Chapter VI

Managing E-Relationships in a Supply Network

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Abstract

This chapter investigates the dynamics of the formation and transformation of electronic supply relationships (e-supply relationships) in the Chinese cultural, technological, and industrial network context. It focuses on a newly-formed large Chinese telecom company. The aim is to provide better insights into inter-organisational relationships (IORs) enabled by the application of newer types of Internet technology in different contexts, and to develop a new conceptual framework of e-supply relationships. In this research, the conceptualisation of the transformation process of e-supply relationships represents circuits of interactions between managerial actions and social structures, as well as the particular cultural and technological context within which the interactions take place.
Introduction

According to Sain, Owens, and Hill (2004), e-procurement can be considered as “the electronic integration and management of all procurement activities, including purchase request, authorisation, ordering, delivery, and payment between a purchaser and a supplier.” E-procurement allows buyers to make their purchasing decisions while Internet technology enables suppliers to enjoy wider access to markets across the world (Dai & Kauffman, 2002). Therefore, the impact of emerging Internet technology on global competition is transforming the networked supply chain. It is claimed that supply chain management is becoming more important as a result of dynamic inter-organisational cooperation to maintain organisational global competitive advantages. Harland, Powell, Zheng, Caldwell, and Woerndl (2002) argue that the most critical partnerships to be developed and nurtured are those with suppliers and customers; the more a company can capitalise on its networks of suppliers and customers, the greater the chance it may gain a sustainable competitive advantage (Harland, 1996; Jarillo, 1993). However, technology is almost always seen as a “Western” concept (Shoib & Nandhakumar, 2003). Walsham (2000) argues that there is less emphasis on the process of globalisation and related development of Internet technology affecting the emerging economies in the world. Shoib and Nandhakumar (2003) state that global information systems (IS) are also new themes for research on emerging economies.

It is widely recognised that the world is becoming increasingly interconnected in terms of its economic, political and cultural life (Walsham, 2000). Companies are required to work in global markets; however, they still need to deal with the uniqueness of local conditions. The idea that organisations do business differently as a result of their different cultures gives the reasons why the interactions and business relationships between organisations have different consequences. Therefore, this study aims to explore the cultural issues in managing e-supply relationships by presenting the findings from an in-depth case study researching the dynamics of e-relationships in a newly-formed large Chinese telecom enterprise—TelcoX (pseudonym). It explains the cultural differences between China and the UK, as well as how and why these differences are important in an electronic setting.