

THE PERVASIVE HUMAN RESOURCE PICTURE IN BUYER-SUPPLIER RELATIONSHIPS

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ABSTRACT

Purpose: to explore the role of human resource (HR) practices in inter-organisational supply relationships, and to describe the extent to which supply partners seek to adapt their internal HR practices to the external relationship.

Design/Methodology: inter-organisational relationships are known to be multi-dimensional in nature. Using seven dimensions to collect empirical evidence, we focused on a dyadic supply relationship as the unit of analysis. We undertook 48 interviews from informants in both organisations.

Findings: we show that the supply relationship tends to be taken for granted at operational levels, and not subject to the relatively high levels of strategic alignment to be found at senior levels in both organizations. Operational aspects of the relationship are tested primarily in failure mode when poorly prepared to respond, for example as a result of facility breakdowns and quality problems. Inter-organisational HR practices were relatively weakly prioritised and – despite their acknowledged importance at operator level - were not clearly identified and supported in the way that intra-organisational practices were.

Originality/Value: we have undertaken an in-depth, operations-based study of HR practices in a reciprocally interdependent supply relationship from the perspectives of both partners.

Paper Type: Empirical research paper

Keywords: Buyer-supplier relationships, HR practices, case study

INTRODUCTION

Studies which link human resource (HR) issues with operations management (OM) are still relatively few in number. This is surprising given the ‘critical role’ of HR in achieving superior performance in operations competitive priorities (Ahmad and Schroeder, 2003:20). From an operations perspective, HR practices can be roughly categorised into those relating to internal consistency with a firm’s competitive priorities, and those relating to external consistency with the priorities the firm has agreed with its trading partners. The need for internal consistency has been widely commented on, largely in disciplines other than OM. For example the ‘typology of organisations’ of Adler and Borys (1996:78) proposes a ‘fit’ between the type of formalisation (enabling or coercive) and the relative routineness of the task. Other studies of internal consistency develop the argument for ‘bundles’ of HR practices (McDuffie, 1995), or for human resource management (HRM) systems (Becker and Huselid, 1998).

Studies on external consistency are less common. However empirical evidence concerning HR issues within inter-organisational relationships has begun to emerge (Hunter *et al*, 1996; Scarbrough, 2000; Rubery *et al*, 2004). A recurring theme in these studies has been the impact of these relationships on the internal organisation of supplier firms which has been induced by their customers. Indeed, Guest *et al* (2003:293) argue that a focus on external ‘fit’ implies that a distinctive form of HRM, however it may be characterised, will not be equally effective in organisations with different business strategies. Such arguments suggest that firms may be willing to *adapt*, with the result that they affect each other in relatively enduring ways (Hallén *et al*, 1991). This adaptation may range from unilateral (one partner dominates) to reciprocal (a mutual process). Thompson (1967) and Richardson (1972) refer to the similar

concept of 'mutual adjustment' in coordinating reciprocally interdependent supply relationships.

The adaptive view assumes that supply partners will accommodate their HR practices in order to manage inter-organisational relationships better (Hallén *et al*, 1991; Wilson, 1995; Lei *et al*, 1997). The aim of this paper is to explore the role of HR practices in such relationships, and to describe the extent to which supply partners seek to adapt their internal HR practices to the external relationship. We operationalised this aim by investigating a reciprocally interdependent supply relationship in depth from the point of view of both partners. We were guided by two research questions, which are illustrated by Figure 1. First, how do firms adapt their HR practices as a result of reciprocally interdependent supply relationships? Second, how do HR practices influence a reciprocally interdependent supply relationship?

Take in Figure 1.

Figure 1 Research questions

We have organised our paper into four further sections. First, we explore the concept of adaptation in the literature; second, we explain our research methodology; third, we provide the context for the supply relationship we investigated; fourth, we present our findings; and finally we present our discussion of the findings and our conclusions.

ADAPTATION IN SUPPLY RELATIONSHIPS

Adaptation means making changes to a firm's internal processes in order to accommodate the needs of supply partners. In the case of knowledge-intensive firms (KIF's), Kinnie and Swart (2003: 52) found evidence of the exercise of 'both strategic choice and tight constraints' as clients sought to influence the management of human resources in their suppliers. Hallén *et al* (1991) expect adaptation to occur more symbiotically in long-term supply relationships where buyer and supplier form significant parts of each other's business. One would expect that 'suppliers adapt to the needs of specific important customers as well as that customers adapt to the capabilities of specific suppliers'. Lepak and Snell (1999:41) add that HR systems that 'encourage and reward cooperation, collaboration and information sharing' are also likely to be necessary in such relationships. Hunter *et al* (1996) take the view that supply partners may be able to develop a common set of control mechanisms to operate the joint relationship by adapting their internal practices. While the initiative for the change is generally customer-led, adaptation may not be unilateral in that customers may also have to alter their existing systems. 'The two organisations will still be subject to independent governance but will have in common a similar set of governance procedures and mechanisms specific to their joint working relationship, thus replicating in some measure the conditions within an integrated organisation' (*ibid* p244).

Adaptation in supply relationships has different theoretical perspectives. Coordination of the heterogeneous needs of the different supply partners may involve adaptation through altering internal processes to accommodate the other party (Borys and Jemison, 1989; Hallén *et al*, 1991; Haokansson and Snehota, 1995; Araujo *et al*, 2003). In their study of the effect of supply relationships on quality practices and performance, Fynes and Voss (2002:14) measured adaptation in terms of the changes to production processes and tooling that a supplier needed to make in order to match the customer requirements. In other words, these authors focused on technical adaptation. Storey and Emerson (2005:244) point out that there can be enormous organisational and behavioural barriers to technical adaptation:

'technological capability is by no means sufficient, and inter-organisational cooperation can be hard-won'. There is mixed evidence as to whether HR practices must be adapted, or whether these remain relatively insulated from supply chain effects (Scarbrough, 2000). Thus Roper (1997) found that new procedures and training, required within a supply relationship, received only cosmetic attention and were only adopted superficially. Scarbrough also contends that there is a conflict between the external requirements from supply relationships - which aim for tighter integration - and the internal hierarchical work organisation. He argues that some HR practices such as training, team working and socialisation may be more easily adapted than hierarchically-determined conditions of employment, work rules and payment systems, which are linked to the organisation as a whole.

A parallel perspective is that of 'hard' and 'soft' technologies. 'Hard' technologies are basically products and processes, while 'soft' technologies are people dependent. Brannen (2004:597) considers that softer technologies are 'more vulnerable to misalignment, because they are more closely embedded in the socio-cultural context of the recipient culture'. In his study of the transfer and adaptation of management systems to Honda subsidiaries, Mair (1999:301) states that the production system is being transferred intact, while adaptation is confined to 'softer' aspects of organisation and employment relations to provide a fit between the production system and the local operating environment.

Scarbrough (2000) helped to pioneer the issue of HRM within supply chains. However his study of three companies was limited to changes within suppliers' internal organisations - and so did not engage with the mutual adaptation considered to be necessary within reciprocal, long term relationships. Similarly, Rubery *et al* (2004:1218) studied the way that 'the external organisation may extend its tentacles inside the organisation to reshape the internal human resource practices', again limiting the study to the extent of the supplier's adjustment to client demands. The unit of analysis in these studies was based on the single firm. This results in failure to take an inter-organizational perspective by adopting both partner's standpoint to the relationship. As explained in the methodology section below, our study addresses this gap by clearly focusing on the relationship between both firms as the unit of analysis.

METHODOLOGY

Because of the exploratory nature of this investigation, we selected case study methodology as our research strategy in order to develop an in-depth understanding of HR practices within a supply relationship. There have been calls for more case studies and field research in operations management (Meredith and Samson, 2002). The supply dyad was selected because of the exceptional opportunity provided to us by both organisations: one of these was a former employer of our research team. The relationship was a closed-loop supply relationship between two industrial partners, who were both customer of and supplier to each other. Details of the case are provided in the next section. A feature of the research design was 48 semi-structured interviews with a wide cross-section of employees and managers within the dyad. The aim was to collect data, which was 'pluralist' in nature, hence providing competing versions of reality (Pettigrew, 1990). We sought to collect data on the perspectives of informants at different levels. These levels included operators, process engineers, local and corporate management as shown in Table 1.

Take in Table 1.

Table 1 Details of informant sampling (48 interviews in total with some informants interviewed at different times)

The rationale for the choice of informants aimed to address a broad range of interviewees from each of the units involved in the supply relationship. We also wanted to include a broad functional representation across levels. We began with key managers in charge of the relationship and followed leads from these initial interviews. Especially revealing were the views of corresponding informants on both 'sides' of the supply relationship.

The main wave of data collection was complemented by follow-up interviews in order to corroborate data through peripheral sampling, or to gather new data on how the relationship was perceived to be evolving over the course of our study. Interviews with corporate informants provided an alternative perspective on the local situation whilst allowing a view of the case from interconnected levels of analysis (Pettigrew, 1990). Interviews began with an introductory phase, where key objectives of the research were presented. The informant's role in the relationship was then discussed, together with that of his counterpart in the other firm. The next stage of the interview centred on the informant's general perception of the supply relationship. The requirements of the relationship in terms of HR were explored towards the end of the interviews.

The length and protocol for conducting interviews evolved over the course of the research. To begin with, interviews tended to be rather informal and lasted from 1 to 3 hours, to provide an in-depth understanding of the research settings. At a later stage, they were more focused and structured, as they were meant to provide specific additional evidence or to verify earlier research findings (Pitman and Maxwell, 1992).

The study drew on other sources of evidence, such as documentation and observation. Some documents - such as joint meeting minutes, contract agreements, job descriptions and HR procedures - were directly relevant. Others, such as company brochures and organisation charts, pertained to the context at company or site level. The study took place over a 9-month period (August 2000-February 2001), which enabled us to become familiar with the setting whilst not becoming over-involved (Pettigrew, 1990); this time-span also allowed us to capture longitudinal aspects of the relationship.

THE WHEATCO - CHEMCO RELATIONSHIP

Wheatco and Chemco are two US chemical corporations, both leaders in their fields and with similar sales (around \$2bn). Eight years prior to our study, the two companies formed a partnership with the strategic objective of gaining competitive advantage through mutual access to low-cost raw materials. One outcome was the establishment in the UK of a small Chemco facility (70 employees) which was sandwiched between two units within a large Wheatco plant (700 employees).

Take in Figure 2.

Figure 2 The Wheatco-Chemco Supply Process

The two firms thereby formed a 'closed loop' supply chain, whereby they were both customer of and supplier to each other. The production processes operated on a round-the-clock basis and there was very little buffer stock within the supply loop: *'if we have a problem, then Chemco has a problem 10 seconds later'*. This close interdependency of the processes meant that the operating teams were in contact on a 24-hour basis. There was a direct telephone link between Wheatco and Chemco operators to allow easy communication and instant warning of changes in either of the processes, or to inform of production stoppages.

The supply relationship was multifaceted, with interactions taking place at many levels. Locally it included plant management, engineers and operators. In the USA, an executive contact was appointed by each firm to manage the relationship at a strategic level. This applied in particular to the global contract agreement, which provided the commercial terms for the relationship. A joint Steering Committee determined the local operational strategy for the relationship and provided guidelines to two other joint teams: 'quality improvement' and 'technical'.

We began collecting data in August 2000, which was 8 years after the supply relationship had started. At that time, the upstream Wheatco process was recurrently unreliable. There were also quality issues with the chemical additive supplied by Chemco, which impacted rubber production at the downstream Wheatco unit.

In the early days of the relationship, operators had been encouraged to socialise through company events and plant visits. This allowed a common language to be developed, through interaction: *'we may spend a day there, they spend a day here'* and thus *'we didn't need to communicate where if something did go wrong they would automatically take care of it'*. More recently, the relationship had become arm's length. Indeed, both partners were busy implementing internal programs which drew attention away from the local relationship. At shop floor level, less interaction and fewer visits were allowed. This was made worse by employee turnover. As a consequence, operators felt that they could no longer 'put a face to a name'. Lack of interaction, together with the recurring technical issues, put a strain on the overall relationship. Recognizing that a blame culture had developed, site management from Wheatco and Chemco decided to organise a 'Team Day' to ensure that operators, shift managers and engineers from the three manufacturing units could meet, socialise and be trained on the specificities of the supply loop. However, the 'Team Day' was cancelled due to a company-wide workforce reduction plan announced by Wheatco: given the circumstances, such a socialisation event was seen as inappropriate.

FINDINGS

The effects of HR practices on the supply relationship were examined by collecting evidence from seven dimensions affecting the supply relationship:

- *Staffing*: investigated the choice of appropriate persons to work within the supply relationship
- *Job design* looked at the process of combining tasks and responsibilities to form jobs and the relationships of jobs within the supply relationship.
- *Appraisal*: investigated the formal or informal system to provide information about how well jobs were performed and objectives met within the relationship.
- *Rewards*: looked at the exchange by organisations for the contributions of their employees and how these pertained to the relationship.
- *Training*: investigated the attempt to improve current or future employee performance by increasing their ability to perform within the relationship.
- *Socialisation*: looked at the process by which employees and managers from both partners learnt about and adapted to jobs involving the other organisation's workplace
- *Communication*: investigated the provision of information to employees concerning aspects of their employment and wider issues relating to the organisation in which they worked, and the relationship in which they took part.

We review the evidence we collected against each of these dimensions in sequence.

Staffing

Two HR decisions from Wheatco had recently impacted the relationship at shop floor level: 1) the TCS operator team had been moved to shift manager positions, which meant that Chemco had to do with a whole team of newly appointed Wheatco TCS operators. 2) a cross-training (job rotation) approach was introduced within the Wheatco site, at about the same time. This meant TCS operators tended to be inexperienced. Chemco operators perceived these new people as less competent, and this translated into a feeling of lack of priority for the relationship:

A feeling from our operators that the TCS plant is used as a kind of training ground for operators that then move on to the core Wheatco competence places (Chemco manager). If they could keep their operators at the TCS plant for longer rather than move them on to other plants I think that is the biggest part for improvement (Chemco operator).

The effect of people turnover on the supply relationship was summarised by one of the Chemco operators:

Until you work with somebody for a while you start to think yes, they're good or they're telling you the whole facts, then you get a bit more confident that when they say something's wrong, as opposed to I don't know what's going wrong sort of thing.

A direct link was established between the level of quality of the people that were assigned to work within the relationship and its performance:

we've often been frustrated in the past with the lack of progress and I think it's mainly been due to the calibre of the people involved" (Wheatco management).

Thus, the quality of the people appointed to work on the relationship was linked to the level of priority allocated to it.

Staffing was perceived as a practice driven by internal priorities:

I don't think we specifically say he is exceptionally good so we should put him in this sort of relationship (Wheatco) I don't think we've ever selected people, and given any thought to the relationship to be frank (Chemco).

One exception was when Chemco recruited one of Wheatco's former employees specifically to act as point of contact and manage the relationship with the partner.

Job design

One difficulty of working within this supply relationship was the lack of understanding of the other plant's internal work organization:

If you don't understand, you assume that the other company does things the same way as you do and it may not be the case (Wheatco management).

Thus, the same job title could cover different job contents in both companies. Another difference was that, Wheatco being a unionized site, job design there was more structured and less flexible than Chemco's:

Wheatco's system seems to be so rigid that they have to wait for an instrument man to come in, an electrician to come in, whereas our people would just rip the thing apart and get it done.

Differences in work practices meant that specific communication needed to take place to avoid misinterpretation by the other firm.

Jobs involving the external relationship may be perceived as being more interesting and motivating as well as unique:

I was quite surprised that an operator or lead operator down here would be dealing one on one with the outside company.

Therefore manufacturing jobs involving an external relationship were, to some extent, broader because they required consideration of the partner in addition to the standard job description:

You're not just looking out to keep your own plant running, you are aware that there is another plant on the other end of the line.

Job design was seen as an internal practice and Wheatco resisted any suggestion from Chemco to change, for example, their cross-training practice:

I don't think we are going to change our organisational structure to something that Chemco think would be better because I think we know internally what is better for us. And there's a lot more to take into account overall than just the operation of the TCS process (Wheatco management).

Appraisal

In both companies, everybody at every level forms their own opinion of the person they interface with. (...) I think between the two of us there is a lot of informal people management (Wheatco management).

There was a lot of evidence across both firms of informal assessment of the counterpart, both in terms of technical competence:

I think their process operators are good as well as relational capabilities: Someone wasn't as friendly or helpful as he could be.

The shared local operational goals were translated into individual employee's objectives. Indeed, there was evidence that the joint operational goals drove, to a greater or lesser extent, the individual employee's performance objectives or performance standards. The external input was used as an element of appraisal, but only as an influencing factor: decisions about the ultimate outcome of the appraisal took place internally:

To some extent the decisions we're taking have been influenced by him (...) The change we made on quality was happening anyway. All his comment did was reinforcing that this was the right thing to do (Chemco).

Rewards

Bonus schemes were used by both partners as part of their performance management process, including shop floor. However the two systems were managed differently in that the Chemco bonus was linked to the chemical additive process performance and it was therefore impacted by the downtime caused by Wheatco. On the other hand the Wheatco bonus was related to the overall site goal and therefore not directly linked to the Wheatco-Chemco process performance. This different focus for rewards was perceived as a source of tension:

They've got a terrible year and still got a good recognition. It doesn't motivate them to succeed does it?" (Chemco operator). Chemco explained their bonus scheme, which makes their operator's bonus dependent to some extent on Wheatco performance. This can lead to frustration and situations where there is a lack of trust in communication with Chemco.

An attempt was made by Chemco management to influence Wheatco to adopt a performance improvement plan more directly related to the performance of the joint process. However, the attempt failed because Wheatco management felt this to be an internal work organisation issue.

Training

There was no record keeping of operator visits across the manufacturing units, hence this was not considered as being part of a formal training plan:

I've got no documentation to say somebody's been over there. It's just on an ad-hoc basis really.

The induction of new people was raised as a specific issue. Indeed new people could disrupt the relationship, because they did not understand the unique features of the intricate reciprocal

supply relationship: *the new people coming in, that sort of relationship is foreign to them, and you have to get them into that relationship (...) until they sort of understand the tie up between the two.*

Understanding about the other plant appeared more as an issue of informal, 'on the job' learning - a socialisation process, rather than formal training.

Most employees expressed regret that the 'Team day' was cancelled. The intention was to allow personnel from the three manufacturing units to meet for one day for teambuilding activities and to learn about the specific characteristics of the supply 'loop'. Hence the only joint training that took place was a Statistical Process Control (SPC) course, which was organised by Wheatco and including a number of Chemco participants. Informants from both firms perceived this very positively, in that it created a common language:

Because we all understand (SPC) the same way. I come to understand their jargon, and they've come to understand mine, so we're "bilingual" you could say (Wheatco).

Socialisation

Lack of work socialisation between the three manufacturing units (TCS, Chemco and Wheatco Rubber) was perceived as a key issue. Indeed, within this reciprocally interdependent process, mutual adjustment was a necessity:

if we need to change step, we need to communicate with them.

However, because little interaction was allowed between operators, there was a poor understanding of the mutual effects between the three plants. The absence of socialisation was associated with estrangement:

He could have been anybody, he could have been somebody off the street

There was a perception of the opacity of the other firm's process expressed by Wheatco operators:

The average operator here thinks that chemical additive appears from nowhere; I'm sure people think you're pulling the wool over their eyes.

In the course of the research, a 'Monday operator meeting' was organised between Chemco and Wheatco. This was a way to develop a shared knowledge through deep probing:

The Chemco operator asked a lot of questions and said why do you do this and that. And our guy explained it but also our operators asked the Chemco operator, this gives us problems why do you do this, and they got some explanations and people have actually gone away and started thinking about these things and questioning whether they have to be done that way or whether they can be changed.

Barriers to allowing more socialisation at operator level included:

- Resource constraints, such as having to organise a backup when an operator was sent over to the other firm, and the fact that socialisation events were difficult to justify in terms of cost/benefit ratio. Indeed, 'the problem is you can do teambuilding exercises together and that sort of thing but it's very difficult to justify in terms of payback' (Chemco).

- Wheatco was a unionised site which meant that some operators could resist the fact of going outside the standard way of working. Thus, in the case of an exchange for a couple of days, there may be 'somebody deciding to talk to their union steward and saying what are the implications of me going to work at Chemco' (Wheatco).

Communication

Internal communication was seen as having an effect on the relationship, in that it supported the multifaceted interaction. Such communication took place locally at the level of the Steering Committee, where the Chemco and Wheatco managers in charge of the three

manufacturing units sat. Recently a Steering Committee ‘charter’ was written to provide clear guidance about the local relationship’s purpose and mode of interaction:

To set the direction and tone for the Wheatco Chemco UK strategic partnership, continuous improvement plans, and working interfaces.

Communication at shop floor level was raised as a specific issue in that operators had to be insulated from upsets at management level.

And it is important that the managers in both companies whatever the tone of the relationship from a business perspective may be at a particular time just keep it away, don’t let the operators start not trusting each other. But equally, you don’t always hide it. I’ve sat in the control room with the operators saying Chemco are driving me up the wall! And they say ah you too! (Wheatco management).

DISCUSSION

Adaptation of HR practices as a result of the supply relationship

HR practices were in general viewed as focused on the priorities of the internal site work organization rather than on the requirements of the supply relationship. Some evidence of adaptation could be identified across the HR practices we studied, more notably at Chemco than at Wheatco. This could partly be explained by a higher dependency on the Chemco side of the relationship, since the Chemco site was devoted to work with Wheatco. Alternatively, it could be explained by the smaller size of the Chemco site, which meant that people were more flexible – perhaps helped by the absence of unionised employee relations – in adapting their HR practices. Table 2 shows a series of isolated attempts to ‘adaptation’ of HR practices to the relationship offset by more systemic ‘insulation’ behaviour.

Table 2 Summary of HR practices as ‘adaptation’ and ‘insulation’

Take in Table 2

Several reasons may be advanced for the ‘insulation’ behaviour:

(1) In a context of resource scarcity, there was the feeling that the relationship was only one priority amongst many. Therefore, the two firms tended to operate at arm’s length with respect to HR practices which they separately viewed as an internal affair. The priority was to maintain internal consistency rather than external alignment.

(2) HR was viewed as a secondary concern within the relationship. The key focus was on the high technology manufacturing process – actioned by means of QIT and SPC charts and chasing down problems - rather than on human aspects of the inter-organisational relationship. No clear link was recognised by either firm between HR practices and the performance of the technical process. It was therefore difficult to quantify the benefit that would be incurred by cultivating collaborative HR practices, which were perceived as having intangible benefits. Thus socialisation was referred to in demeaning terms: *it (Team day) came down to finances and neither company wanted to pay overtime for everybody to go on a jolly, if you like, so it all fell apart* (Wheatco operator).

(3) HR managers of both firms were not involved in the supply relationship: the only contact between HR personnel was at the level of the local chemical complex, where pay and benefits of industrial staff were broadly aligned between the various units on the site. Otherwise, HR managers focused on their own intra-firm issues.

Role of HR practices within the relationship

There was however a good deal of evidence that HR practices played an important role in operationalising the supply relationship. This role could be positive - as in the case of socialisation – and so encourage ‘together’ behaviour. The role could alternatively be negative - as in the case of rewards and high people turnover – and encourage ‘separate’ behaviour. Within each firm and across all levels, there was an awareness of the effects of internal HR practices on the supply relationship.

Table 3 Summary of HR practices as “together” and “separate”

Take in Table 3

Whilst it appeared easy and obvious to collaborate on the technical (or ‘hard’ side) of the relationship, the HR (or ‘soft’ side) of the relationship was less tangible and therefore did not come to mind so easily. It appeared that some practices that would be obvious in an intra-firm context were not considered important within the inter-firm setting. It took a breakdown in the process performance to heighten the profile of HR, typically in conditions when the supply relationship was under stress.

On several occasions, informants expressed the idea that this supply relationship would work better if it were part of an internal operation. Indeed, the relationship would be easier to coordinate inasmuch as there would be a single team of operators, shift managers and engineers who would look at the overall process. Another perception was that, in a single organisation, information flows would be more efficient as well as the associated knowledge of the process. A Chemco manager observed:

Shouldn't Chemco run that rather than Wheatco? That doesn't mean we need to pick the assets up and move them over to our side of the fence. We need to view this as one site which is owned by different companies. But we need to be able to run it as if it's one facility. If there were common operators or it was a common control room the plant would be much more reliable.

Some informants established a clear link between HR practices and inter-firm process performance. For example, a link was made between relations at operator level and mutual understanding of the processes and performance. Thus when operators had good relations or when each understood the other side's requirements, it was possible to avoid a ‘trip’ (process shutdown).

CONCLUSION

This research has built on earlier work on HR management within supply relationships (Hunter et al., 1996; Scarbrough, 2000) by trying to understand the effects of HR practices on the relationship and how far these practices are adapted.

The study demonstrates the relevance of considering the effects of a whole set of HR practices rather than considering individual ones. The central role of HR practices in supporting supply relationships has been confirmed. However, effects of individual HR practices are also contingent on other HR practices and therefore require an approach to those practices working as a set or ‘bundle’, rather than independently (Delery, 1998).

In contrast to the literature, which has highlighted the role of inter-personal relations within the supply relationship, this study has shown the role of HRM across all levels of a supply relationship. In particular, we have highlighted the significance of operator level as well as the more traditional focus on managerial levels.

Overall, this research has provided support for studies which view HR practices as being only loosely connected to the supply relationship (Roper et al., 1997). We help to explain this by

analysing the sources and causes of non-adaptation resulting from 'isolationist' behaviour of the supply partners. There was also some evidence of efforts from both sides to adjust HR practices to the needs of the supply relationship although these tended to be piecemeal and fragmentary in nature and were not pursued systematically over time. In contrast to other studies that have highlighted the transfer of management practices from one organization to another (Hunter et al., 1996), this research showed little evidence of influence being exerted from one partner to another, whether coercively or through imitation.

This paper contributes to a better understanding of the practice of HR within supply relationships and calls for more cross-disciplinary collaboration between the supply chain and human resource management literatures.

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