



Carrot or Stick? Examination of the Role of Buyers' Coercive and Reward Power on Suppliers Job Satisfaction and Turnover Intention

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Keywords: buyer-supplier, reward, coercion, job satisfaction, turnover

The relationship between a buyer and a supplier in a global sourcing setting can be discussed in terms of influence and control. Buyers [in this study, refer to employees in buying companies] make demands of suppliers [in this study, refer to employees in supplier companies] and suppliers comply. In this relationship, buyers often utilize power, as the use of power could be an influential tool to make the orders follow and to achieve desired outcomes (Faiz, 2013). Thus, power is a resource and an effective tool for buyers, which makes the suppliers obedient and responsible (Zameni et al., 2012). In this scenario, one can then raise the following two interrelated questions: (a) what do such powers look like? and (b) how do such power affect suppliers' job satisfaction and turnover intention?

In this paper, we consulted the social power theory proposed by French and Raven (1959). Social power is the ability of one person or group to cause another person or group to change in the direction intended by the influencer (Bither & Busch, 1972). The power source (e.g. buyer) specifically administers influence strategies, such as mediated power, to the target (e.g. supplier) (Brown et al., 1995). In this study, two mediated power bases, reward and coercive, are in focus because these two are commonly observable powers in the buyer-supplier relationship in the global supply chain. Reward power (RP) is defined as the ability to administer positive valence or decrease negative valence (French & Raven, 1959), which is often used by buyers to induce desired behaviors from suppliers. Buyers also use coercive power (CP), the ability to punish if the power recipient fails to respond (French & Raven, 1959), and/or to pressure suppliers to comply with the buyers' requirements.

The research on power in the buyer-supplier relationship often looks at both parties' job satisfaction (JS) and even turnover intention (TI). Job satisfaction is a term used to describe a person's attitude toward their job (Pushpakumari, 2008). A person who is highly satisfied with the job will respond with an emotionally positive attitude towards that job whereas the person who is not satisfied or not pleased will show a negative response towards their job (Pushpakumari, 2008). Tett and Meyer (1993) show how the attitude towards the job, or JS, could lead an employee to quit. Lacity et al. (2008) defined turnover intention as "the extent to which an employee plans to leave the organization" (p. 228). Most research on power influence has been focusing on employees within the same organization or within the same country. However, given the buyer-driven textile and apparel supply chain is globally spread, and usually suppliers are located in developing countries with little or no power to exercise against the buyers, this study aimed to investigate the suppliers' perceptions toward their buyers' power exercise, job satisfaction, and turnover intentions. The findings were expected to fill the gap in the literature about the buyer-supplier power relationship.

An online survey was used to collect the data in the spring of 2018 to examine the research questions of this study. The target samples were professionals who are working in the textile and apparel exporting companies in Bangladesh, which is the second largest textile and apparel exporters in the world (Mirdha, 2016). All participants were in direct communication with buyers on a daily basis, with at least two years in the industry to allow sufficient experiences with foreign buyers. Snowballing and convenient sampling techniques were used. The measurement items for reward and coercive power were adapted from Zhao et al. (2008) and Brown et al. (1995), using a seven-point Likert scale. The turnover intention was measured by Brashearet et al.'s (2005) five-point Likert scale. Job satisfaction was measure by a six-point Likert scale of Job Descriptive Index by Smith, Kendall, and Hulin (1969). Within four weeks, a total of 299 responses were recorded. Among them, 48 responses were eliminated due to incomplete survey and missing values and 251 usable responses were obtained.

On average, reward power had a mean of 5.02 ($SD = 0.93$) with Cronbach's alpha of 0.77, and coercive power had a mean of 4.59 ($SD = 1.13$) with Cronbach's alpha of 0.89. This meant that the respondents perceived a higher level of reward power is being used than coercive power in their workplace. Job satisfaction had a mean of 3.58 ($SD = 0.99$) with Cronbach's alpha of 0.88, the turnover intention had a mean of 2.86 ($SD = 1.05$) with Cronbach's alpha of 0.90. This meant that their overall job statistician is low although they are not willing to quit yet. Overall, the Shapiro Wilks test satisfied the normality assumption and a scatterplot confirmed the assumption of linearity. There was no multicollinearity issue within the independent variables as the VIF value was below 10. The results of the multiple regression analyses showed that coercive power showed statistically significant negative influence on job satisfaction (unstandardized $\beta = -.279$, $t = 4.958$, $df = 249$, $p < .05$), while the reward power showed statistical insignificance on their job satisfaction ($p > .10$). At the same time, coercive power showed statically significant positive influence on turnover intention (unstandardized $\beta = .237$, $t = 3.903$, $df = 249$, $p < .05$), while the reward power showed statistical insignificance on turnover intention ($p > .10$).

The power influence of foreign buyers on the suppliers from Bangladesh has been examined quantitatively for the first time in this study. In reality, foreign buyers may use different types of reward power, such as future order promise or best supplier award nomination, or coercive power, such as order cancellation, chargebacks, or air shipments at factory's cost, to make suppliers follow their wish. In this study, buyers' reward power seemed less prevalent than coercive power, coercive power had a strong influence on suppliers' negative job satisfaction and their high turnover intention. This is a unique finding that has practical relevance to the real industry scenario. The non-significance of reward power on suppliers' job satisfaction and turnover intention is also interesting. Perhaps, the culture of Bangladesh where appreciation and reward are not common practices could be a factor of non-significance (West, 2014). Future research could examine the same research questions for different supplier countries and compare the outcomes with each other. Further research is recommended to investigate more effective and practical power bases other than coercive since it has negative impacts on suppliers.

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