DOMINANT BUYERS AND DISSIDENT SUPPLIERS: 
A NEW LOOK AT VERTICAL RELATIONSHIPS

SUMMARY

In the age of vertical disintegration and outsourcing, flexibility appears to have become a competitive watchword. This is particularly true for suppliers serving OEMs operating in a build-to-order environment; indeed, these OEMs face considerable external fluctuations that they pass further down their supply chains. Many authors have commented on the difficult situation of high-pressured lower-tier suppliers, who largely contribute to manufacturers’ efficiency and success. Yet, this paper is based on the premise that if suppliers can afford to be inflexible, they will be. Drawing from the literature on relational norms, flexibility, organizational slack, and power, we argue that even in situations of objective dependence, suppliers can have the power to say “no” to buyers’ changing requirements, providing that they have established power bases, such as strategic capabilities and competencies, force of proposition, high manufacturing performance, and relational capital. This theoretical paper offers a conceptualization of supplier-buyer relationship that could be used to give a fresh look at vertical relationships.

Key words: supplier-buyer relationship, flexibility, organizational slack, power

Isabelle Dostaler, Assistant Professor, Department of Management, John Molson School of Business, Concordia University, 1455 de Maisonneuve Blvd. W., GM 503-55, Montreal, Quebec, H3G 1M8, Tel.: (514) 848-2424, ext. 2798, Fax: (514) 848-4292, Email: idostaler@jmsb.concordia.ca

Carole Donada, Professeur adjoint, Stratégie et Marketing, ESSEC, Avenue Bernard Hirsh – B.P. 105, 95021 Cergy-Pontoise Cedex France, tél.: 01.34.43.30.68, fax : 01.34.43.30.01, Email : donada@essec.fr