CHAPTER 1
INTRODUCTION

1.1 Overview
The Indian automotive industry, comprising vehicle and component manufacturers, has grown steadily since the economic liberalization of the early 1990s and the arrival of major global auto companies has galvanized the domestic sector into adopting supply chain best practices. This has enhanced competitiveness, leading to quantum growth in exports. However, the Indian automotive industry operates in an unique environment further posing challenges to the already complex automobile supply chain. Therefore, a need is felt to continually study supply chain practices in this sector from a contemporary, practitioner’s viewpoint in order to identify key factors of differentiation which would ultimately provide competitive advantage (Bhattacharya et al 2014).

Increased competition, globalisation, wide-spread outsourcing, use of information technology and rapid technological advances have contributed in automotive assemblers adopting ‘supplier relationship development’ as a business and supply chain imperative, with the objective of achieving competitive advantage and a high level of performance. It is evident that only if mutual benefits accrue to both Vehicle Assemblers (VAs) and their suppliers, would the partnership between them be meaningful and effective. Therefore, understanding the issues involved and identifying focus areas for successful supplier relationships becomes important. This study therefore delves into the issues related to the extent of VA-supplier partnerships in the Indian automotive industry with a dyadic perspective. This collaborative paradigm is addressed in the form of a ‘continuum’, covering the aspects of strategic imperatives, supplier management orientation, supplier development initiatives, leading to the achievement of VA-supplier partnership and finally, ascertaining the impact of this on competitive advantage and supplier satisfaction.

This Chapter presents an overview of the study highlighting the background, research gap, objectives, methodology followed in this research and the findings. Implications for industry, contribution of the study, limitations and future research direction are also covered in this Chapter.
1.2 Introduction

The automobile industry has been a major contributor to a country’s development and GDP and this is also evident in its contribution to the Indian economy. The automotive industry incorporates many other industries (Drucker 1946) and has seen tremendous growth specially in the developing countries (AT Kearney 2013). This has encouraged global automotive majors to set up manufacturing facilities in India and this in turn has enabled substantial increase in the number of domestic auto component manufacturers (ACMA 2015).

The automotive supply chain is multi-tiered and complex (Schwarz 2008) and this is specially true in the Indian context because of added challenges to be overcome due to infrastructure and logistics issues. In the last two decades, Indian automotive industry has increasingly adopted global supply chain best practices, including supplier relationships, as a management imperative. It is necessary that Indian auto industry aligns supply chain practices to business strategies for maximizing competitive advantage in an emerging market (Sahay et al 2006), characterized by macro economic cycles of growth, contraction and recovery which creates tremendous strain on the effectiveness of a supply chain, specially in the automotive sector due to its widespread linkages with other industries. One emerging area in Supply Chain Management (SCM) is the adoption of collaborative relationships between a Vehicle Assembler (VA) and its major suppliers. This aspect of Supplier Relationship Management (SRM) which has been widely adopted in the automotive industry in developed countries are now an important aspect in the overall business strategy of the VAs, thus requiring deeper study and analysis.

It is necessary that a holistic, comprehensive view needs to be taken in any meaningful study in the Indian context, since SCM practices in the manufacturing sector as a whole are still to be adopted widely and awareness of SRM processes and resulting benefits are less than expected. Therefore, conceptually, the study adopted a ‘continuum approach’ in which all relevant aspects were included starting from the strategic imperative of establishing SRM, the aspect of Supplier Management Orientation (SMO), establishing supplier development practices, the components of partnerships and finally, the resulting mutual benefits - supplier satisfaction and competitive advantage. Based on these constructs, a proposed conceptual model was developed for further empirical study.
1.3 Background of the Study

The evolution of Buyer-Supplier Relationship (BSR) may be perceived as a continuum – from stand-alone transactions, repeated orders, long-term relationships to full partnerships (Goffin et al 2006; Duffy 2008; Lambert et al 1996). It is evident that strategic alliances can only be undertaken selectively with some suppliers (McCutcheon and Stuart 2000) and that is why ‘partnerships’ have been differentiated as a distinct form of what has been known as ‘buyer – supplier relationships’ (BSR) (Lambert et al 1996). There are quite a few theories based on economic considerations, which explain the relationships between entities (firms) in a supply chain and two of the basic ones are the Resource Based Theory and Transaction Based Theory (Hoyt and Huq 2000; Bensaou and Venkatraman 1995). Both the theories are based on the fact that competitive advantage of firms are dependent on relationships based on information sharing, communication and established knowledge learning processes (Williamson 1985) and both the theories have been extended to a supplier network (supply chains) (Lavie 2006; Williamson 2008; Moser et al 2011).

The foundations of this study are based on relevant theoretical tenets, mainly the Resource Based Theory and Transaction Based Theory which have been suitably applied to a supplier network environment over a period of time. Therefore, a study in the Indian context should identify only those factors and determinants that are specifically relevant rather than a generic consideration of attributes from the global automobile industry. The extensive literature survey identified determinants of the VA-supplier relationship as practiced in automotive industry globally. Besides analyzing research in this domain of SCM from the developed countries, special emphasis was laid on related studies in emerging economies such as Turkey, Malaysia, South Africa and others. This enabled a more realistic assessment of the core issues in implementing SRM in the automotive industry. The literature survey was supported by in-depth structured and unstructured interviews with practitioners, academicians and consultants who have a good understanding of SCM practices in the Indian automotive industry. The literature survey and the ensuing industry scan, resulted in identifying the constructs and the significant indicators to operationalise each construct. Based on the continuum approach, the study of extant literature on BSR in general and SRM in the automotive industry in particular focused on ascertaining relevant determinants to examine antecedents and outcomes of the VA-supplier interface with specific reference to the Indian automotive industry.
Incorporating a strategic dimension in the procurement function depends on value addition to products by suppliers as also market complexity, unpredictable demand, technological changes, logistics costs and outsourcing (McCutcheon and Stewart 2000; Corswant and Fredriksson 2002). The business environment (economy, Government policies, firm strategy, technology of product etc.) plays an important role in shaping the VA-supplier partnership (Landeros et al 1995). The depth of VA-supplier relationship also depends on product characteristics such as demand, level of customization, number of sources of supply, engineering effort and expertise required in its manufacture including investments in technology and machinery (McCutcheon and Stewart 2000; Carr and Pearson 1999). Uniquely, in the automotive industry, the supply chain is managed by the VA due to various factors – fewer in number, size, investments made in suppliers (Storey et al 2006) and this results in “interdependence asymmetry” (Caniels and Gelderman 2007) indicative of the alignment of dependence in any partnership between VAs and their suppliers (Duffy 2008).

The SMO is the management support for the VA and major suppliers to enter into collaboration (Shin et al 2000). SMO in this study has been studied from the perspective of management outlook (top management support etc.) (Spekman and Carraway 2006; Ellram 1995) and the resulting practical steps being undertaken to establish a partnership through managerial initiatives such as simplification of procurement processes etc. Supplier development is a macro term which broadly covers numerous activities connected with measures by VAs to improve the performance, skill and technological level of their selected suppliers (Krause et al 1998) and this has been studied in three forms – formal supplier development practices (formal evaluation process, certification program, incentives) (Krause 1997; Wagner 2006; Kannan et al 2010), asset specificity (Ganesan 1994) (which includes investments in terms of personnel, technological expertise, information systems) and supplier’s involvement in vehicle design and development (Bensaou and Anderson 1997; Vonderembse and Tracey 1999; Moser et al 2011). VA-supplier partnership is perceived as an outcome which aims at precluding any opportunistic behaviour between them and VA-supplier partnership has been analysed through three constructs. Trust has been noted as a basic aspect of any BSR and is a belief that each of the partners would act in each other’s best interests (McCUTCHEON and STUART 2000; SAKO 1992; DYER and CHU 2000). Similarly, communications with suppliers (Paulraj et al 2008) is particularly relevant in India where majority of auto component manufacturers are in the Small and Medium
Enterprises (SMEs) sector and goes beyond mere sharing of routine information (Mudambi and Helper 1998; Monczka et al 1998). The third aspect of VA-supplier partnership is a robust conflict resolution mechanism (Landeros et al 1995) to resolve any contingent situations in a collaboration that ensures corrective action to be taken unilaterally or bilaterally at an operational and managerial level (Dwyer et al 1987).

In any supplier relationship, the benefits accruing to both manufacturers and suppliers must be of equal proportion to ensure sustainability of the relationship (Gadde and Snehota 2000) and it is incumbent on the manufacturer to ensure that their suppliers benefit in this relationship by way of increased share of purchases and commitment in future business dealings (Fink et al 2007; Krause and Ellram, 1997). Firms have realised that suppliers play an important role in quality product innovation and development and supplier satisfaction is an imperative to achieve their continued cooperation (Meena and Sarmah 2012). Further, VA-supplier partnership is likely to be sustainable if efforts are made to achieve competitive advantage for both partners (Mudambi and Helper, 1998) including product innovation by suppliers (Monczka et al 1993) as well as the latter’s strategic commitment and willingness to work with a VA (Kannan and Tan 2003). It has been noted that performance parameters for both buyers’ and suppliers are largely similar in nature and context (country) sensitive (Vijayraghavan and Raju 2008).

1.4 Research Problem and Objectives

Essentially, not only a partnership with suppliers but a long term robust relationship is crucial for achieving competitive advantage (Trend 2005; Cousins, 2008) and auto component manufacturers (suppliers) are definitely going to play a significant role in ensuring this in the automotive industry (Meena and Sarmah 2012). Efficient SCM in the overall automotive supply chain therefore makes deeper VA-supplier linkages an imperative. A robust and strong buyer-supplier relationship based on trust is one of the major factors in ensuring competitiveness of the auto component industry in India (Joshi et al, 2013; Mohammed et al 2012). Significant constructs constituting SMO have been studied in the Indian automotive industry and indicates the contribution of these aspects in performance of both buyers and suppliers (Vijayraghavan and Raju 2008). Also, it is noteworthy that most research in the Indian automotive supply chain domain are from the viewpoint and perspective of buyers. However, there are very few studies on these issues, on SRM, from a supplier perspective and hardly any in the Indian automotive
supply chain context (Kannan et al 2010). The above mentioned issues, analysed based on existing literature, reveal that there is a deficiency of meaningful study on the issue of development of VA-supplier relationships in India’s automobile sector. Hence VA-supplier partnership and the contribution of this interface to overall supply chain performance, in India’s automotive sector, offers substantial motivation for such studies to be conducted in a logical and holistic manner. Therefore, there is specific scope of studying the constructs and imperatives leading to development of a pragmatic model in establishing a robust VA-Supplier interface in the Indian automotive industry which would result in mutual benefits to both VAs and suppliers. Based on the above, the objectives of the proposed research on the VA-supplier interface in the Indian automobile industry are as follows:

- Establish nature of the interface between suppliers and automotive manufacturers.
- Identify the key performance measurement indicators of the interface.
- Study supplier relationship practices adopted by automotive manufacturers.
- Develop a comprehensive model for supplier-manufacturer interface.
- Recommend relevant measures for effective SCM in the chosen domain.

1.5 Research Questions

The significant strategic imperatives or impact drivers for a firm to adopt SMO as part of their overall business strategy, are the existing business environment (economic conditions including policies and market competition), product characteristics and dependence on suppliers (supplier dependence) by the VAs and vice versa. This also dictates the attitude of the two partners (‘accommodation’, ‘problem solving’ or ‘assertiveness’) (Kozan et al 2006). Thus, dependence of one entity on the other, is a major contributor to the level of the partnership and is also a major factor for success or failure depending on symmetry/asymmetry in the relationship (Monczka et al 1998). This leads us to believe that there is a need to identify the impact drivers that make a firm to incorporate a SMO (management outlook and managerial initiatives) in their procurement function. Hence Research Questions (RQs) to study this issue are as follows:

RQ 1: Do factors such as business environment, product characteristics and supplier dependence motivate Indian VAs and auto component manufacturers to adopt a positive managerial outlook towards supplier relationships and to what degree?
RQ 2: Does a positive management outlook lead to undertaking specific managerial initiatives towards adoption of supplier partnerships in the Indian automotive industry and to what extent?

Adopting supplier development practices is a result of the VAs’ strategic perspective towards suppliers and top management commitment (Krause 1999) and this has been considered in this study through the constructs of management outlook and managerial initiatives and this may be studied through the following RQ:

RQ 3: Does adoption of managerial initiatives in undertaking collaborative relationships translate into VAs adopting supplier development in the automotive industry through asset specificity, formal supplier development practices and supplier involvement in vehicle development?

As has been brought out earlier, supplier development by a firm essentially involves systems to streamline and formalise existing processes under the purchasing function such as supplier evaluation, certification and evaluation (Krause 1997). Asset specificity, formal supplier development practices and supplier involvement in vehicle design and development (Corswant and Tunalv 2002), not only form aspects of supplier development activities but also contribute in establishing close VA-supplier partnership (Bensaou and Anderson 1997). Hence we are able to formulate the following research question in studying the impact of supplier development initiatives on VA-supplier partnerships in Indian automotive supply chains:

RQ 4: Are asset specificity, formal supplier development practices and supplier involvement in vehicle development practiced in the Indian automotive industry and which are the major areas of focus for each aspect?

The literature survey has indicated a positive impact of supplier relationship efforts on manufacturing flexibility and performance (Corswant and Fredriksson 2002; Krause and Ellram 1997) and also revealed the importance of conflict resolution mechanism (Landeros et al 1995; Kozan et al 2006) and other factors in overcoming any significant differences that may arise in the course of the partnership (Prahinski and Benton 2004). There is a case to ascertain the significant aspects (constructs) of VA-supplier partnership (trust, communication and conflict resolution mechanism) in the Indian automotive industry through the following RQ:

RQ 5: What are the significant determinants of VA-supplier partnerships in the Indian automotive industry?
Studies have established that supplier development by a manufacturer has a positive impact on supply chain performance (Krause 1997). Hence there is a case to ascertain the extent to which supplier development contributes to a partnership between Indian VAs and their suppliers. This is expressed as a RQ as follows:

RQ 6: Does supplier development by Indian VAs lead to a partnership between them and their major suppliers?

In maintaining long term relationships with suppliers, VAs consider several issues such as the expectations of a ‘return’ on their relationship, as also the opportunity cost due to possible loss in not taking advantage of any other suppliers offering lower cost and delivery time (Dyer and Chu 2000). Thus, it is relevant to study the impact of VA-supplier partnerships on the mutual benefits (competitive advantage and supplier satisfaction) accruing to both VAs and their suppliers as follows:

RQ 7: Does the adoption of VA-Supplier partnership paradigm, in the Indian automotive industry, mutually benefit VAs and auto component manufacturers (suppliers) by way of supplier satisfaction and competitive advantage and to what extent? What are the major components of each of these benefits?

1.6 Proposed Conceptual Model

A ‘partnership model’ suggested by Lambert et al (1996) comprised “drivers”, “facilitators” and “components”, leading to “outcomes (performance). While “drivers” are strategic in nature and act as motivators for embarking on a partnership, “facilitators” are the “supportive corporate environment” such as a positive management outlook and “components” are factors which are the means by which a partnership is actually operationalised such as trust, commitment, asset specificity, communications and joint planning (Lambert et al 1996). Similar frameworks based on these aspects have been suggested by Duffy and Fearne (2004) among others and in general, these studies have adopted a “systems thinking” and a “world view perspective” (Spekman et al 1998). It has been noted that supplier relationship development should be carried out at three levels—dyadic, chain and network since each has its own unique determinants (Moser et al 2011). The proposed framework is motivated by these concepts in that it is based on the premise that in order to study the antecedents, moderators and outcomes of a VA-supplier relationship, both strategic and an operation view needs to be examined. Therefore, a comprehensive framework, a
continuum, taking into consideration all the above mentioned aspects are required to carry out a
deeper examination into the multidimensional aspects of the VA-supplier interface.
The theoretical framework has been developed on the basis of antecedents (constructs), as
highlighted in the literature survey as well as the linkages between these constructs that have
been adequately supported through empirical studies in the automotive industry. This gives rise
to a causal formulation wherein strategic drivers of supplier relationship impact the level of
implementation i.e. supplier management and development practices as process “components”
and collaborative practices. The impact drivers or strategic imperatives of a firm, for VAs in
India to adopt supplier relationships with a SMO as part of their competitive strategy are the
existing business environment, product characteristics and dependence on partners (Terpend et al
2008) and this strategic perspective of a firm’s procurement function has been found to have a
definite positive effect on performance (Carr and Pearson 1999; Krause 1997). This has also led
to an orientation of management to adopt supplier development practices through collaboration
(Johnston and Kristal 2008).
Also, it has been widely noted that VAs adopt supplier development initiatives such as asset
specificity, to include direct and indirect support to major suppliers, as well as formal supplier
development practices such as supplier selection system, incentives, recognition and training.
The significant issue of supplier involvement in vehicle development, which is gaining
considerable support in the Indian automotive industry, is an important component of the
supplier development initiative. However, before formulating such practices there is a
requirement to study the practical realization of this supposition (Prahinski and Benton 2004;
Wagner 2006) especially in the level of competitive advantage accruing to auto component
manufacturers. It has been seen that there is considerable support that a SMO leads to a long
term view taken by VAs in establishing partnerships with major suppliers. It was further studied
that a VA’s involvement in the functioning of their major suppliers, in most cases, leads to a
robust and long term VA-supplier relationship based on trust, communication, and conflict
resolution mechanism resulting in a higher level of collaborative practices at the organizational
and personal level. Further, an effective BSR has been established as a strong moderator between
supplier development practices and enhanced performance of both VAs and suppliers (Shin et al
2000) and supply chain competitiveness both in developed and emerging economies. Finally, it
is surmised that VA-supplier partnership would enable both partners to realize mutual benefits
such as supplier satisfaction due to perception of an increase in business and also accrue competitive advantage to both partners. These constructs and their linkages which may be used as a model for an analysis of the VA-supplier interface are depicted in Chapter 4 (Figure 4.3).

1.7 Research Methodology and Analysis
Data collection followed the survey approach and the sample was based on judgment sampling, the population being managers and senior leadership of the VAs and auto component manufacturers (suppliers-mainly tier 1 and some tier 2 companies). The respondent firms were selected from the list of members of Automobile Component Manufacturers Association (ACMA 2015) and Society of Indian Automobile Manufacturers (SIAM 2014) which are the major industry bodies representing the automotive sector. The research instrument was a questionnaire which was administered to managers at various levels of VAs as well as tier 1 and tier 2 auto component manufacturing companies. The questionnaire, developed using a 7-point Likert Scale, was vetted for understandability and relevance by academics, consultants and a few practitioners involved in procurement and SCM in VAs and auto component manufacturing firms. The questionnaire was then pre-tested on 25 managers from the sample population. Based on the above vetting and pre-testing process, the survey instrument was amended suitably. The survey was carried out by administering the questionnaire to 960 potential respondents through on-line survey platform, by surface mail and through personal interactions. This was followed by personal interviews, telephone calls and two reminders to the potential respondents, each time resending the questionnaires. The respondents were from three major automotive clusters – National Capital Region (NCR), Maharashtra (Western) and Tamilnadu (Southern) clusters. The survey process resulted in 253 responses. The data was coded and then tested for non-response bias (using two groups of early and late respondents) the details of which are enumerated in Chapter 5. The data screening process included examination for missing data and subsequently for normality and outliers. This analysis resulted in a total of 241 usable responses, indicating 25.1% response rate. The profile of respondents based on the type of firm-VAs, tier 1 and tier 2 suppliers, level in the organisation, duration of existing partnerships etc. are also reported in the study. The data were analysed and the hypothetical model tested using Structural Equation Modeling (SEM) which is a complex statistical technique used mainly in cases involving large number of constructs with anticipated multiple relationships between these constructs, such as in
this study (Hair et al 2013; Malhotra and Dash 2011). SEM has also the added advantage of measuring errors represented by each of the latent variables. However, the basic premise of SEM is that the indicators for each of the constructs are fixed on an ‘a priori’ basis and this necessitates a rigorous and deep theoretical study of the domain of research. Measurement development was carried out using Confirmatory Factor Analysis (CFA) and testing for major fit indices.

The CFA revealed that some indicators needed elimination in order to ensure adequate factor loading for each of them as also indicating that the remaining indicators were correlated and the construct reliability of each of the determinants was adequately established. The results of the fit indices indicated a good model fit of each of the constructs. The CFA as well as the results of bivariate correlation between the latent variables established reliability and construct validity (both discriminant and convergent validity). The research questions formulated earlier were then addressed using data analysis and development of the measurement model. The resulting structural model revealed a few relationships that were not supported entirely and these were dropped before subsequent iterations were carried out. These results along with analysis are given in Chapter 6. The resulting modified model was supported and the path analysis indicated that most causal relationships were established. The modified model based on the empirical analysis has been explained in Chapter 6. The discussion of the results in Chapter 7 has highlighted the prevailing status of supplier relationships and identified specific areas requiring improvement in order to adopt SRM practices in the Indian automotive industry.

1.8 Context of the Study

There have been quite a few studies in various aspects of supplier relationships in the automotive industry. However, these are mainly concentrated in the developed economies and they have focused on specific aspects such as impact of trust, SMO, supplier development practices and other determinants on VA-supplier partnerships. This study is, firstly, one of the few that explores the issue of supplier relationship in a developing country. Secondly, more significantly, it studies SRM in a holistic manner, as continuum, from the strategic imperatives to the mutual benefits accruing as a result of VAs and their major suppliers adopting SRM. A new theoretical model has been tested which indicates that there are certain determinants which are focus areas to ensure competitive advantage to the partners as well as enable supplier satisfaction. This
would provide an insight into SRM, in a complex industry, based on theoretical foundations and offer researchers newer avenues for further analysis. For example, this study provides an understanding as to how transaction cost theory is applicable in a contemporary context and how factors such as trust, communication, business environment, conflict handling and management outlook impact the adoption of supplier development practices leading to competitive advantage for the firms. The quantitative analysis and the qualitative inputs in understanding causal relationships using SEM, provide an understanding of the dynamics of SRM in the Indian automotive industry.

The CFA results highlight areas which need greater attention for VAs to effectively include their major suppliers in the procurement process. This study also brings out certain misgivings and areas of concern of the auto component manufacturers in entering into a long-term partnership with the VAs. Also, the dyadic perspective provides a better understanding of mutual benefits that is expected from VA-supplier partnerships such as competitive advantage and supplier satisfaction. Significantly, the study reveals that much needs to be done by the VAs and tier-1 suppliers in order to adopt global best practices of SRM. Overall, the study makes a significant contribution in an important aspect of SCM in the complex automotive industry in a developing economy which has its own set of peculiarities. A new model has been suggested based on strong theoretical considerations and this model has been largely validated through quantitative analysis leading to an acceptable level of fit to the data.

1.9 Major Areas of Contribution

At the theoretical level, the study contributes to the ongoing research in the field of SCM. This empirical study also substantiates relevant theories of BSR such as Resource Based Theory and Transaction Based Theory and its applicability in the present day ‘networked’ environment. The aspect of supplier relationship with its pros and cons as an important basis for implementing effective SCM has been studied to some extent in the complex automotive industry. However, this study is unique as such it is one of the few which examines the issue of SRM in a holistic manner delving into the indicators and antecedents right from the strategic imperatives to the resulting benefits. This research sheds new light in the present status of SRM in the Indian automotive industry and is especially relevant since it takes into consideration the perspectives of both VAs and their major suppliers on grass-root level issues in the procurement function.
study would afford an apt platform for further research in the complex issue especially since it is one of the very few studies in this sector in the context of emerging economies which have their own peculiarities.

At the level of practitioners, this study clearly presents areas that need focus and more attention for implementing global SRM processes in the Indian context. It also highlights the expectation of suppliers from such partnerships which needs to be better understood and appreciated specially in the local cultural context. Interestingly, the research brings out the fact that it is the simple issues such as better payment terms and policies which encourage suppliers’ involvement in adopting SRM practices as also the significant potential that exists in this domain of SCM. The findings also indicate that there is support for the fact that adopting SRM, albeit with preferred suppliers, would mutually benefit both VAs and the auto component manufacturers in the Indian automotive industry.

1.10 Limitations of the Study and Future Research Direction

A significant limitation in conducting this study arose from the fact that very few managers at the operational level really understood the larger impact, dimensions and advantages that accrue from a strategic VA-supplier relationship. This may be due to the fact that the Indian automotive industry is still in the growth phase wherein global supply chain procurement related practices are yet to be fully absorbed. Therefore many of the respondents may not have fully grasped the impact of various issues raised in the survey instrument, on VA-supplier relationships. This may have adversely affected some of the deductions made in developing the structural model. The respondents in the survey were mainly from three major clusters in the Indian automotive industry and there may be some uncontrolled factors impinging on the conclusions derived in this study. Therefore it is desirable to enhance the representation of the respondents to include all clusters with equal weightage to both VAs and major suppliers.

Adopting supplier relationship practices without taking into consideration the operating environment and contextual factors may be counter-productive. For example, although most VAs in the United States of America (USA) and Europe followed the supplier relationship paradigm, first established by the Japanese automakers such as Toyota and Nissan, often, their expectations of performance enhancement fell short (Kamath and Liker 1994). Only a few studies (Johnston and Kristal 2008) have considered perspectives of both buyers and suppliers in collaborative
relationships in the manufacturing industry. Therefore, establishing determinants and indicators in a supplier relationship framework necessitates that a larger weightage be given to the suppliers’ perspective since this would reveal “contrasting views” and “time– dependent trends” based on cross – sectional data (Stuart 1997) leading in turn, to pragmatic recommendations in enhancing strategic supplier relationships. It is also suggested that a pilot survey covering all automotive clusters be carried out to determine the antecedents of a VA–supplier partnership and the resulting benefits. This wider coverage would neutralize any localized effects on the study such as cultural practices. A case study, involving a VA and its major suppliers, to delve into the antecedents, challenges and mutual benefits at a dyadic level would add further value to such a study. To strengthen the directional causality between constructs in the model under study, it is suggested that this model be subjected to testing through independent samples.

1.11 Outline of the Thesis

This study has been presented in a form which is common for similar thesis which combines qualitative and quantitative analyses using similar analytical tools. The coverage is as presented in this Section.

Chapter 2 contains the literature survey including theoretical basis of the study and identification of constructs and their respective scale items.

Chapter 3 identifies the research gap as a result of extant studies and then goes on to lay down the objectives and resulting research questions.

Chapter 4 develops the framework of the study, further leading to a conceptual model which is used for quantitative analysis.

Chapter 5 details the methodology of research including the development of research instrument, pre-testing of the questionnaire and issues relating to data collection, response and verification of non-response bias.

Chapter 6 is the step wise reporting of empirical analysis conducted through Structural Equation Modeling (SEM). The development of measurement model, establishing validity of the responses, reporting and analysis of CFA and finally development of the structural model form part of this Chapter.
Chapter 7 outlines the research findings, discussion in context of the study, recommendations for enhancing SCM in Indian automotive industry and contribution of the study both in research and managerial domains.

Chapter 8 presents some limitations of the study and suggests future direction of research.