

> *"Of course there is room for improvement, but everyone has. I suppose all suppliers do not feel that way... that the buyer is good in communication." (Supplier's representative)*

> *"Most important is that you feel that people are communicating, you feel that there is commitment behind and you feel that people trust what they saying. This is the basis for all good communication." (Supplier's representative)*

In order to better understand why communication is satisfactory, it is important to define the positive and negative issues in current communication. When talking about positive issues, both buyers and suppliers often conclude that overall communication is good, for example, due to consistent company messages being presented by individuals at all organisation levels. The buyers also state that strategy is communicated to all suppliers – at least in some context. However, the suppliers instead conclude that top level strategy is disseminated well throughout the organisation and that lower levels are able to

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[68] There was a major organisational change on going at the time of the interviews, which might have affected the answers on how communication is made during times of organisational change.

execute top level strategy and that this is visible in their operations.[69] Communication is also thought to be open, focused, transparent, clear, regular and fast, i.e. suppliers feel that they get their information early enough. Similarly, many buyers conclude that strategy is properly communicated to suppliers and they also believe that they are relatively open in communicating strategy and sharing what they want to achieve. This openness is also expected to build trust.[70] It is also seen as positive that subjects are discussed with suppliers as soon as the need arises.

In addition, many suppliers highlight the fact that both formal and informal communication is effective. For instance, strategy is often discussed and presented in a formal way at first – official announcements via e-mail and meetings – and then informally with additional detail and information directed towards individuals. The buyer also seems to be very straightforward in their communication style, although this could be also a challenge. It is possible that the straightforward style is related to the Finnish way of doing business or it may be unique to this particular buyer. The buyers also see the initial formal communication structure used, for example in leadership and operative teams as well as on collaboration day, as positive for communication.

When discussing communication challenges the suppliers point out that there could be more communication. In addition, suppliers say they would need more information about future plans, decisions and the current situation as well as strategy overall. However, they also admit that regardless of the amount of information, more would always be better. Sometimes communication about strategic changes seems to be inadequate. Similarly, the buyers believe that they should have more discussions about strategy with suppliers, focusing on how suppliers understand where the buyer intends to go with their strategy. The buyers also admit that meetings often include many operational topics that are considered more critical than strategy, and that strategy can be forgotten in such discussions.

To continue, some suppliers argue that it would be beneficial to share strategy and ways of working with top management instead of just operational teams. Some suppliers are even more sceptical and argue that strategy is actually rarely communicated. Additionally, it is wondered whether individuals on the buyer side really believe in their strategy. If they do not, this

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[69] A contrasting view is that many suppliers also state that good communication is related to particular units and individuals only, such as sourcing.

[70] The buyers emphasise that not all information can be shared and that there are tight rules about what can be revealed. This means being careful about what suppliers are told. If you promise something impossible, it can easily lead to the discussion that the buyer does not keep promises when the promise is not kept.

may partly explain why the communication of strategy is sometimes considered poor:

> "Has customer communicated strategy at all? My personal opinion is that this customer is not good at communicating strategy. There is a web page, but key elements for us are missing: it does not go 'enough down,' not enough helpful information for supplier. This is an area customer can improve a lot." (Supplier's representative)

> "Do people in customer side believe in the strategy? Some elements in strategy and activities taken by organisation are not aligned, they are even conflicting. Is it so that people do not trust strategy and they are working in different way or is it due to fact that strategy is not distributed to 'low levels' internally in customer side? Personal agendas affect also – whether you trust to strategy or not... Important is: First, how to fulfil requirements in strategy. Second, you need to open the strategy for people, although it makes communication more difficult. And, third, the whole organisation needs to trust to the strategy." (Supplier's representative)

> "Maybe the whole organisation in buyer side is not trusting strategy. For example, when I asked about one strategic direction, customer representative was not able to answer, stating only that 'this is not my job, forget it'. This means that corporate strategy has not been brought to lower levels in customer's organisation. 'Why spend time for this?' And, 'what this is for me' are anyway key issues and management should explain strategy so that these can be answered: similarly, we [supplier] should get answer for those." (Supplier's representative)

Suppliers also state that they are not told enough about some strategic decisions and only receive generic answers for detailed questions, though suppliers suspect that the buyers may not always know more. Sometimes there are also unexpected requests from the buyer, which are sent only via short e-mails, but which would really require a meeting. Another observation is that information is sometimes shared late and feedback is not given. Nevertheless, the suppliers clearly state that the buyer is good at communicating.

The buyers also conclude that many individuals in the buying company communicate strategy to the suppliers. Although this is good, it can result in challenges because everyone has their own communication style and will highlight different issues. It also leads to the opportunity for suppliers to "manipulate" and create conflict if the messages are not exactly the same. The fact is that, for key suppliers, strategy is communicated in detail by management, while, for others, communication is limited and communicated only by purchasing managers – and not all purchasing managers have sufficient skills

for communicating strategy. In support of that observation, even the buyers argue that they have only a few people capable of "opening" strategy, both internally and externally. Communicating strategy is seen as sales work and the best strategy is the kind that people want to implement. Thus, how strategy is opened is important. In addition, the buyers argue that suppliers are not always good at utilising the information they receive.

The buyers also argue that they might have internal problems when communicating strategy because it might not be completely understood by the different levels, and putting it into operation may create challenges. Additionally, messages can change depending on whom they are discussed with, though the messages are usually consistent. There may also be differences between top management and purchasing managers as to how they see the strategy, and how that affects communication. Thus, buyers argue that tailoring strategy to each supplier is important, i.e. highlighting the messages to suit each supplier's perspective, though the central message should remain the same. However, tailoring is not utilised for every supplier. It is also stated that strategic messages can change rapidly, which can make communication more challenging, especially if the strategy is not as long-term oriented as expected.

In addition, the buyers highlight the importance of communication material. According to them, it should not be "copy-paste" from their overall strategy, but specific for each supplier. Many buyers actually call for strong and clear external communication material that is produced by management as this would align messages for all suppliers and make communication easier for purchasing managers. In other words, communication today is highly based on individuals and their communication skills. Education, training and the practice of sharing information are also seen as important in the communication of strategy.

The buyers also argue that their organisation, and especially sourcing, is a top-down organisation, but that it would be important to get the organisation also working bottom-up. The importance of these bottom-up messages is highlighted by many respondents. Similarly, it is stated that although the buyer does much follow-up work, this does not always result in action. For example, if some part of a strategy is highlighted in a top-down mode – by management – this may not work on an operational level. In fact it could be possible that its implementation, either by the buyer or the supplier, is not possible due to the top-down nature of the message. Operational teams also think that the strategy communicated by top management rarely has anything for them. Thus, they often do not work according to those communiqués but focus on what they consider best for completing their tasks. In other words, more focus should be put on executing and implementing the strategy:

"We can be a bit old-fashioned. For example, some purchasing managers don't see the benefits of strategy. You can see it when they ask questions like: 'Why use supplier A, when supplier B is already good?' However, it is our responsibility to drive strategy correctly, to enable operative work and execution." (Buyer's representative)

To continue, the buyers agree that basically they do not have only one strategy as such and indicate that it is always formed according to the portfolio and roadmap for the supplier. Thus, what is meant by the communication of strategy could be ambiguous. Sometimes suppliers are also too curious for the buyers about business issues, which are not to be revealed to them, such as their position of importance in the buyer's business. To continue, if a supplier is told that they are a key supplier and strategic partner, it is believed by the buyer that they can overestimate their meaning and importance, resulting in the understanding of their partnership in a way that is different to the buyers'.[71] Table 14 summarises the suppliers' and buyers' opinions about what is positive and negative in the communication of strategy.

In sum, this study investigates satisfaction as an outcome of communication and examines it from the perspective of how good or bad a partner feels about communication between buyers and suppliers. Thus, defining what is currently good and bad in communication is important (Mohr & Nevin 1990). The research concludes that although there are good issues with communication, there is room for improvement. Both parties agree on the importance of sharing strategy with suppliers. It is important for understanding their current status and the future development of the partnership. Generally speaking, buyers are also more interested in discussing the positive, negative and improvement possibilities of communication.

Furthermore, both parties state that positive communication is open, clear and direct, and that it is structured to take place at regular intervals in a clearly defined meeting structure. It is desired that communication is a rapid process, where changes are communicated soonest but that the messages sent by different individuals and organisation levels are also consistent. The suppliers' state that, with some exceptions, uniform communication occurs at all levels of the buyer's organisation, allowing for effective implementation. The buyers stress the need for more collaboration days and face-to-face discussions. Nonetheless, both parties conclude that strategy is well communicated and the buyers communicate their needs well. The literature supports the notion that greater cooperation leads to higher levels of satisfaction (e.g. Jonsson & Zineldin 2003, 224), which is also a conclusion of this research.

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[71] They can for example refer to a theoretical definition of partnership. Thus, the buyer actually avoids using the terms strategic partner or partnerships, but discusses key suppliers instead.

Table 14   Positive and negative aspects in the communication of strategy

	Suppliers' opinions	*Buyers' opinions*
Positive	• Communication is open, clear and straightforward • Consistent messages • People are good at communicating • Communication is regular • Communication is fast: updates are communicated as soon as possible • Top level strategy is communicated well throughout the organisation • Communication is focused	• Collaboration day • Communication structure in use • Strategy is well communicated • Communication is open, clear and straightforward • Communication is efficient • Face-to-face discussions • Communication is fast: updates are communicated as soon as possible
Negative	• More communication is needed: detailed/background information not shared • Future insights missing, especially related to technology • Following and executing strategy on lower levels • Clarity about what is needed missing • Late information sharing • Possibility for feedback missing • Too much e-mail only discussion • Too straightforward • Communication overall is poor	• More discussion needed on how strategy is understood vs. desired meaning • Communication is not always sufficient • Collaboration day is too exclusive • Differences in communication between different suppliers and communicators • Communication is not tailored for each supplier • Implementation is slow, promises are not always kept • Differences between how strategy is seen: top management vs. operation level • Openness seen as negative: competitors are learning due to openness • Internal challenges with communication

Companies with a high level of satisfaction regarding their communication generally believe that suppliers are better at communicating and cooperating. They also find that satisfaction is significantly higher in relationships with high levels of trust and commitment as well as a good reputation and close cooperation (Jonsson & Zineldin 2003, 232–233). The same conclusion is drawn by this research, which also finds that supplier management performance has a significant impact on satisfaction. This study also calls for structured action from management in relation to communication. Similarly, if the quality of information is high, the quality of inter-personal relationships between communicators often improves as well. This study confirms that

those people who enjoy working together and consider the quality of information passed between them to be high are more likely to be satisfied with the business relationship overall than those who find the quality of the information to be low (Rodwell et al. 1998, 279; Large 2005b, 35).

The biggest challenges seem to be not related to communication as such, but to the execution of strategy. Thus, both parties, but especially buyers, highlight the importance of receiving precise and clear messages from top management. They argue that strategy should not be a generic presentation, but should be tailored to the needs of each supplier. The suppliers argue that more communication is required, but add that more information is always needed. However, this could possibly lead to information overload. In addition it can be argued as to whether more detailed communication, and thus increased satisfaction, would lead, for example, to extra purchases, less price sensitivity and long-term loyalty (Jonsson & Zineldin 2003, 225–226).

According to the suppliers there is also too much e-mail only discussion, which reduces the possibilities for feedback. Similarly buyers highlight the need for more discussions to ensure that strategy is understood in the desired way. Buyers further conclude that there are differences in communication between different suppliers and between different communicators and this is seen as a challenge. Buyers also consider the challenges in internal communication and how that then affects communication with suppliers. Thus, buyers strongly call for clearer communication material to be produced by management. This is slightly in conflict with the findings of earlier research on the subject which state that a partner's freedom to choose a preferred method of communication affects satisfaction (Ganesan 1994, 4; Shapiro & Nieman-Gonder 2006, 140). Similarly, suppliers highlight the fact that although communication is a fast process, some information is communicated very late. One observation about this, which is perhaps related to the need for late communication, is made by those buyers who argue that even if openness is a positive issue in current communication, it is also negative because competitors can learn much from such openness.

The research clearly confirms the relationship between satisfaction and perceived relationship success (Kauser & Shaw 2004, 21). When talking about satisfaction with communication, both parties are satisfied with their current communication – although the potential for improvement is ever present. For example, the implementation of strategy is not always "aligned" with the communicated strategy. The suppliers also argue that more discussions would be needed to sure that strategy is understood correctly. It is actually argued that communication is mainly one-way as the buyer defines the strategy and just informs suppliers. Similarly, buyers conclude that sometimes their communication is brief and short, including only general topics. The buyers

also highlight the fact that since suppliers have a different background, history and situation, their communication should always be based on the needs and viewpoints of each supplier – and this would most probably increase their satisfaction as well. In contrast, general communication is kept short to avoid confusion and the overall result is that strategy is considered to be clearer for all, making communication easier.

The research confirms that satisfaction is often related to behavioural variables, such as trust, commitment and co-operation. Similarly, communication is seen as an important factor of overall satisfaction. To continue, satisfaction is related to communication quality as when partners perceive that communication is of a high quality, they are more likely to be satisfied with it. Thus, a high overall level of satisfaction can lead to an interest in expanding business and reduce relationship terminations (Mohr & Sohi 1995; Jonsson & Zineldin 2003; Large 2005b; Ulaga & Eggert 2006). This study recognises that other factors, especially financial ones, strongly influence such decisions as well as overall satisfaction. In addition, satisfaction is closely related to personal relationships and this is confirmed by this research. For example, the study confirms that even when a purchaser is not truly satisfied with a supplier's performance, he can be highly satisfied with a supplier due to their strong personal relationship (Rodwell et al. 1998, 279; Large 2005b, 35). Thus, evaluation methods based solely on people's feeling of satisfaction need to be treated carefully and these findings are clearly visible in this research as well (Prahinski & Benton 2004, 42–43; Large 2005b, 35). To continue, this study concludes that many factors lead to satisfaction or dissatisfaction, and defining those factors is vital as doing so can lead to new working methods and increased relationship satisfaction (Jonsson & Zineldin 2003, 224).

5 CONCLUSIONS

5.1 Theoretical and managerial implications of the study

5.1.1 Factors constituting communication between a buyer and a supplier

A working relationship is constituted from any number of different factors (Jonsson & Zineldin 2003, 225). Similarly, communication in a relationship can be defined by different factors. In this research, communication between a buyer and a supplier is investigated by focusing on communication quality, more specifically on the quality of the content of communication, the quality of the communication process and the quality of the relationship between the partners. This classification is closely based on Mohr and Nevin (1990), Large (2005b) and Phan et al. (2005).

When discussing those factors that constitute communication in a relationship, the discussion needs to begin with a question about the central factors and the success factors of a relationship in general. While many success factors have been proposed, the most often mentioned are trust, commitment, communication and co-operation (e.g. Mohr & Spekman 1994; Morgan & Hunt 1994; Abratt & Kelly 2002). A widely held opinion is that behavioural characteristics, such as communication, have a more significant role in explaining the overall success of a relationship (e.g. Kauser & Shaw 2004, 17). This research indicates that although behavioural factors are important, they do not replace the central position held by more tangible factors, such as profitability, costs, technology and quality – at least with reference to the business investigated for this research. It can thus be argued as to whether this reflects the notion that the importance of behavioural factors is often an under-recognised aspect in the relationship context.

In addition, when discussing the definition of a long-term relationship, the theoretical framework seems to highlight different issues rather than practices. Similarly, the meaning of a long-term relationship can be understood differently by the partners involved and this might cause confusion when one party, usually the supplier, works according to the definition found in the literature, while the other party has a different understanding of what a long-term relationship includes. For example, the literature often argues that a long-term relationship includes "seamless information sharing between partners". Based on this, the suppliers expect that all information will be shared, while the

buyers conclude that although communication is open, not everything can be shared, and nor should it be. Similarly, although a win-win situation and the complete sharing of benefits and risks are highlighted as important character-istics of a long-term relationship, suppliers are especially liable to argue that this is not always visible in practice. Despite these arguments, the research demonstrates the central role of trust, commitment, co-operation, personal relationships and communication in the business relationship context.

While trust and commitment are widely studied concepts, communication has a lower value, although its centrality to a relationship context is widely acknowledged. Therefore, this research focuses on communication, in partic-ular, on the communication of strategy. This is investigated in the light of communication quality. The characteristics of the quality of the content of communication include accuracy, adequacy, clearness, completeness, consistency, content, frequency, reliability, relevancy and the timeliness of communication; the quality of the communication process includes the characteristics of bi-directionality, direction, openness and the formality of communication; the quality of the relationship between the partners includes personal relationships, co-operation, trust, commitment, risk and reward sharing and fairness. In addition, communication channels and the buyers' and suppliers' satisfaction with communication are included. The study clearly shows that these factors are central for the communication of strategy and that communication in the relationship context can be explained with reference to these factors.

5.1.2   Conducting communication between a buyer and a supplier

Another important question for the study is how the communication of strategy is really conducted in a relationship context. This closely refers to the communication channels, the meeting structure as well as the quality of the communication process. The importance of face-to-face communication in communicating strategy is highlighted throughout the research, even though there are many options available for communication, the communication of strategy is expected to take place face-to-face, though, teleconferences are considered good for some meetings,. Nonetheless, the interviewees wondered whether video- and teleconferences will replace face-to-face communication with suppliers since they are already utilised to some extent, are time and cost efficient communication tools, and the buyer's internal communication already relies heavily on them.

The main channel for the communication of strategy is collaboration day, which is conducted once a year with key suppliers. However, even though this

is seen as the main channel for strategy communication, many respondents highlight the importance of steering meetings when communicating strategy – mostly for the reason that not all suppliers participate in collaboration day. At these meetings it is often the purchasing managers who communicate strategy to the suppliers i.e. strategy is discussed by employees who are just below the level of top management. Thus, buyers and, to a lesser extent, suppliers, often argue that the communication skills of individuals significantly affect communication. Also, since suppliers are highly dependent on how strategy is communicated and how they understand it when implementing it, it would be very important to focus on communication at this level. Some buyers even state that there are only a few individuals in their company who are capable of communicating the strategy in a satisfactory manner. This highlights the need for clear communication material, which should be specific for each supplier. In addition, there are clear differences as to how strategy is communicated for each supplier, depending on the supplier's importance to the buyer.

When discussing meeting structures in general, the research supports a calendar driven meeting structure. The research also indicates that although a meeting structure exists for most suppliers, there are differences between the meetings arranged for the suppliers. The differences are related to issues such as the naming, frequency and content of meetings. Thus, it can be argued whether the streamlining of the structure would be needed. However, none of the respondents conclude this directly. In addition, although the selection of the communication channel is important, it is more important that the strategy is communicated, understood and made concrete, so that it can be implemented in the best possible way.

Many respondents also highlight the importance of informal communication supplementing official meetings and state that both channels are frequently utilised. It is believed that informal communication methods carry more influence and have more importance when discerning the big picture of a strategy. Formal communication is instead considered shorter, more limited and unable to create a direct and open discussion, which is a vital part of a relationship. For example, even though a buyer asks for honest feedback, they rarely receive it in a meeting. However, suppliers seem to be more open with their opinions when discussing issues informally. This suggests that although the literature often highlights formal communication as being more effective and complete, the research contradicts those conclusions and indicates that informal networks can be even more successful in close relationships.

Informal communication is related to openness, culture and personal relationships. Thus, it is often valued more and considered a way to build trust by the interviewees of this study. However, the research also suggests that informal communication can present challenges or even be dangerous and

unreliable. This is because people also try to utilise informal channels to gather more information than the partner would wish to reveal. In addition, although many respondents highlight the importance of informal communication, the importance of formal communication is not questioned. It is also needed – and the buyer is actually seen as a formal company that uses formal communication to present a great deal of its information. It is also considered a strong, clinical and direct company. Most importantly, the messages presented formally and informally are consistent.

5.1.3   Key factors in successful communication between a buyer and a supplier

The successful communication of strategy depends on many issues and the constructs studied in this research seem to successfully describe communication. However, there are a few constructs which are more relevant than others.

The accuracy of information is considered essential for successful communication, especially with respect to presenting the big picture as well as aligning communication. Similarly, the timeliness of communication is highlighted. It is often compared to the up-to-date dimension of communication and not to the correctness or trustworthiness of information, and these characteristics are highlighted in the literature. Also, the relationship to satisfaction is not directly evident in this research, although this link can be assumed due to the importance of timeliness. In contrast to much of the theory on the subject, this research also considers the relationship between timely information and bi-directionality. The established theory expects that the timeliness of information improves as a relationship develops, however, this is not found by this research.

The clarity of communication is also considered an important construct for successful communication. First, the clarity of communication was found to be highly dependent on the individuals involved in the discussions. Secondly, the relationship between clarity and the repetition of information was confirmed as strategy was repeated often and consistently. Thirdly, a better understanding of strategy in both organisations increased the clarity of communication between the buyer and seller. The importance of clear communication material, that is specific for each supplier, was also highlighted when discussing clarity. These findings are new.

Furthermore, the completeness of communication is considered important. Information is considered complete when the whole story is told and this depends on good preparation work being done, which emphasises the responsibility of communicators. However, buyers especially state that not

everything can or should be shared, and this could affect the feeling of complete information sharing. The research also finds a link between completeness and the amount of information given, in other words, it is not only the content or quality of communication which captures the completeness of communication, but also how much is actually communicated. According to this study, completeness is also related to having only "one message," the accuracy of the communication as well as open and focused communication. These relationships are not specified in the prior literature on the subject.

The frequency of communication is also central to successful communication. It is also rated high in certain relationships because there are many opportunities to discuss strategy and it is frequently referred to. This suggests that although frequency often refers to the quantity or amount of communication, it is not always clearly visible in this research. The research also proves the importance of having a structure setting out the frequency of meetings; if a meeting structure is in place, the communication of strategy results in automatic dialogue, which is discussed in an agreed timeframe. In addition, the research supports the relationship between frequency and familiarity. People, who know and like each other and meet more frequently, will naturally share more information. Similarly, "personal" knowledge seems to result in the more frequent sharing of communication. In contrast to the theoretical framework, this research does not consider information overload a problem and argues that suppliers would prefer more communication in all circumstances.

Prior literature often states that there is a close linkage between the frequency of communication and geographic distance. For example, there are more meetings when parties are located close by. However, although this research confirms the linkage, it does not emphasise it. For example, being near or far is not seen as a reason for finding improvements or shortcomings in communication. Instead, analysing communication based on the perspectives of the interaction of individuals and different cultures is emphasised. One reason for this might be that the companies involved in the study are multinationals, and are thus used to communicating by use of different channels. In addition, there seem to be only a few differences between external and internal communication, although the literature often considers internal communication more frequent. In fact, this research states that external communication can actually be more frequent than internal. The study also finds that there is little difference in the influence that external or internal communication carries, but that successful communication is more likely to result from the characteristics of the individuals giving and receiving the information and the difficulty of the topic under discussion.

Reliability is also considered a very important factor in communication. For example, it is seen as the most important issue for decision-making. The research finds that when people are considered trustworthy and reliable this increases the feeling of reliability with respect to their communication of strategy. This focus on the individual is emphasised in this research more so than in the theoretical framework. To continue, the research shows the relationship between reliability and actions, even though this is not directly visible in the theory. It was said that when people see that there are no differences between what is said and what is actually done this increases the feeling that the partner is reliable. However, and in contrast to the theory, the research also links reliability closely to proper documentation, the consistency of the messages, telling the truth i.e. having no hidden agendas as well as the accuracy of the communication. Reliability and accuracy are even considered to be virtually the same thing by some interviewees.

According to this research, the most important factor in communication is relevancy, since it allows people to fully understand the information. It is linked to the clearness of communication, good overall communication and this refers mainly to the relevancy of the content of the message – not communication as such. The research also demonstrates that having broader information content – adding information which might not be extremely relevant for the topic under discussion – increases the feeling of communication relevancy. Relevancy is highly dependent on the type of information as not all information is considered relevant or accurate. However, while the literature highlights the close relationship between relevancy and individual-dependency, this is not that evident in this research

Another main characteristic of successful communication is consistency as it specifies that an organisation's words and actions are in harmony. It is related to reliability and trust, as well as culture and clear and good communication. For example, when a strategy is clear, consistent messages are easier to maintain. This research also shows that consistency is highly dependent on the individuals involved. For instance, inconsistency, which causes misunderstandings, is often related to messages that deviate from the company strategy and which often involve an individual putting forward their own ideas.

In addition to those factors, the research suggests that the key to successful communication is regular, clear communication that is presented systematically by partners that jointly define the content of the information given out. In addition the partners have to be clear about frequency, responsibilities and the organisational level attending each meeting. Furthermore, personal connections, bi-directionality and openness, especially in relation to challenges, are considered factors which successful communication depends on – along with

trust and commitment, although those can be considered to be closer to relationship-specific topics, rather than directly related to communication.

The study clearly concludes that there are many factors which result in successful communication and that the successful communication of strategy, or any other topic, is always a combination of many factors. This fact makes communication a multi-dimensional and interesting topic.

5.1.4   The communication of strategy and satisfaction with it

This study highlights the importance of management's role when communicating strategy. The successful communication of strategy depends on how management is able to describe the strategy so that lower levels can execute it successfully. Although this is valid both in the inter- and intra-organisational context, it can be argued that this is even more important in the inter-organisational context as a supplier's own strategy and actions are often based on how they interpret the buyer's strategy. Executing and interpreting strategy also seems to result in most of the practical challenges – both in the inter- and intra-organisational context.

The study suggests that current communication about strategy is satisfactory for those parties interviewed for this study. This is mainly due to the fact that communication is considered open, timely and complete. In addition, the fact that strategy is communicated to many levels of an organisation and constantly repeated helps increase the feeling of satisfaction with its communication, especially among suppliers. Having a consistent message is also identified as a factor that leads to satisfaction with the communication of strategy. The messages from different individuals, organisation levels and channels were found, in most cases, not to be contradictory. Frequent communication and a clear meeting structure also seem to be reasons for satisfaction with communication.

Despite their overall satisfaction, both parties conclude that this is an area which can always be improved. For example, suppliers state that more discussion would be needed on the content of strategy and what it means to the different parties in practice – as this would increase understanding and benefit both parties. Furthermore, it was suggested that such discussions should also be conducted with all units involved in the business relationship.

In addition, both parties argue that although the communication of strategy is good, implementation can sometimes result in challenges or not be aligned with "written" strategy, which is seen as a challenge not only for the supplier, but also internally for the buyer organisation. Thus, buyers especially highlight the importance of more concrete examples when communicating strategy,

since those would better answer to the question "what does this mean for the supplier". Without this, it might be difficult to figure out the real meaning of a strategy and not get the best out of it. Similarly, the importance of disseminating strategy to all levels of both organisations is emphasised because this is the only way strategy can be properly executed and implemented. To continue, one reason for the ineffective execution of strategy is that the lower levels, who usually implement strategy, do not know enough about the strategy or do not follow it – either intentionally or unintentionally.

Similarly, the information shared is not always detailed enough. For example, suppliers quite commonly state that communication is limited to a "need to know basis," where the buyer gives the information that is necessary. Similarly, buyers conclude that generally their communication of strategy is quite brief and includes only generic and scorecard related subjects. Some suppliers also argue that information is often communicated quite late and its accuracy is poor, although these problems are often related to operational issues and do not directly affect the communication of strategy and satisfaction with it. This raises the question of whether the current volatile markets partly affect the release of inaccurate information.

Further problem areas were found to be that strategy is often one-way, meaning that the buyer defines the strategy and communicates it, although it includes subjects that define the role of suppliers and ways of working. Hence, more co-operation and bi-directionality would benefit both parties, for example discussing sensitive subjects, such as future possibilities, would enable partners to operate more effectively together. In relation to this, suppliers highlight the need for more information regarding subjects such as technological requirements, as they have high significance in these relationships. It is also emphasised, especially by suppliers, that more focus should be put on clarity and the openness of communication. This is particularly related to subjects that directly affect suppliers, such as market shares, products and future expectations, because more openness would make managing the business easier for suppliers. This raises the question of whether this is a strategic decision from the buyer, because not making a statement – on issues like expectations – ensures the avoidance of incorrect statements. It also reduces the risk of competitors finding out confidential information.

It is further argued by both parties that tailored strategic messages would benefit all participants. Tailored messages always involve a question of "can something be told or not?" However, a clear external summary of strategy would play an important role in helping align buyer and supplier messages and make communication easier for those employees who communicate strategy to suppliers i.e. purchasing managers. This in turn highlights the finding that the communication of strategy depends on individuals and their communication

capabilities. In addition, both parties find that there are differences in the quantity and quality of communication given to different suppliers. However, despite the challenges and potential areas for improvement that have been indicated, it needs to be kept in mind that the overall finding of this research is that satisfaction with communication is generally high for those involved.

Another issue is how much does the buyer-seller relationship affect communication? For instance, everything might work well in a good relationship, even if it does not have good communication, but if a relationship is poor, good communication cannot save it. In addition, the respondents argue that sometimes something is not communicated but argue that, even in a long-term business relationship, some things need not be communicated. It is also interesting to note differences in opinions about how much information is needed by suppliers. In order to compare opinions more accurately, the buyer-supplier relationship and business cycles would need to be matched more closely, unfortunately this was not possible to do in the studied relationships.

The importance of the communication of strategy, as well as communication overall, is highlighted throughout the research and is a topic which requires more research: both theoretical and practical.

5.2   Limitations of the study and implications for further research

There are several limitations to the study. First, the findings of this study are limited by the industry-specific nature of the sample, which was conducted in the electronic manufacturing industry. The results might not be generalisable or universally applicable, although it can be argued that the findings can be generalised to other industry contexts as well, especially industries with a similar business environment and circumstances. This suggests that the opportunity for future research lies in studying the same subject but in a different industry and focusing on relationships where services are exchanged, instead of products.

Secondly, the research used qualitative in-depth interviews but with a limited population sample. A larger sample combined with a different research method could provide additional insights into the studied subject. The research is limited to nine buyer-supplier relationships involving a single multinational buyer organisation. This means that although a range of purchasing contexts are considered, the findings have limited application. To create a more holistic understanding of the communication of strategy, the influence of different industries, cultures and leadership types should be assessed as well.

Thirdly, several important constructs for relationships, such as trust and commitment, were not studied in detail in this study. This might have

influenced the results and therefore they would require consideration in the future. Another question is, do the communication elements investigated here represent all the aspects of communication? Similarly, these elements might not be the only characteristics of communication contributing to its content and success. For example, stakeholder related characteristics and corporate factors are excluded from this study. In other words, a number of other dimensions of the buyer-supplier relationship, such as technology development, quality and price, would be needed to fully assess the impact of the communication of strategy in relationships.

Fourthly, the conceptualisation of the construct is limited in some cases. For example, satisfaction focuses only on the extent to which respondents perceive communication as satisfactory, although other conceptualisations might offer additional insights. This observation holds for other constructs as well. The model also includes only variables that are relevant for this research, but other important variables of communication were excluded.

Fifthly, the research focuses on the quality of communication between buyers and suppliers i.e. only one part of total value chain. It would be interesting to compare the result to other parts of the value chain, such as the relationship between the producer, which in this research is buyer, and the consumer. Similarly, it would be interesting to see how the communication between the buyer and supplier affects a third party in the value chain, such as the consumer, or if it affects the consumer at all.

Sixth, the synthesis of respondents is a concern. In this study, the focus is on opinions expressed by important and current suppliers. Although the study does not seem to suffer from this limited approach, future research should enlarge the focus and include less important suppliers or suppliers with whom the relationship has been terminated. Doing that would add an interesting extension, as it would produce a more comprehensive picture, more comparisons and the identification of possible differences, if any.

Seventh, an important issue is also "silent, implicit information", which is not investigated in this research. It can be argued that since informal communication is considered very important, silent information would also be worth investigating. For example, it would be interesting to investigate how this silent information is passed on before employees move to a new position.

Eighth, when studying the literature, this study relied on communication research and relationship marketing. It would have been interesting and useful to expand the theoretical framework to include knowledge management, strategic management and strategic communication.

In sum, further research should address the limitations of this study, which are the selection of a single buyer company, the limited number of cases analysed and the lack of longitudinal data. For example, longitudinal research

would allow the analysis of communication as the relationship develops. In particular, more complex communication constructs need to be developed to ensure that future studies move beyond typical questions on communication used in this study. Should a more incisive survey instrument be developed, its findings would provide valuable insights into communication in buyer-supplier relationships in the wider context. Some limitations related to the data collection process can also be identified and were discussed in chapter 3.3. To continue, although it is argued that communication increases over time as a relationship matures, the time dimension is not incorporated into this research.

5.3   Repeating the target of the study – conclusions in brief

This study increases our understanding of how a buyer and supplier communicate important topics, which are here defined as strategy. First, a conceptual model including factors of strategic buyer-supplier communication is proposed. Secondly, the factors are empirically examined in the area of a high-technology industry. This ensures the study has a clear overview of those factors that are important for the successful communication of important topics. This means that in addition to the theoretical insights, this study offers several managerial insights into the role of communication between a buyer and supplier, i.e. in the relationship context. Thus, the results can be used as a benchmark when deciding communication processes in organisations, especially between buyers and suppliers, or any other external parties. However, it needs to be kept in mind that the conclusions are based on certain relationships in a particular industry and may not be applicable to all situations. However, they are presumed to be relevant, at least in some contexts, for any long-term inter-organisational relationship. In addition, the research provides useful insights and findings on the subject of communication between buyers and suppliers:

1.   Although communication, among other "soft factors," is important in the relationship context, it does not replace the leading role of more tangible factors, such as financial, technical or quality related factors. However, this might also mean that the importance of communication is still an as under-recognised aspect of relationships. It is not clear whether focusing more on communication would result in more benefits for both parties involved.

2.   The communication of important topics, as well as communication in general, is highly dependent on individuals and their communication capabilities. In other words, a personal relationship between individuals enhances business communication and communication

improves when people know each other. This in turn highlights the importance of interpersonal communication.

3. There are differences between the buyer and supplier regarding expectations about what a long-term relationship as well as communication in the relationship context really means. Such issues arise in relation to the level of openness or information sharing, and they create challenges for communication.

4. The research indicates the importance of culture and cultural differences in interpersonal relationships and business relationships. In practice and theory, the influence of culture is often under-recognised.

5. All communication aspects studied focus on people i.e. the aspects are found to be highly dependent on individuals and how individuals work or behave. They are focused on, for example, the business status or type of the relationship. The focus on individuals and their role in successful communication is also emphasised. However, although suppliers often highlight the personal rapport they have with buyers, the buyers are more likely to highlight their professionalism in doing their job.

6. Although bi-directionality is considered important, communication – especially that related to the communication of strategy – is often one-way from a buyer to supplier. It is the buyer who decides strategy and then informs suppliers, expecting them to implement it without much discussion.

7. Although both parties are more or less satisfied with their communication, they also recognise the potential for improvement. This suggests that the quality and quantity of communication fluctuates; it is always improving or declining.

8. Buyers are more likely to highlight the potential for improvement. This might be related to fact that suppliers are highly sensitive about what they say about the customers, although confidentiality has been promised. This most probably affects the quality of this research as information was likely withheld from the researcher.

9. Although this research focuses on the communication of strategy, many conclusions are valid beyond that limited scope and can be generalised under the subject of communication as such. In other words, it was not always evident if the respondents were referring to communication in general, or the communication of strategy.

10. Satisfaction with communication is always the sum of many factors and the multi-dimensional nature of the concept of the communication of strategy should be acknowledged.

Creating successful relationships between organisations is essential in many industries and especially for multinational companies, which are highly dependent on both internal (intra-organisational) and external (inter-organisational) relationships (Jonsson & Zineldin 2003, 224; Veludo et al. 2006, 201). One aspect of a successful relationship is communication that works well and is actually related to many operational areas. However, information sharing between and among different organisations and cultures is difficult, but is worth pursuing as it strengthens relationships, integrates organisations and strategies, plays a critical role in organisational learning and helps gain and maintain competitive advantage (Duncan & Moriarty 1998, 5; Lee 2001, 323-324; Kalla 2005, 303). Therefore, based on the conclusions of this research, it can be argued that the subject of communication would require more research and that companies should spend more time on defining effective communication strategies, both internally and externally. As Gróf (2001, 193) concludes, companies with effective communication strategies are usually successful, but those without tend to fall short of optimal performance.

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APPENDIX 1
SUCCESS FACTORS OF RELATIONSHIPS

Developing a model of partnership success begins with the question of what partnership success means. Mohr and Spekman (1994) use objective indicators, e.g. the sales volume flowing between dyadic partners, and affective measures, e.g. the satisfaction of one party with the other. The latter is based on the notion that success is highly determined by how well a partnership achieves performance expectations (Mohr & Spekman 1994, 136). Success can also be measured by indicating a purchaser's perceptions of supplier performance or by perceptions of a buyer's satisfaction with a partnership (Large 2005b, 30; Kannan & Tan 2006, 762).

The literature also addresses linkages between inter-firm behaviour and relationship success (e.g. measured by satisfaction and commitment), between relationship quality, process and the structural elements of a relationship as well as between inter-firm process behaviour, i.e. the level of cooperation and achieved outcomes (Frazier & Spekman & O'Neal 1988, 61; Nielson 1998, 449). Success is also expected to depend on relationship development and buyer behaviour (Claycomb & Frankwick 2004, 18). Bishop (2006) considers success as self-reported and asks respondents to judge to what extent they consider their communication or relationship successful (Bishop 2006, 228). In other words, relationship success includes both business and end-user perspectives and it is often related to "soft" issues, such as partners' attitudes or relationship atmosphere (Lehtonen 2006, 449, 459). In addition, although partnership success is often related to continuation, it does not accurately capture success – some partnerships are purposively dissolved after a period of time (Mohr & Spekman 1994, 136). This means that there is no single adequate measure for partnership success. A key question is, what criteria are used to judge success? (Kauser & Shaw 2004, 30; Bishop 2006, 228).

Researchers have continuously focused on investigating factors leading to success. Although different success factors are identified, the most often mentioned are trust, commitment and communication. In other words, they are often behavioural or attitudinal in nature. Table 15 summarises the success factors identified.

Table 15   Success factors in a buyer-supplier partnership

Author	*Success factors*
Mohr & Spekman (1994)	Coordination, commitment, interdependence, trust, communication strategies used by parties, communication behaviour (communication quality, information sharing, participation), conflict resolution (joint problem solving, avoiding the use of smoothing over problems, resolution tactics), joint participation in planning and goal setting, similarities across organisational cultures.
Ellram (1995)	Partner contribution (incl. "added value", total cost perspective), personnel issues (incl. trust, openness, reduced supplier base, interaction (incl. communication in many levels and functions between companies, completeness of information).
Krause & Ellram (1997)	Two-way communication, supplier evaluation and feedback, top management involvement, total cost focus, long-term perspective, cross-functional teams, purchase of a major amount of supplier's sales
Maloni & Benton (1997)	Cooperation, trust, goodwill, flexibility, conflict handling, management support, communication, central coordination, attitude, shared goals.
Napolitano (1997)	Management support, involvement
Rodwell et al. (1998)	Self-directed work teams, gain sharing, direct participation in decision-making, communication and continuous process of change
Thompson et al. (1998)	Professionalism, leadership, trust, personal compatibility and cultural fit between organisations
Mohr et al. (1999)	Satisfaction, commitment, coordination
Cheng & Li (2001)	Top management support, mutual trust, open communication, effective co-ordination, joint problem solving and team building
Lee (2001)	Knowledge sharing, partnership quality
Tuten & Urban (2001)	Hard work, quality of work, persistence and good communication
Abratt & Kelly (2002)	Communication, trust and commitment
Cheung et al. (2003)	Attitude-, performance- and process-oriented factors. Attitude-oriented include e.g. trust, honesty, openness, integrity, communication, relationship, co-operation and job satisfaction.
Jonsson & Zineldin (2003)	Communication, reputation, adaptation, coercive power, interdependence, innovation and improvements, (internal) cooperation, relationship bonds, dependency, relationship benefits, skills and performance of employees and managers, physical resources, promotion, quality, delivery and pricing of products, customer expectations and satisfaction
Haque et al. (2004)	Trusting attitude and behaviour, shared and aligned goals, presence of open behaviour, shared knowledge, trust
Kauser & Shaw (2004)	Commitment, trust, coordination, interdependence, communication
Wilding & Juriado (2004)	Exchange of information, clarity of contracts and monitoring and measuring the performance
Trim & Lee (2004)	Trust, constant communication
Adewole (2005)	Good communication architecture (i.e. timely, accurate and relevant information), information technology
Schweitzer & Ogle-Graham (2005)	General assistance, open communication, existence of "champion" for partnership, effective marketing, strong community interest, quick return on investment, interaction with other organisations, continuity of funding, ability to work together with cooperation and flexibility, strategic coalition and involvement with long-term partners, follow-up, one-to-one support, reliable information, relationship building with patience and trust, well-designed project plan with achievable goals
Lehtonen (2006)	Commitment, co-operation, continuous development, joint problem solving, goal congruence, trust, openness, two-way communication
Parker et al. (2006)	Communication, trust, joint planning, regular communication, product customisation and minimal pricing problems
Tidström & Åhman (2006)	Openness, trust

Although many success factors are behavioural, organisational characteristics e.g. structure and control mechanisms are also important. Thus, Cheung et al. (2003) divide success factors into attitude-oriented, such as trust, communication and co-operation; performance-oriented, such as quality; safety and financial objectives; and process-oriented, such as resource commitment, waste minimisation and problem resolution process. Cheng and Li (2001) and Lehtonen (2006) conclude that while success factors are quite similar for projects, operational and strategic partnering, some are especially important for each type. For example, long-term commitment and continuous improvement are more important for strategic partnering. There are also considerable differences as to how success factors are treated in the literature. For example, the marketing literature considers commitment a key relationship element, while non-marketing literature considers it as only an outcome of a relationship (Herington et al. 2005, 258).

However, despite the large amount of research about success factors, future research should focus on the definition of success factors, their operationalisation, empirical examination and overall impact on relationship success (Tuten & Urban 2001, 162; Haque et al. 2004, 45; Kauser & Shaw 2004, 44; Leonidou et al. 2006, 146). For example, Parker et al. (2006) conclude that while higher level constructs provide excellent focus, there are many other variables that affect success, such as joint planning, product customisation and minimal pricing problems (Parker et al. 2006, 122). The focus has also primarily been on success factors, rather than the reasons for failure. In addition, the literature gives great importance to tangible business outcomes, although problems with "soft issues" like interpersonal/behavioural characteristics might even lead to the termination of a relationship (Morgan & Hunt 1994. 34; Mohr & Sohi 1995, 411; Wilding & Juriado 2004, 632–634, 643; Celuch et al. 2006, 577). This means that partnership success can be understood more completely by examining behavioural characteristics, which can also provide a more realistic conceptualisation of the constructs (Ring & Van de Ven 1992, 495–496; Mohr & Spekman 1994, 148–149; Kauser & Shaw 2004, 45–46; Leonidou et al. 2006, 164–165).

APPENDIX 2
DEFINITIONS OF COMMUNICATION

Author	*Definition*	*Research focus*
Mohr & Nevin (1990, 36)	"The glue that holds together a channel of distribution"	Channel distribution
Anderson & Narus (1990, 44)	"Formal and informal sharing of meaningful and timely information between the firms"	Distributor-manufacturer relationship
Biong & Selnes (1995, 493)	"The two-way exchange of strategic and operational information necessary to enhance mutual learning and efficiency of transactions within the relationship."	Buyer-Seller relationship
Mohr et al. (1996, 111)	"A way to organise and coordinate inter-organisational tasks."	Channel distribution
Mumby & Stohl (1996, 61)	"Means of information exchange and mechanism by which tactics, threats, promises, offers and concessions are transacted to maximise positions."	[Common]
Kelly (2000, 94)	"A matter of delivering messages accurately and not by recognising and aligning divergences between views and attitudes of partners"	Organisational communication
Mohr et al. (1999, 42)	"The extent to which communication is frequent, formal, noncoercive and initiated by both manufacturer and retailer".	Channel distribution
Andersen (2001, 168)	"The human act of transferring a message to others and making it understood in a meaningful way".	Channel relationship
Cheng & Li (2001, 295)	"Free flow of resources in terms of ideas, knowledge, skills, information and technology through different effective channels"	Construction partnering
Ball et al. (2004, 1277)	"Helpful, timely, useful, easy and pleasant, i.e. information, which is provided in a way that the receiver personally benefits with minimum effort to decode it and determine its utility."[72]	Channel distribution
Ballantyne (2004, 116, 121)	"A step-wise linear process with a start-point and end-point"… "[Two-way communication is] communication interaction, both formal and informal, which may be prompted by planned messages "to" or "for" customers".	Buyer-supplier relationship
Prahinski & Benton (2004, 41)	"Effort that emphasised an indirect influence strategy, formality and feedback in unison."	Buyer-supplier relationship
Herington et al. (2005, 264)	"Communication needs to be good, effective, clear, easy and two-way."	Internal communication
Kalla (2005, 303)	"An interactive two-way communication process resulting in an action or decision".	Internal communication
Worley & Doolen (2006, 232)	"A method by which employees transfer work related information."	
Modi & Mabert (2007, 45)	"Frequent and timely bi-directional communication of information between the vendor and the customer".	Buyer-supplier relationship

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[72] Communication in Ball et al. (2004) deals with communication from the service provider to the consumer but not vice versa, i.e. their construct of communication is essentially one-way.

APPENDIX 3
GLOSSARY FOR THE CONCEPTS USED IN THIS STUDY

Term	Description[73]
Bi-directionality	Refers to feedback and two-way communication.
Buyer	Refers to the company buying the goods/or services. "Customer" is used as a synonym in this research.
Buyer-Supplier Alliance	See definition for "Buyer-Supplier Relationship"
Buyer-Supplier Partnership	See definition for "Buyer-Supplier Relationship"
Buyer-Supplier Relationship	Long-term, strategic relationship between two active parties who are exchanging goods. The partnership involves trust, commitment, mutual sharing of information as well as sharing rewards and risks i.e. promising a win–win situation for members (Mohr & Spekman 1994; Krause & Ellram 1997; Yu & Yan & Cheng 2001). "Buyer-supplier partnership", "buyer-supplier alliance", "collaborative relationship between buyer and supplier" and "inter-organisational relationship" are used as synonyms in this research.
CSF	Critical success factor
Collaborative Relationship	See definition for "Buyer-Supplier Relationship"
Commitment (long–term)	The extent of the willingness of one party to maintain their current relationship with a partner. Suggests a future orientation, where partners attempt to build a relationship, which continues into the future. It is seen as crucial in partnering (Mohr & Spekman 1994; Nielson 1998; Mohr et al. 1999; Cheng & Li 2001). The willingness of one party to put effort and accept the short-term sacrifices, costs or restrictions required by the relationship in order to realise long-term benefits (Dwyer et al. 1987, Morgan & Hunt 1994, Leonidou et al. 2006).
Communication	The extent of the formal and informal sharing of meaningful and timely information between partners, concerning to day-to-day, tactical and/or strategic issues. Related to the social side of relationships rather than to the economic side of organisations and seen as a central part of relationship development (Anderson & Narus 1984, 1990; Morgan & Hunt 1994; O'Toole & Holden 2001; Mohr & Nevin 1990; Leonidou et al. 2006).
Communication climate	Satisfaction about the extent to which communication in an organisation motivates workers to meet organisational goals (Akkirman & Harris, 2005). The way [internal] communication takes place inside organisations, described in terms of openness and cooperative behaviour (Large 2005b).
Communication content	Message or information that is communicated (Modi & Mabert 2007).
Communication direction	Movement of communication within an organisational hierarchy (Modi & Mabert 2007).
Communication, distorted	The degree of suppression or the filtering of information (Large 2005b).
Communication elements	Includes communication quality, communication media and outcomes of communication i.e. satisfaction.

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[73] The concepts and abbreviations could have several meanings in common or might be specific to the selected industry. The descriptions given here refer to the meaning they have in this study.

Communication, external	Purchaser's communication with suppliers i.e. with the party outside the organisation (Large 2005b)
Communication frequency	Amount of formal communication taking place between and within organisations (Müller 2003; Modi & Mabert 2007).
Communication, informative	Amount of task related information an employee receives (Large 2005b).
Communication, integrative	Amount of cooperative and useful information employees provide to each other within an organisation or in a relationship (Large 2005b, 31).
Communication, mechanical approach	Includes message content (direct or indirect influence), channel mode (formal or informal), feedback (two-way communication) and frequency of communication (O'Toole & Holden 2001).
Communication media / modality	The method used for transmitting the information e.g. written or face-to-face (Müller 2003; Modi & Mabert 2007).
Communication, open	Free flow of information through different channels (Cheng & Li 2001).
Communication quality	Refers, in this study, to the quality of content of communication, the quality of the process of communication and the quality of the relationship between the communicators. Key for information transfer and relationship success (Jablin et al. 1987; (Mohr & Spekman 1994).
Communication, regulative	The quality of communication between supervisor and subordinates (Large 2005b).
Communication, strategic	Non-routine action, in which feedback and two-way interaction are important. Personal interaction media (e.g. face-to-face) are the most suitable form (Larson & Kulchitsky 2000).
Communication, tactical	Routine communication with little need for two-way interaction. Usually impersonal, including electronic media (Larson & Kulchitsky 2000).
Competitive advantage	A function of supply chain efficiency and effectiveness. Important in the partnership context: the entire partnership should be seen as one competitive unit, producing strategic and competitive advantages for both companies (Campbell 1997, 426; Hines & Rich 1998, 524; Nielson 1998, 448)
Conflict	Disagreements, frustration and tension between the parties arising from the incompatibility of goals, ideas and values (Leonidou et al. 2006).
Contract Electronics Manufacturer/ Manufacturing (CEM)	Company, which provides electronics manufacturing services, or an industry which provides manufacturing and other value added services to electronics OEM companies (Juhantila 2002).
Co-operation	Joint effort, team spirit and collaboration between partners who work together to achieve both intra-organisational and partnership goals (Anderson & Narus 1990; Ha et al. 2004; Leonidou et al. 2006).
Coordination	The extent to which partners work together in accomplishing tasks: assesses whether the partners' activities are synchronized (Mohr et al. 1996, 105).
Dependence	The degree to which one party in a relationship needs to maintain its associations with another in order to achieve its goals and expectations (Frazier 1983; Leonidou et al. 2006). Partnerships support high levels of dependency and it prospers as long as partners have roughly the same dependence upon a relationship (Anderson & Narus 1991, 101; Turnbull et al. 1992, 166; Lehtonen 2006, 449).
Distance	The degree of unfamiliarity with regard to the social (managers, employees), cultural (norms, values and attitudes), structural (organisational structure, products and technologies), and procedural (working methods and processes) aspects of relationship (Ford 1980; Leonidou et al. 2006).
EDI	Electronic Data Interchange
E-trading	Relationship, which relies upon the use of computer technology for inter-organisational communication (O'Toole & Holden 2001).
Information sharing	The extent to which critical, proprietary and confidential information is communicated to a partner either formally or informally (Anderson & Narus 1984; Mohr & Spekman 1994; Phan et al. 2005). This is an important element of partnership success and a key element of the interaction process because it lowers perceived risk and improves credibility (Håkansson 1982, Nielson 1998).

Integration	The process of bringing together different organisations, physically or by use of information technology, to work jointly towards a common business purpose. This means that the supplier almost becomes a part of the buyer's company as their main activities are coordinated (Campbell 1997, 426; Giunipero et al. 2006, 833; Massey & Dawes 2007, 1118). In *strategic integration* partners view the relationship as a strategic asset and consider it in strategic planning (Johnson 1999, 6–7), such as outsourcing where a company focuses on core competencies and outsources "non-core" activities (Dyer et al. 1998, 73).
Joint problem solving	A decision made by partners to work to resolve conflicts together (Mohr & Spekman 1994; Phan et al. 2005).
Management level of organisation	Top level of the organisation or individuals who are responsible for partnership activities/decisions.
Message	Signs/ signals composed of information (Duncan & Moriarty 1998).
OEM	A manufacturer that buys and incorporates another supplier's products into its own products. Also, products supplied to the original equipment manu-facturer or sold as part of an assembly (Cox & Blackstone 1998). In the electronics manufacturing industry it often describes companies who own the brand of the product to be sold (Juhantila 2002).
ODM	Companies which independently develop and manufacture products for OEMs. The products are then sold through the OEM's sales channels and use its brand name (Juhantila 2002).
Participation	Extent to which partners jointly engage in planning and goal setting (Mohr & Spekman 1994). Illustrates the closeness of a partnership and the partners' willingness to co-operate (O'Toole & Holden 2001, 20–21).
Partner	One party, either the buyer or the supplier, in the partnership.
Partnering	Strategic decision to work together in order to achieve objectives. Most common types are project and strategic partnering (Cheng & Li 2001).
Partnership	See definition for "Buyer-Supplier Relationship"
Partnership benefit	Supplier's/buyer's increases in volume, market share and profitability resulting from a partnership (Nielson 1998).
Power	Partner's ability to influence the perceptions, behaviour, and/or decision making of other partners. Partners should have *equal power*, since the dominance of one partner creates mistrust and a partnership that does not function properly (Tuten & Urban 2001, 158).
Product	Product in this research is a common name for all supplied items, covering everything from basic components to specific semi-products and assemblies. Thus, product in this research does not only refer to the finished product.
Project partnering	Establishment of a co-operative relationship between parties for singly project (Cheng & Li 2001).
Quality of communication content	In this research it refers to accuracy, adequacy, clearness, completeness, consistency, content, frequency, reliability relevancy and the timeliness of the information shared.
Quality of communica-tion process	In this research it refers to bi-directionality, direction, formality and the openness of the communication.
Quality of relationship between communicators	In this research it refers to relationship characteristics, trust, commitment, co-operation, personal relationships, risk and reward sharing and fairness.
Relationship	The state or mode of being related. Relate is here defined as "to ally by connection" (Webster 1990). See also definition for "Buyer-Supplier Relationship".
Relationship, inter-functional	Relationship within one organisation, e.g. between different functions of an organisation.
Relationship, inter-organisational	See definition for "Buyer-Supplier Relationship"
Relationship management (RM)	Activities to maintain and utilise the relationship between the partners, including both exchange and coordination activities (Ritter & Walter 2006).

Relationship quality	Strength of relationship, involving level of trust, duration and willingness to collaborate in the future. Also includes satisfaction with partner, commitment to the relationship, joint problem solving and the number of individuals involved (Maloni &Benton 2000; Large 2005a; Phan et al. 2005).
Relationship specific investment	Investments which have considerably less value outside the focal relationship. For example, the tools, equipment, operating procedures and systems that are tailored for the needs of specific company (Heide & John 1990).
Reputation	The extent to which people believe that a partner is honest and interested in the other partner. Reputation is based on trust and satisfaction and is a powerful element in creating and retaining customers (Jonsson & Zineldin 2003, 228).
Satisfaction	The degree to which the expectations of one party, concerning financial and behavioural issues, are met in a relationship. Or the extent of how well a partnership achieves performance expectations. The outcome of cooperative relationships (Anderson & Narus 1984; Mohr & Spekman 1994; Leonidou et al. 2006).
Social exchange	The interpersonal relationship which exists between partners and facilitates problem solving (Metcalf et al. 1992).
SRM	Supplier Relationship Management
Strategic partnering	Achieving and attaining competitive advantage and long–term commitment beyond a discrete project (Cheng & Li 2001).
Subcontracting	Supply of customised semi-fabricated products (parts, components, modules) or services (Lehtinen 1996).
Success in partnership	Indicated by sales volume flowing between the partners (objective indicator) or the satisfaction of one party with the other (affective measure) (Mohr & Spekman 1994).
Success factor	Factors that lead to success in a buyer-supplier relationship.
Supplier	Refers to the company producing and supplying the goods. The concepts of "seller" and "manufacturer" are used as synonyms in this research.
Supplier development	The efforts of the buyer and its supplier(s) to increase performance and/or the capabilities of the supplier to meet the buyer's short- and long-term needs (Krause & Ellram 1997).
Team approach	A team approach refers to efforts to increase work satisfaction, communication, motivation and towards common goals (Rodwell et al. 1998, 279–280; Cheung et al. 2003, 339).
Top management	The senior management responsible for formulating the strategy and direction of business activities (Cheng & Li 2001).
Trust (mutual)	The belief of one party that the other party will perform as promised in the relationship in order to achieve positive outcomes, growing over time as the partnership develops. (Anderson & Narus 1990; Morgan & Hunt 1994; Cheng & Li 2001; Ha et al. 2004). Highly related to a company's desire to collaborate and seen as an important factor for success in a partnership (Mohr & Spekman 1994). Can be divided into credibility, benevolence and trust (Phan et al. 2005).

APPENDIX 4
MODELS FOR ORGANISATIONAL COMMUNICATION

Author	Focus of the research
Anderson & Narus (1990)	Develops a model of distributor–manufacturer partnerships. Communication is seen as one main element leading to trust, cooperation and satisfaction with the partnership
Mohr et al. (1996)	Examines the interrelationships of governance and communication and the impact of collaborative communication on channel outcomes under integration and manufacturer control. Focuses on communication behaviour.
Duncan & Moriarty (1998)	Develops a communication-based model of relationship marketing, which identifies the points that link communication and marketing theories. Demonstrates how communication leads to value-driven relationships.
Nielson (1998)	Examines the role of closeness in buyer-supplier relationships. Finds that, for example, open information sharing is essential for partnering success.
Rodwell et al. (1998)	Examines organisational communication in human resource management. Finds that an employee's perceptions of teamwork, communication, commitment, job satisfaction and stress predict self-rated performance.
Mohr et al. (1999)	Examines the effect of collaborative communication on different channel outcomes under integration and control. Finds e.g. that collaborative communication strategies positively affect outcomes.
Kelly (2000)	Offers a theoretical synthesis of literature on communication and leadership in order to extend knowledge about communication in organisations.
Larson & Kulchitsky (2000)	Focuses on the importance of different communication media in purchasing and supply management, special attention being to the use of EDI. Emphasises the importance of timely and accurate information.
Olkkonen et al. (2000)	Investigate the role of communication in business relationships and networks.
Pitt et al. (2000)	Considers communication in sales transactions by investigating the role of communication apprehension as an indicator of a salesperson's performance
Andersen (2001)	Develops a model which integrates the development of relationships with marketing communication practice.
Ilozer et al. (2001)	Focuses on communication strategies by examining relationships between management communication strategies and job satisfaction.
Lee (2001)	Examines the impact of knowledge sharing, organisational capability and partnership quality on outsourcing success. Confirms that knowledge sharing is strongly linked to outsourcing success and partnership quality.
O'Toole & Holden (2001)	Examines the centrality of communication in relationships. Demonstrates that close communication may even mediate the structure of a relationship.
Tuten & Urban (2001)	Develops an expanded model of partnership formation and success and shows that communication is one of the most important factors.
Tukiainen (2001)	Analyses the meanings and valuations members attach to communication, and introduces the agenda model of organisational communication.
Jonsson & Zineldin (2003)	Investigates the behavioural variables of supplier–dealer relationships and their effects on relationship satisfaction. Finds that variables are highly related to relationship satisfaction, regardless of whether the relationship is characterised by high or low level of trust and commitment.
Akkirman & Harris (2005)	Concentrates on communication satisfaction by comparing levels of satisfaction between virtual and traditional workplaces.
Claycomb & Frankwick (2004)	Investigates associations between communication elements in buyer-supplier relationships and the buyer search effort with four contingency variables.

Kalla (2005)	Investigates the multidisciplinary nature of internal communication and argues that knowledge sharing is an important strategic function for that.
Yamaguchi (2005)	Studies information-seeking behaviour by dividing individuals into "prevention-focused" and "promotion-focused".
Large (2005a)	Investigates the impact of individual and contextual factors on external communication behaviour and their influences on purchaser performance.
Phan et al. (2005)	Focuses on the interpersonal level of business-to-business relationships by examining the nature of the relationship between managers' relational competence and their interpersonal relationship quality. It finds that "trusting ability" plays an extremely important role in successful interpersonal relationships.
Bishop (2006)	Investigates ten specific characteristics of communication, the principles of authentic communication. Shows that each principle contributes to the success of communication and argues that these should be taken as rules for corporate communication activities.
Celuch et al. (2006)	Clarifies dyadic interaction between individuals in a relationship by investigating the marriage metaphor in buyer-seller relationships; the focus being on expectations, communication behaviour and appraisal processes, especially in problem solving.
Lehtonen (2006)	Identifies the success factors of collaborative relationships in facility services. Concludes that two-way information sharing leads to long-run success.
Leonidou et al. (2006)	Develops an integrated model of key behavioural constructs in buyer-seller relationships, communication being one of those.
Modi & Mabert (2007)	Introduces the conceptual model of an organisation's efforts to improve supplier development and performance, in which collaborative inter-organisational communication is an important factor.
Worley & Doolen (2006)	Investigates the role of management support in lean implementation and the impact lean implementation has on communication within organisation.
Ambrose et al. (2008)	Focuses on communication media by identifying the relationship development framework that influences the choice of communication media in purchasing contexts.

APPENDIX 5
INTERVIEW THEMES

Interview themes for the dissertation "Communication of strategy in partnerships"

A. <u>Background information</u>
   1. Your role in this partnership / your main counterparts in buyer organisation
   2. Country your company is located
   3. How long you have been doing business with this partner? Size of the business?

B. <u>Relationship with partner</u>
   1. How would you describe the atmosphere of this relationship *(e.g. independent relationship, strategic partnerships…)*? Why?
   2. What advantages this partner brings to you and what you give in return?
   3. What are the major challenges/potential drawbacks of this relationship?
   4. Do you trust that the partner is dealing fair with you and partner's decisions are beneficial to your business *(in order to achieve win-win situation)*? Why?
   5. In your opinion, are risks and rewards shared fairly?

C. <u>Success factors in relationship</u>
   1. How would you characterise personal relationship between managers?
   2. How well co-operation works in this relationship? Has it improved or worsened? Why?
   3. What are the success/unsuccess factors of this particular relationship?
   4. Commitment: How would you describe commitment in this relationship? How this commitment is established and maintained? *(E.g. concrete examples)*?
   5. Trust: How would you describe trust in this relationship? How this trust is established and maintained *(E.g. concrete examples)*?

D. Business Strategy
1. How would you summarize the key themes of *Buyer's* business strategy?
2. Do you think that you understand *Buyer's* strategy well enough? Do *Supplier/Buyer* understand your?
3. Are there conflicts between the strategies?
4. What kind of shared strategic objectives you have with *Buyer*, if any?
5. How relevant do you consider *Buyer's* strategy for you? Why? *(E.g. too specific/ general)*
6. Do you believe that *Buyer* is able to implement the strategy? Do you think that *Buyer's* behaviour in the market is consistent with its strategy?
7. *Supplier specific:* Compared to you other partners, how effective you find *Buyer's* current strategy?

E. Communication of strategy
1. How would you describe the way *Buyer* communicates its strategy? How *Buyer* has communicated strategy for you?
2. Are you satisfied with the level of communication related to strategy and strategic targets? Why? What could be improved?
3. According to your opinion, what is positive and negative in the way *Buyer* communicates its strategy? Why? What you would change?
4. Has communication of strategy improved or worsened during the last year? How? Is there some information that would be needed but is not communicated?
5. Are the strategy messages tailored enough to your needs? How?
6. *Supplier specific:* Compared to your other partners, how communication of strategy differs?
7. *Buyer specific:* Are there any differences in communication of strategy between different suppliers?

F. Communication quality
Thinking about the scale from 1 to 6 (1 being the lowest and 6 the highest), to what extent you rate communication of strategy with *Buyer*. Why? What could be improved?
a. Communication of strategy is <u>frequent</u> enough.
b. Communication of strategy <u>accurate</u> enough.
c. Communication of strategy is <u>timely</u>.
d. Communication of strategy is <u>adequate</u> enough.
e. Communication of strategy is <u>clear</u>.
f. Communication of strategy is <u>complete</u> enough.
g. Communication of strategy is <u>reliable</u>.
h. Communication of strategy is <u>relevant</u>.

G. Other aspects related to communication of strategy

1. Consistency: How consistent are the various communications you receive from *Buyer* in terms of strategy? What kind of inconsistencies occurs, if any?

2. Openness: How would you describe the level of openness when exchanging information related to strategy? Are you satisfied with the level of openness? Why? What you would improve?

3. Formality: How do you see formal and informal communication with *Buyer (e.g. concrete examples)*? How important you value formal/informal communication?

4. Bi-directionality: How do you feel about the level of feedback with *Buyer (e.g. how much feedback you provide to Buyer / Buyer provides for you)*? What you would change?

5. Bi-directionality: Is there any joint planning on key issues? (E.g. are the plans and targets for the future set and determined together?)

H. Communication Channels

1. What kind of communication channels *(e.g. Internet, e-mail, phone, face-to-face)* is used for communicating the strategy? How these channels are functioning / not-functioning?

2. Are you satisfied with these channels? What you would change?

3. *Supplier specific:* Compared to your other partners, how the channels differ?

APPENDIX 6
KEY INFORMANT INTERVIEWS

Title	Company	Date	Interview type
Senior Manager	Buyer	12.3.2009	Face-to-face
Director	Buyer	09.04.2009	Face-to-face
Global Key Account Manager Global Key Account Manager	Supplier	21.04.2009	Telephone
Vice President, Sales & Account Management	Supplier	22.04.2009	Face-to-face
Director, Sales	Supplier	23.04.2009	Face-to-face
Global Account Manager Technical Account Manager Supply Chain Manager	Supplier	29.04.2009	Face-to-face
Senior Supply Line Manager	Buyer	04.05.2009	Face-to-face
Director	Buyer	04.05.2009	Face-to-face
Vice President, Sales, Marketing & Distribution Senior Director, Corporate Account Manager	Supplier	05.05.2009	Face-to-face
Director, Account Management	Supplier	07.05.2009	Face-to-face
Global Business Manager	Supplier	12.05.2009	Face-to-face
Director	Buyer	14.05.2009	Face-to-face
Global Account Manager, Sales & Marketing	Supplier	26.05.2009	Face-to-face
Director	Buyer	04.06.2009	Face-to-face
Director	Buyer	09.06.2009	Face-to-face
Director	Buyer	23.06.2009	Face-to-face
CEO	Supplier	26.06.2009	Telephone
Director	Buyer	30.06.2009	Telephone

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