CHAPTER 8  
LIMITATIONS, FUTURE DIRECTION OF RESEARCH

8.1 Limitations  
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 Indian automotive industry being 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 on VA-supplier partnerships on various issues raised in the survey instrument. This may have adversely affected some of the deductions made and 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. It is desirable in such studies to enhance the representation of the respondents to include all clusters with equal weightage to both VAs and major suppliers. The interpretations of the findings of this study should take into account that this research was purely in an Indian context with its own unique business and cultural environment. Therefore, the results should be compared with those from the automotive industry in other emerging economies in Asia to enable a proper holistic analysis of SRM as proposed by Rahman (2008). There was considerable difficulty in obtaining responses from both sides of the dyad (VAs and auto component manufacturers) and that too from multiple informants belonging to a firm and this has been noted by other researchers also. However, in the interest of obtaining a varied and comprehensive view of the complex aspect of SRM in automotive supplier chains, a deliberate effort should be made during the survey to cover as many respondents as possible. Some of the causal relationships noted in this study are considered typical to the Indian context but this may be due to a difference in perception of the respondents thus requiring deeper examinations of some of the constructs and relationships. This is specially true in studies in BSR wherein ‘perceptual divergence’ for example, may lead to misleading results in analysis of determinants (Oosterhuis 2009).
8.2 Future Direction of Research

Adopting supplier relationship practices without taking into consideration the operating environment and contextual factors may be counter-productive. For example, although most VAs in US and Europe followed the supplier relationship paradigm, first established by Japanese automakers such as Toyota and Nissan, often their expectations of performance enhancement fell short (Kamath and Liker 1994). In the case of developing countries like India, BSR in the manufacturing sector has its own peculiarities and a study by Mohanty and Gahan (2012) has brought out the fact that a majority of the suppliers in the manufacturing sector are MSMEs who by their very nature of size and structure need much more understanding and even mentoring by the major manufacturers (buyers) than is prevalent in developed economies. In developing the framework, substantial amount of literature including the theoretical basis of BSR have been studied.

The identified constructs, indicators and their linkages have then been examined from the practical viewpoint i.e. actual application of supplier relationship management in the Indian automotive supply chain. However, there is a requirement for a wider scan of the sector involving other automotive clusters since our study concentrated on VAs and auto component manufacturers in three clusters in India. It is suggested that as a first step in such studies, 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 such as cultural practices in determining the factors and scale items and provide a strong foundation for further qualitative and quantitative analysis.

Also, it is highlighted that although this study, exploratory in nature, relied on literature in a global and the Indian context as also experience of practitioners and consultants, it is possible that some of the issues highlighted may be anecdotal in nature requiring a more rigorous empirical analysis. A case study, involving VAs 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. Kline (2011) refers to the “ultimate goal of SEM …to attain statistical beauty” which is explained as the necessity of the final model to be theoretically sound, largely general in applicability and enable future research direction in the subject. It has been an endeavour of this study, especially in analysis of the model adopted, to meet these three objectives. However, there remains the issue of “replication” (Kline 2011) through other sample data taken from other
automotive clusters. 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 in different contextual settings.

‘High trust relations’ were found to be comparatively unique in the highly competitive automotive industry in the late 1990 in USA (Mudambi and Helper 1998) but it is a moot question as to whether such relationships are graduating to collaborative relationships as the industry matures. Even as the partnerships mature, there is need to continue to evaluate the progress of the ongoing relationship and, therefore, future studies could examine factors which have an impact on the partnership at specific stages in a contextual setting (Powers and Reagan 2007). Prior research in the domain of manufacturer–supplier relationship has dwelt on perspectives of only one of the partners (Stuart 1997) which does not afford clarity nor in-depth understanding of inter-organisational concerns, mutually accepted view of benefits and even different motivational drivers to embark upon such a relationship or alliance.

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. This issue can be addressed through longitudinal studies since a graded improvement in VA-supplier partnership would be more prominent in emerging economies.

Studies have shown that both buyers and suppliers have a significant difference in perception of what constitutes effective BSR as also the importance placed on certain constituent factors with buyer’s falling short in practical implementation of collaborative practices (Spekman et al 1998). Therefore, there is considerable scope and need for ascertaining the beliefs and motivation of both buyer’s and suppliers in adopting collaborative SCM practices, which is largely contextual, industry specific and cultural in nature.

There have been a few research studies conducted in area of supplier relationships in developing economies such as in Iran (Imanipour et al 2012), Malaysia (Rahman 2008), South Africa (Naude and Badenhorst-Weiss 2012), Turkey (Wasti et al 2006) and Brazil (Vanalle and Salles 2009). These studies are characterized by a rapid growth phase, tie-ups with global auto
component manufacturers, enhanced competitiveness and favourable government policies. However, due to the evolving nature of this sector, the extent and depth of the VA-supplier relationship in a holistic manner requires to be studied continuously and multi-dimensionally for meaningful recommendations for improvement.

8.3 Conclusion

This study has sought to present a holistic framework and a model for future examination of issues that need to be considered by both VAs and their major suppliers in embarking upon an effective supplier relationship program and seeks to bridge the gap between theoretical perspectives and practical implementation of SRM in the Indian automotive industry. It is envisaged that this study would provide a basis for understanding the practical issues and challenges in developing supplier relationships, not only in India but also in other such emerging markets, with a view to make recommendations for implementation and enhancement of SRM in automotive supply chains.