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Inconsistent Norms in Buyer-Supplier Relations – A Study of Sustainability Introduction in the Textile and Apparel Industry

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Abstract

This paper explores the set of norms governing the relational exchange between suppliers and buying companies in the textile and apparel industry. Moreover, it explores the changes to these norms brought about by the introduction of sustainability requirements over the past 5-10 years. Norms play a significant role in determining the behavior characteristics in contractual and relational exchanges. In this study, we interviewed 30 suppliers/manufacturers in the textile and apparel industry in India, Bangladesh and China, to shed light on how the introduction of sustainability requirements from buyers has affected the applied exchange norms. We find that suppliers have experienced that the behavior of buying companies has become more transactional, since the textile and apparel industry started requiring sustainability. The norm set of buying companies has changed and may be separated into two: A previous set of norms and a sustainability-related set of norms. Suppliers find it difficult to engage with buyers that operate to somewhat contradictory norm sets in the same exchanges.

Key words: Norms, Relational exchange, Sustainability exchange, Qualitative Study

1. Introduction

Back in the 80s, textile and apparel manufacturing in Denmark was no longer competitive compared to low-wage regions like Asia and Eastern Europe, and the textile and apparel industry began outsourcing production to those regions. With no contracts, close relationships developed over time based on orders, trust and commitment. At the same time, a set of relational norms and mutual expectations to the relationships arose (Lampel & Shapira, 2001; Macaulay, 1963). Norms play a significant role in understanding business exchanges (Ivens, 2002), and business exchange research has studied relational and contractual norms extensively (Gundlach & Achrol, 1993; Macneil, 2000). Norm theory describes the set of norms that determines the behavior in the present exchange as well as in the future exchange relationship (Blois & Ivens, 2007). Exchange theory

states that the norms governing commercial exchange behavior in contractual relationships are clearly different from the norms governing relational exchange (Kaufmann & Stern, 1988).

Soon after the millennium, buying companies in the textile and apparel industry started imposing demands on suppliers' handling of social and environmental issues. This study investigates the norms existing in the buyer-supplier relationship and explores the changes to these norm sets caused by the introduction of new sustainability requirements. The paper sheds light on how the shift or change in buying companies' behavior from purely relational to a combination of relational and transactional has affected existing industry norms and suppliers' perception of the change in norms. The following double research question guides the investigation into this matter: *“What norms determine behavior by buyers and suppliers in the textile and apparel industry and how have these norms developed over time?”* To answer this question, we interviewed 30 suppliers/manufacturers about their perception of applied norms. We also asked them how buying companies manage sustainability.

This paper makes a contribution to the literature by demonstrating the change in norms developed in the textile and apparel industry and adopted by suppliers and buying companies to guide their relational exchanges for many years; a change occurring concurrently with the emergence of supplier sustainability requirements. With the introduction of sustainability requirements, the behavior of buying companies has become more transactional or discrete. There has been a tremendous increase in buying companies pushing for the implementation of contractual issues like codes of conduct and certifications and buying companies have equally become increasingly eager to monitor suppliers' activities. The result of this behavioral change is a gap between the already established norms and the norms arisen as a result of the introduction of sustainability-related requirements. Buying companies somehow operate to parallel norm sets, one for normal exchange where characterized by relational norms, and one for sustainability initiatives where exchange is purely contractual. The development of these two concurrent but inconsistent norm sets confuses suppliers and make it difficult for them to interact with buying companies. This considerable gap between the existing norms and the new sustainability-related norms has not been documented before and therefore represents a contribution to extant literature on business exchange.

The paper is structured as follows: Introducing first the theoretical background, the paper is followed by a description of the methodological process applied for the research conducted. The paper subsequently presents the findings and discusses relevant excerpts of the data that reflect emerging concepts. Finally, a conclusion is drawn and limitations and managerial implications outlined.

2. Theoretical Background

2.1. Norms in transactional vs. relational exchange.

An exchange occurs when resources are transferred from one party to the other in return for resources controlled by the other party (Blois, 2002). In terms of transactions, the literature has drawn heavily on theories of transaction costs and contract law. With transaction cost theory, Williamson (1985) distinguishes between market, hierarchy and hybrid governance whereas Macneil (1980) with contract theory focuses on contract norms and shared expectations of behavior ranging from discrete to relational. Depending on the type of exchange transaction between buyers and suppliers, different forms of contracts are appropriate (Ivens, 2002). The

difference between the various forms of contracts is defined by the existence of a discrete transaction or transactions occurring over a period of time; relational transactions (Ivens, 2002; Macneil, 1978). Almost three decades ago, Dwyer, Schurr & Oh (1987) argued that business exchanges were going through a change from the anchor point of discreteness towards more relational exchange. Dwyer, Schurr & Oh (1987) also claimed that the change away from discreteness was due to the establishment of reliable teams of suppliers, and that this strong supplier base was dependent on the nature of the relational contracts between buyer and supplier. Because of the recognition of more cooperative governance strategies, much academic focus in the field was slowly drawn towards relational governance strategies (Griffith & Myers, 2005). It became an accepted premise that the reliance on legal contracts alone was frequently insufficient (Rai et al., 2012).

Whereas the discrete transaction is governed by classical and neoclassical contract law, where actors project all aspects of a transaction into the future with a formal written contract, relational contract law explicitly focuses on the problems caused by continuing business relationships and is based on the principles of norms (Ivens, 2002). In exchanges where goals are ill-defined, norms represent important social and organizational vehicles of control. They create a general frame of reference, order and standards that guides and assesses appropriate behavior in uncertain situations, where contracts are often incomplete and legislative means may undermine the continuation of the relationship (Cannon, Achrol & Gundlach, 2000). This implies that the acceptance of norms by the parties engaged in exchange is required in order to render such exchanges effective (Cannon, Achrol & Gundlach, 2000). Heide and John (1992, p. 34) define norms as “*expectations about behavior that are at least partially shared by a group of decision makers*”.

2.2. Specific norms

Contractual norms represent shared expectations regarding behavior, ranging from discrete to relational, in contractual and relational exchange respectively (Durif & Perrien, 2008; Macneil, 1980). The relational exchange school mentions that contracts are arrangements left incomplete to allow the players flexibility to adjust to environmental changes (Macneil, 1978). Instead of making complete contracts, parties prefer to formulate common goals in a rough and open manner to allow easy and fast adaptation to changing conditions. For this reason, Macneil (1980) asserts the overwhelming importance of norms as governance mechanisms in business relations.

Macneil (1980) proposes a *common* set of norms for the governance of exchange processes. He first suggested nine norms (Macneil, 1980), but later (1983) developed a tenth and changed the label applied to one of the original nine, resulting in a set of ten common exchange norms. When used as standard norms of governance, these norms reflect shared expectations and informally create a structure for business relationships (Macneil, 1980). The ten common contract norms are: *role integrity, reciprocity, implementation of planning, effectuation of consent, contractual solidarity, creation and restraint of power, flexibility, harmonization with the social matrix, propriety of means, and restitution, reliance, and expectation interests* (linking norms) (Blois & Ivens, 2007). Such a framework of norms is of course helpful when considering governance issues and when analyzing the actual interaction between suppliers and buyers. But how do these norms differ from one other? Macneil does not provide an ultimate and definite list of which norms are most relevant in business relationships (Ivens, 2006), and he also notes that: “*This cake can undoubtedly be sliced in many ways*” (Macneil, 1980 p. 40).

Because this study explores the interaction between buyers and suppliers, the list of norms found in Ivens' (2006) review of 34 marketing scholar papers on relational exchange theory and the use of norm constructs as variables in a large variety of models, has been used for this study. Ivens (2006) documented ten norms, where some were treated conceptually and some empirically tested as well. The norms were: *long-term orientation, role integrity, planning, reciprocity (mutuality), solidarity, flexibility, information exchange, conflict resolution, restraint in the use of power and monitoring behavior* (Ivens, 2006).

Norms can be described as either discrete or relational (Macneil, 1985). Discrete norms are about the expectations exchange partners have to the individual or competitive interaction (Lambe, Spekman & Hunt, 2000). A specific property of relational norms is that they guide behavior so as to maintain the system or the relationship as a whole and restrict behaviors that promote the objectives of the individual parties. Relational norms inherently confer protection against exploitative use of decision rights (Heide & John, 1992) and reduce the risk of opportunistic behavior (Ouchi, 1980). Depending on where an exchange lies on the discrete-relational spectrum or continuum, the applicable norms change (Blois & Ivens, 2006). Some of the norms are intensified at one end and others at the other end.

The ten norms from Ivens (2006) can be placed on a continuum suggested by Lambe, Spekman & Hunt (2000) and based on Macneil's (1980) conceptualization of exchange (see figure 1). Their (Lambe, Spekman & Hunt, 2000) bifurcation of the continuum consists of transactional exchange as being least relational on the left side and relational exchange as the most relational of all exchanges on the right side the (Lambe, Spekman & Hunt, 2000).

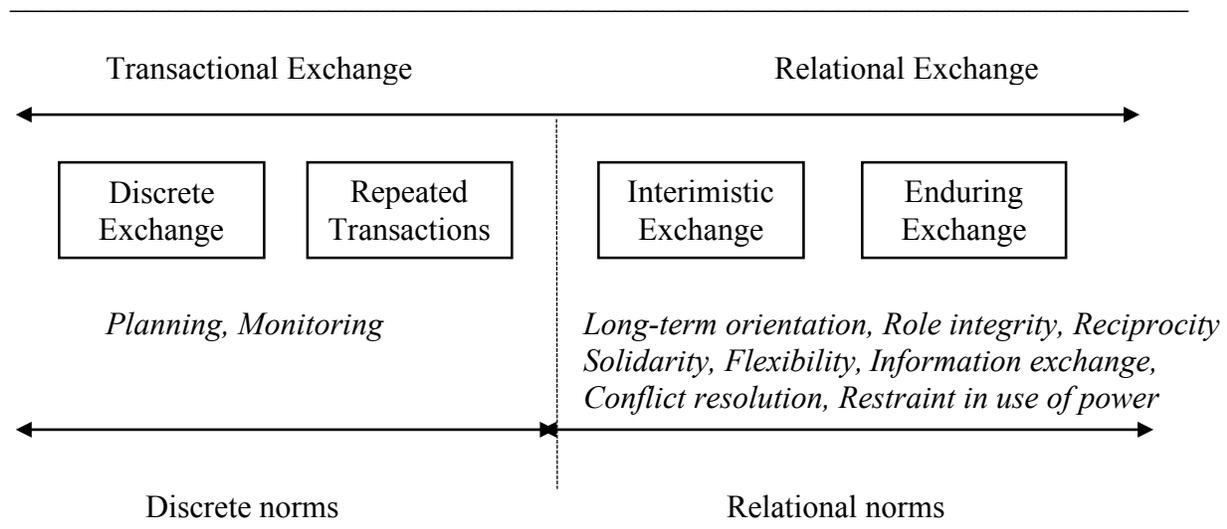


Figure 1. The norm and exchange continuum adapted from Lambe, Spekman & Hunt, (2000).

The figure illustrates that the norms of planning and monitoring, which serve to guide parties in agreed-upon exchanges, are at the transactional end of the exchange continuum (Macneil, 1985, note 187; Tuusjärvi & Möller, 2009). The transactional exchange is divided into discrete exchange and repeated transactions with discrete exchange being one time or “one shot” (Lambe, Spekman & Hunt, 2000; Webster, 1992). Even though both forms are essentially non-relational, repeated

transactions point more towards relational because of the greater opportunity to develop a relationship.

The remaining norms are within the relational exchange on the exchange continuum, which is divided into interimistic and enduring exchange. Interimistic exchange requires a relatively high level of cooperation but time pressure allows for fewer interactions and makes it less relational than enduring exchange (Lambe, Spekman & Hunt, 2000). Norms like reciprocity, role integrity, solidarity and long-term orientation clearly belong to enduring exchange while the position of the remaining relational norms is more vague, but should clearly be classified as relational on the exchange continuum. Both transactional and relational norms can move on the exchange continuum and change depending on the individual kind of exchange (Blois & Ivens, 2006). Furthermore, some norms appear to be partially over-lapping (Achrol, 1997; Cannon, Achrol & Gundlach, 2000; Heide & John, 1992).

2.3. Violation of norms

Defining bilateral expectations in buyer-supplier relationships, relational norms provide critical governance mechanisms in that relationship (Heide & John, 1992). When expectations of norms are bilateral, they can serve as a governance mechanism and safeguard against opportunistic behavior (Berthon et al., 2003). Bilateral expectations can also contribute to trust and commitment in the relationship between the buyer and the supplier. Furthermore, the existence of relational norms in a dyad is seen as an indicator of the harmony of both parties' interests, which, in turn, also reduces the risk of opportunistic behavior (Ivens, 2006; Ouchi, 1980). Such norms can also serve as a general protective mechanism against deviant behavior (Stinchcombe, 1986).

Most research dealing with shared norms has looked at what happens when one party either violates or conforms to the norms. This paper deals with a situation where the set of norms adopted by each party has actually deviated over time, resulting in a situation where the parties now follow sets of norms that are not entirely consistent. In extreme cases, which may actually be hard to imagine, one party may follow transactional norms while the other acts according to relational norms. Obviously, distrust and opportunistic behavior can emerge from this situation. General expectations and deviations from expected behavior and the violation of norms may, however, also form the basis of conflicts among parties of a relational exchange (Ivens, 2006). Ivens (2002) also states that if a gap opens between two parties' respective interpretations of the same norm, ineffective coordination of the exchange relationship can be the consequence. Furthermore, if the gap becomes unacceptable for one party, cooperation may cease. Violations of norms can therefore affect the overall atmosphere of the relationship in terms of the power dependence between the companies, the state of conflict or cooperation, and the overall closeness or distance of the relationship as well as the companies' mutual expectations (Ford (ed), 2002).

In established exchanges, violation normally occurs as single deviations from agreed upon sets of norms. For different reasons, one party steps outside the established set of norms. Though having negative repercussions, this also triggers a social process of repair or of bringing the exchange back into balance. This paper deals with norm asymmetry (Lampel & Shapira, 2001) and situations where more serious norm set gaps emerge in established exchanges. Such situations are more critical because they mark a larger gap between the parties and are more difficult to resolve. This asymmetry and gap emerge when the behavior of the buying companies change relative to the type of established exchange (Cropanzano & Mitchell, 2005), which produces a surprise that may disrupt the exchange. A change in behavior has been shown to produce surprises

in business exchanges (Tähtinen & Blois, 2011). Cambridge Dictionary defines surprise as: “*An unexpected event, or feeling caused when something unexpected happens*” (Cambridge Dictionary). A change could e.g. be the deviation from a common set of norms, and the gap caused by this deviation. Lampel and Shapira (2001, p. 600) states that: “*a strategic surprise occurs when an actor switches from behavior that reinforces cooperation to one that expresses the intent of extracting concessions*”. If it is not possible for the surprised company to find one acceptable reason to justify the behavior of the other party, the surprise may amplify and emotional experiences change to anger and frustration (Tähtinen & Blois, 2011). As such, such norm changes are also highly relevant from a managerial perspective, because of the need for introducing change into business exchange, but without compromising the relationship.

3. Methodology

The research question is exploratory thus requiring a methodology that is appropriate for delving deep into how the suppliers perceive the existing norms and the change, caused by the introduction of the sustainability related norm set. An exploratory interview design was chosen and 30 semi-structured interviews were conducted with textile and apparel industry suppliers in India, Bangladesh, and China. The countries selected are from three of the largest textile and apparel-producing countries exporting to Denmark (Database Eurostat, 2012). A semi-structured interview guide was developed around a number of topics to allow the participating suppliers to express their perspectives and perceptions of the sustainability related relationship with the buying companies and their requirements and initiatives regarding sustainability compliance. In each interview, there was also room for discussion about issues not covered in the interview protocol, that the participants considered relevant (Yin, 2003). To answer the research question, managers or plant owners of the various suppliers were interviewed. Each interview was carried out face-to-face, in English, with an average length of 41 min. All interviews were recorded and transcribed verbatim. The suppliers were assured beforehand that personal and company names would not be used, to ensure anonymity. Taking this approach made it possible to gain insights into how the suppliers perceived the sustainability-related norm set and how the norm set has changed.

The data analysis was conducted following Charmaz’s (2014) coding framework. According to Charmaz (2014), coding should be conducted in at least two phases: initial coding and focused coding. The coding was conducted iteratively. Each case was individually coded and the results were discussed with a research colleague to assure consistency. During the initial coding, a within case (Eisenhardt, 1989) analysis was performed very close to the data. The purpose with the initial coding was to identify and understand the norms present in the supplier-buyer relationship in the textile and apparel industry. The ten norms discovered by Ivens (2006) were used as a conceptual framework in this within case analysis to help reduce the data and for data management (Miles & Huberman, 1994). During initial coding, color codes was applied (Kähkönen & Virolainen, 2011) subjected to classification of the ten different norms. During this initial coding phase it became obvious that it would not be possible to find evidence for all of Ivens' (2006) ten norms in the data. Four norms with strong evidence and three with weaker evidence were found in the data. With strong evidence is meant that evidence was found in a major part of the interviews and with minor evidence the norms were found in fewer interviews (see table 1).

Norms with strong evidence	Appearance	Norms with weak evidence	Appearance
Role integrity	17	Long term orientation	4

Reciprocity	22	Information exchange	6
Solidarity	10	Restraint in the use of power	5
Monitoring	22		

Table 1. Appearance of norms in the data.

During the focused coding stage, the codes with the seven found norms was all reviewed and examined for their adequacy. Through an iterative process, concrete detailed quotes were studied gaining further detailed insights in terms of the norms that were present in the data (Strauss & Corbin, 1994). In this phase, the coding instances were analyzed and interpretations with respect to the study's research questions were made. Notes and analytical documents were drafted and connected to form a clear chain of evidence (Barratt, Choi & Li, 2011).

4. Findings

Seven of the ten norms (Ivens, 2006) were found in the interview data analyzed. With the aim of showing the gap emerging in the set of norms for buyer-supplier relationships as a result of sustainability-related requirements, findings for each of the seven norms will be presented and elaborated below. The four norms with strong evidence will be elaborated individually, and the norms with weaker evidence will be elaborated together.

4.1. Role integrity

The first analyzed norm was *role integrity*, which refers to maintaining multidimensional and complex roles in a business relationship and ensuring proper and adequate behavior from each party in the exchange (Ivens & Blois, 2004). This investigation sought to uncover the suppliers' perception of the behavior expected from the buying companies. One of the first things that became evident in terms of the role integrity norm was the change in the role and behavior of the buyers caused by sustainability-related issues.

The role as a *buyer* remains intact with regards to normal exchange, including for example ordering and product-specific issues and general *responsibility* for the normal exchange. But the role in connection to sustainability aspects of the exchange deviates, because it doesn't cover *responsibility* for sustainability related issues. Many buyers do not adopt a holistic approach to the purchasing of products while meeting sustainability requirements. Because the buyers see sustainability as a requirement, which is separate from the normal business exchange, this frustrates suppliers, who do not distinguish between the two. Suppliers believe that the buying companies do not provide help regarding sustainability issues and therefore leaves responsibility up to suppliers. This is in contrast to the help that suppliers are used to get from buyers in normal exchange. Most respondents argued that buyers are most often ready to answer questions or send out quality controllers to help the suppliers. But this differs when it comes to sustainability. As one Chinese supplier states: "The customers don't come for compliance, only for orders – they don't care about sustainability". Nevertheless, sustainability is still demanded by buying companies. A supplier from Bangladesh states that buyers simply ask: "Can you produce at this price or not?". He continues: "Customers will not listen to how we are producing". An Indian supplier stated: "To the customer it (sustainability) is just a standard - it has nothing to do with the production, it has nothing to do with the qualities, and nothing to do with the costing of the product. The customer just wants the approved audit report - that's it".

The two roles are also often evident in situations where the buyer asks for faster delivery, requiring the supplier to work overtime. At the same time, however, the buyers impose sustainability requirements that do not permit overtime, indicating that the buyer's typical role in the purchasing process is changing as a result of sustainability requirements. The consequence is that the buyer's behavior and role when it comes to normal product exchange is different from his behavior and role when it comes to sustainability issues and the suppliers find this duality of roles difficult to comprehend, also resulting in the buyer losing his integrity.

4.2. Reciprocity

Reciprocity may be defined by the expectation of each party to get something back for something given, the exchange of which is not necessarily evenly divided between the two parties (Blois & Ivens, 2007; Macneil, 1985, note 88). When interpreting the suppliers' perceptions of this norm, many examples were found where suppliers are frustrated about the issues of sustainability. In terms of sustainability, the suppliers consider the requirements imposed by buying companies relevant. As suppliers need to allocate considerable resources for implementing and investing in sustainability, while rarely receiving help or contributions from the buyers, the sustainability requirements also go against the reciprocity norm.

An Indian supplier expressed it this way: "I do not completely disagree with the whole system. I think it helps us as well to improve our standards, but I think we have to draw a line. You know you cannot just make things difficult for no reason - if they want this thing extra why don't they contribute?" When asking this question in the interviews: "Are the customer willing to pay higher prices due to sustainability?" A supplier from Bangladesh answered: "Totally negative, NO!" Another Chinese supplier stated: "Of course not. Customers always want something for free" and an Indian supplier said when laughing: "I wish; I wish that would happen".

Because buyers again separate the product-related part of their business from the sustainability-related part, they do not believe it is their responsibility to contribute to the costs of sustainability by paying higher prices, which is considered as a matter of course for the suppliers. As one Chinese supplier states: "The customers like the sustainability concept, but they do not want to pay for it. They say that it is not their business; it is not the buyers' problem because they have their budgets". As the suppliers consider the business of supplying products and sustainability two sides of the same coin, this is hard for them to understand.

Overtime work is also an issue related the norm of reciprocity. Even if this is a result of their own demands for shorter lead times, buyers are not willing to pay extra for overtime work though their own sustainability requirements require them to do so. So even though suppliers accept sustainability-related requirements, they do not see reciprocity as a matter of "giving and taking". The data shows a relatively large gap between the reciprocity norm in relation to normal product exchange and the reciprocity norm in relation to sustainability-related issues.

4.3. Solidarity

Solidarity, or contractual solidarity is the third dominant norm found in the coding of the data. Solidarity is the norm of maintaining an exchange and operating within a set of rules, that is accepted by the majority of the society in which the exchange takes place (Ivens & Blois, 2004), and solidarity is developed by emphasizing common responsibilities and fellowship (Achrol,

1997). The findings show that the suppliers perceive the norms the industry has developed based on longstanding collaborations as applicable to doing business with the buying companies.

Indicating *how* to act, under which rules and which behavior to comply with, these norms are followed by both parties. However, in the last 5-10 years, these norms have changed on the part of the buying companies. The product exchange relationships still exist as before, but as a result of imposing sustainability requirements, the suppliers no longer feel that the solidarity norm is being followed. The suppliers would like to maintain longstanding collaborations and exchanges, but find it hard to see that the exchange is based on solidarity when sustainability-related issues are involved. At the same time, most buying companies have always demonstrated solidarity and an understanding of what is achievable in normal product exchange, again lending evidence for the deviation in norms.

When it comes to the requirements for sustainability, there is a lack of understanding. An Indian supplier stated: “We do not get any support at all”. Also the fact that sustainability related requirements have been imposed without any adaptation to the cultures or society in which the exchanges take place causes frustration as the exchanges follow the norms existing in the buying companies’ own society. As stated by an Indian supplier: “Requirements should be country related. What happens in China is very different from what happens in India or Bangladesh”.

The solidarity norm is very general. It could be argued that maintaining the exchange can be influenced by e.g. the perception of reciprocity and monitoring behavior. One may wonder if there is any solidarity when the buyers are not willing to share or contribute to sustainability-related costs or help with sustainability related problems that are a result of the sustainability requirements imposed by themselves. As sustainability-related requirements have increased, solidarity in the exchanges has declined.

4.4. Monitoring behavior

The final norm backed by strong evidence in the data is *monitoring behavior*. This refers to the ex ante and ex post control or supervisory actions present in business relationships (Noordewier et al., 1990). The findings regarding the suppliers’ perceptions of this norm are based on most of the interviews. No sign was found in the data to indicate that the suppliers did not accept monitoring activities, and the suppliers’ relationships with buying companies have always been subject to monitoring. Hence, monitoring is perceived to be part of normal exchange. However, the findings also show that the suppliers now feel that this monitoring activity, specifically with regards to sustainability, has somehow gotten out of control. The suppliers indicated that there were too many different standards to comply with; standards imposed by various customers as well as by the countries where the customers are based. With almost similar requirements for sustainability compliance, all the different standards have resulted in countless numbers of audits and, consequently, high costs.

In addition, most monitoring activities are carried out by various third-party auditing companies, creating many discrepancies between the auditors and the suppliers. Some of these discrepancies are a result of the auditors’ having their own rules and agendas and showing an attitude of control and disregard when they enter supplier premises. A supplier from Bangladesh stated: “The book is saying what we should do, but they (third party) are not looking at the convenience or what is practically possible. At today’s audit they might say something and at tomorrow’s audit, some other rules are in force”. In addition, the data shows that there are quite a number of unethical behaviors in the sustainability auditor business, as some auditors can easily be paid off to gain

approval of an audit report. A Chinese supplier stated: "No factory is 100% compliant - but sometimes we might have to give the third party some good wine or cigarettes." More generally, another Chinese supplier stated: "9 of 10 certificates in China are bought with money under the table".

Compared to the monitoring activities in place before the introduction of sustainability requirements, monitoring has become more aggressive and the monitoring behavior is not in line with the suppliers' perception of appropriate monitoring which was previously occurring in accordance with a relatively relational norm. The difference in perception of the monitoring norm is mainly a result of the disappearance of the relational aspect. Previously, when monitoring aimed to control product quality, the control was performed by the buyer or the buying companies own employees. Today, sustainability control is mostly performed by third party auditors or people from the buying companies' sustainability departments, and they rarely encourage relational exchange.

4.5. Norms with minor evidence

The first of the three norms for which there is only some evidence in the data is *restraint in the use of power*. This refers to the expectation that no actor will apply his legitimate power against the partner's interest (Ivens, 2006). The findings related to this norm mainly concerned customers, who very often use their power to put pressure on the suppliers regarding sustainability compliance. This is done either by directly imposing sustainability requirements or by threatening to find another supplier if the requirements are not accepted or fulfilled. As such, there is no gap here between the normal product exchange and the sustainability exchange since buying companies in both cases use their power both to push prices and try to attain sustainability compliance.

The second norm with weak evidence in the data is *information exchange*. Information exchange may be explained by the parties' readiness to proactively provide all information useful to the partner (Heide & John, 1992). When it comes to sustainability-related issues, some suppliers indicated that there is a lack of communication from buying companies, and suppliers are frustrated that they cannot communicate with buyers regarding sustainability; communication is reduced to a written code of conduct, and the suppliers are instructed to communicate with the third-party auditor. One Indian supplier stated: "There is no communication with the customers – they are only demanding. They suggest to us what to do. It is not a two ways communication". And a Chinese supplier said: "We would like to talk to the customers and find solutions regarding compliance together instead of only demands". Another Chinese supplier stated: "We would like if they (the buying companies) could come and see if e.g. a part of a correction plan from the third party, is really important or if we can work for a solution". But this is often a problem because the buyers who visit the supplier do not have the sustainability-related expertise or capability to help the supplier. This means that suppliers are asked to communicate with the third-party auditors, who work exclusively according to standards and regulations and not according to what is most optimal for the supplier and the relationship.

The final norm with weak evidence is *long-term orientation*, referring to an economic actor's desire to maintain the exchange and his utility of having a long-term relationship with a specific exchange partner (Ganesan, 1994; Ivens, 2006). Most of the 30 suppliers have had long relationships with many of their customers, but when it comes to sustainability requirements, the utility of the long-term relationships seems hard to identify. Some of the suppliers appeared

resigned in their search and hope for help from the buying companies. It was only in four of the interviews that the long-term orientation norm was indicated and in those cases, the norm referred to the normal product exchange relationship. Suppliers prefer close cooperation and a good relationship, and so do the buying companies. But when it comes to sustainability-related issues, relationship and close cooperation is secondary.

Figure 2 will help to provide a picture of the deviation and the gap that has emerged in the norm set between the normal product exchange relationship and sustainability exchange relationship. Although many studies use operationalized norms, norms are difficult to actually investigate and measure (Blois & Ivens, 2006), therefore the positioning of the norms will off course be an estimate made from the findings of the analysis.

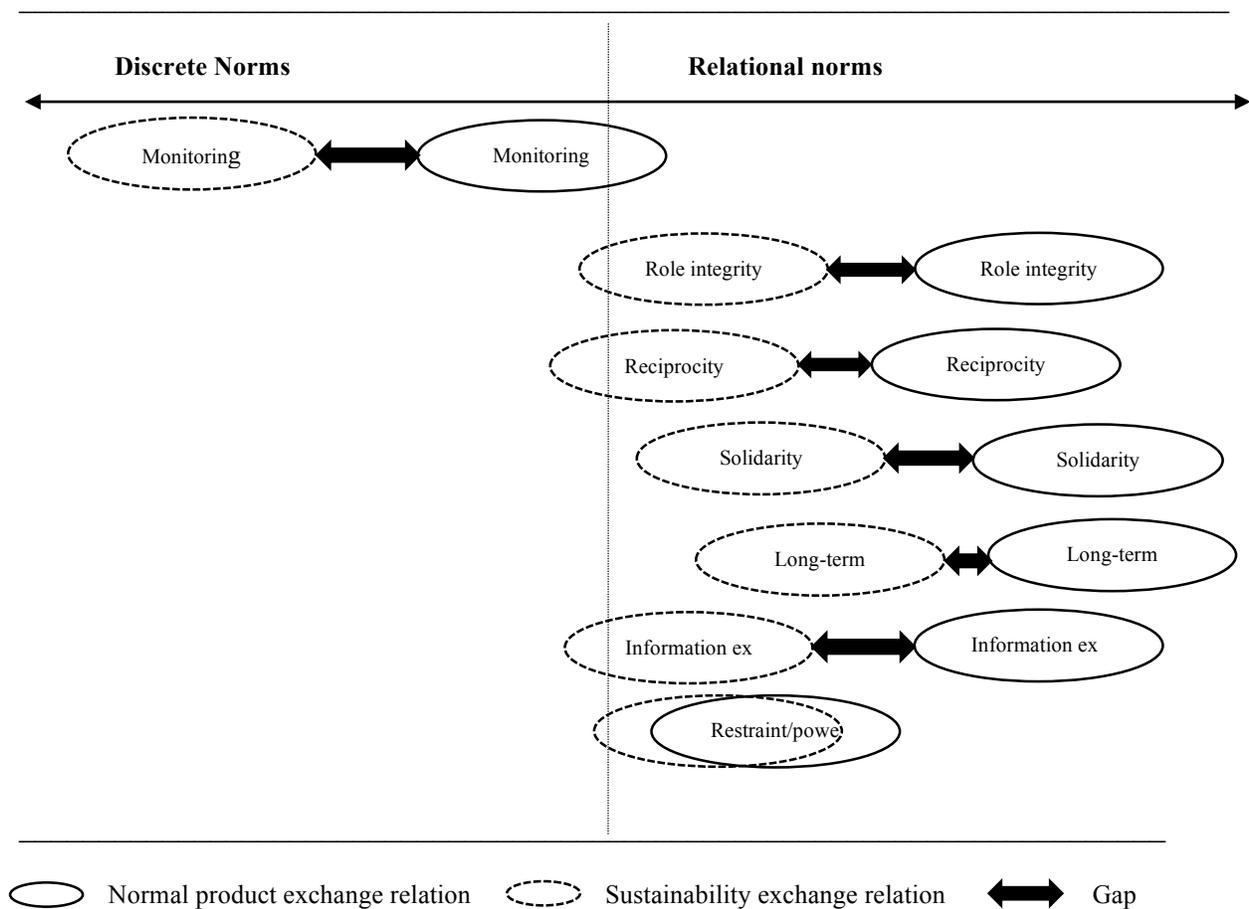


Fig. 2. The gaps between norms in respectively normal product exchange relation and sustainability exchange relation.

5. Discussion

The purpose of this study was to look into the set of norms present in the textile industry and to see how this set of norms has changed over time. Of the ten norms defined by Ivens (2006), we

found evidence in the data for seven norms that could clearly be distinguished in the suppliers' perceptions of their customers' behavior and where inconsistencies have occurred with the introduction of buyers' sustainability requirements. These inconsistencies are between norms noted by the supplier when inquiring about sustainability-related issues, and norms that have guided the exchange between suppliers and buying companies for many years. The findings show that the exchanges have changed over the years and now reflect a dual norm set guiding the buying companies' behavior.

Sustainability related transactional behavior does not match the already-established relational norms, which frustrates the suppliers as relational norms used to guide their relationship with the buying companies. The challenge in the relationship today is that suppliers still see cooperation as the norm broadly, while the buying companies separate the normal product exchange from sustainability requirements. While the product exchange remains relational, the buying companies are in this way adopting a new set of more transactional norms for the sustainability-related part of the exchange. This leads to a situation where the norms are no longer mutually respected in the relationship. A similar change in the set of norms from a purely relational exchange to a more transactional exchange has been documented as a *surprise* to the supplier (Lampel & Shapira, 2001).

Although such change has gradually emerged over the last 5-10 years, the fact that the norms and the behavior of the buying companies have changed so much has come as a surprise to the suppliers. The suppliers now find themselves in a position where the buying companies are taking advantage of the very process that perpetuates the relationship (Lampel & Shapira, 2001). In the sustainability related exchange, the buying companies have adopted new norms, but traditional norms have now also moved in another direction. If we look at these seven norms in the transactional-relational exchange spectrum (Blois & Ivens, 2006), we can see a change or drift. Before the sustainability-related requirements took effect, the five relational norms of *solidarity, reciprocity, role integrity, long-term orientation and information exchange* were placed towards a relational exchange, relatively far to the right of the spectrum. The findings show that these norms have now moved to the left of the spectrum towards transactional exchange (see figure 2). Also, before the introduction of sustainability requirements, the transactional norm of *monitoring* behavior was already to the left of center, but has now moved a major step closer towards purely discrete exchange. The buyers' norms are no longer primarily adapted to the relational exchange as it is evident that their behavior has become more transactional in relation to sustainability-related issues.

Conceptually, this discrepancy in type of exchange and behavior is illustrated in figure 3, which shows that a specific type of exchange is associated with a certain behavior and thus a certain set of norms. When a change occurs in an exchange, this will automatically cause a change in the set of norms, leading to inconsistency and a mismatch in the relation.

Type of behavior

Relational	Transactional
<p><u>Cell 1: Match</u> Relational behavior In a relational exchange</p>	<p><u>Cell 2: Mismatch</u> Transactional behavior In a relational exchange</p>

Type of exchange	Relational (normal product)	<u>Cell 3: Mismatch</u> Relational behavior In a transactional exchange	<u>Cell 4: Match</u> Transactional behavior In a discrete exchange
	Transactional (sustainability)		

Figure 3: Adapted from Cropanzano & Mitchell, 2005.

The findings revealed that the buying companies are combining transactional and relational-based governance mechanisms but without considering existing norms and mutual agreements with suppliers - and probably without even realizing themselves that this is what they are doing. This empirical research contributes to the literature by documenting the phenomenon of norm deviation over time, where one party (buying company) adopts a transactional norm set for one part of the exchange (sustainability initiatives), while maintaining another relational norm set in the normal exchange generating a gap between buyer and supplier norm sets and causing rather severe norm violations. The empirical research shows that the mismatch in behavior and type of exchange clearly confuses and surprises the suppliers and at the same time creates a large gap in the respectively normal product exchange norm set and the sustainability related exchange norm set, which has not previously been demonstrated by research.

6. Conclusion

This paper has explored suppliers' perceptions of the norm set existing in their relational exchange with buying companies in the textile and apparel industry. Furthermore, the paper has explored the suppliers' perceptions of the buying companies' behavior in relation to sustainability-related issues and how they have developed a new set of norms. Based on the findings, it can be concluded that there is a growing gap between the pre-existing set of norms governing the buyer-supplier relationship and the set of norms developing in relation to sustainability issues. This gap could be the result of buying companies making use of transactional governance mechanisms such as codes of conduct, certificates and increased monitoring activities. In addition, the buying companies' separation of the normal product exchange and the sustainability-related exchange pushes the exchange norms, as perceived by the suppliers, in a more transactional direction as far as sustainability exchange is concerned. This serious gap, or deviation in the set of norms, and the buying companies' behavior, cause surprise and frustration for the suppliers. With the mismatch in behavior, this frustration might affect the established relationship and may impede the possibility of compliance for suppliers. As stated by the suppliers, another consequence of this deviation of norm interpretation is ineffective coordination of the sustainability-related exchange relationship.

Although interesting results were found in this study some limitations may provide directions for future research. One limitation to this general study was its exclusive focus on the suppliers' perception of the sets of norms existing in the exchange between them and the buying companies. To compare the perceptions of two sides of the dyad, it would have been interesting not only to

investigate this unilateral perception but also to look into the buying companies' perception of the norms. Secondly by only analyzing one specific industry the researcher has renounced a broader analytical generalization for in depth-exploring and theory building (Vedel & Ellegaard, 2013). Future research could therefore test the findings in other industries and possibly other countries and cultures.

In terms of managerial implications, managers cannot expect that a reduction of the gap between the two norm sets discussed in this study will lead to supplier sustainability compliance. But it is likely that if buying companies were aware of this gap and perceived normal product exchange and sustainability related exchange as a whole, a closer dialogue and cooperation on sustainability issues could be implemented, which would raise the probability of compliance.

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