

# **Master Thesis**

## **The effects of supplier awards on the relationship of buyer and supplier: a multiple-case study of winners and non-winners**

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## **Abstract**

**Purpose** – This paper aims to provide an overview of the effects of supplier awards in buyer-supplier relationships. Supplier awards are used by a lot of corporations as a management tool. Yet, little is known about the effects of these awards in the area of Supply Management. The paper explores these effects and gives the Dutch Railways advice on how an award program can be of value in supplier development.

**Design/methodology/approach** – The study uses a multi-case interview methodology to explore what kind of effects occurred after a supplier award program. The author interviewed managers and executive level respondents. There were 4 winning cases, 3 non-winner cases and 1 award issuer case.

**Findings** – The paper demonstrates how supplier awards can lead to the allocation of preferred resourced through reciprocal behaviour. Furthermore, it can serve as a mechanism to stimulate the performance and motivation of both winners and non-winners. The status of an award issuing firm seems to have a moderating effect. Finally, the use of supplier award program can enhance buyer-supplier relationships in several areas.

**Research limitations/implications** – The concept of supplier awards is relatively new. Consequently, not many cases could be found. The paper provides discussion and scope for future research into the area which would contribute to the field tremendously. Furthermore, cultural aspects are not taken into consideration.

**Practical implications** – Although this paper gives advice specifically to the Dutch Railways, it can also be adapted by other high-status firms.

**Originality/value** – There are very few papers regarding this topic, and this is one of the first studies conducted to highlight the effects and influence of awards in supplier development context.

**Important note** – This paper is written in collaboration with Paul Iding, who has covered the same topic for his own Master's thesis. As a consequence, overlap in the literature review and methodology sections can be expected. On a final note, this collaboration was under the strict supervision of dr. Pulles.

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## **1 Introduction: a gap in literature**

The master thesis identifies the effects of awards that are awarded by firms to their suppliers. Previous literature described that awards are a valuable strategic resource in general (Gallus & Frey, 2016). Yet, little is known about the effects of these awards in the area of Supply Management though there are studies about awards in general. A search in literature databases such as Scopus and Web of Science reveal almost no relevant results on the topic “supplier awards”. The aim of the thesis is to gain more insight about these effects and to make a contribution into academic literature. The research of these effects seem relevant as supplier awards are used by a lot of corporations nowadays. Due to the lack of empirical data regarding this topic, it is not clear whether supplier awards are really resourceful for these firms. On the other hand, this research will provide empirical evidence for firms that are considering the usage of such programs. The Dutch Railway company, from here to be mentioned as the NS, have made their supply base available to reach out to them in order to conduct the research. Hence, the thesis will also provide recommendations specifically to the NS in whether if and how they should implement such a supplier award program in the near future. As a result, the thesis will contribute to academic literature and also will be beneficial to the NS’ supplier development program. Literature indicates that buying firms use a variety of activities to improve suppliers’ performance and/or capabilities (Monczka and Trent, 1991; Krause, 1997). The recognition of excellent suppliers and the use of awards hereby could be one of them. Krause and Ellram (1997) reported that firms that are satisfied with the supplier development efforts of a buying firm, communicate more effectively with suppliers and has the willingness to invest in various activities. The NS also recognizes that supplier development is becoming more essential in their purchasing operations. They acknowledge that they need to commit more into supplier relation management in order to achieve more desirable performance from their supply base. Supplier awards might be a beneficial tool and help them in improving supplier development as it might have a positive effect on relational aspects and bring other benefits along with them. Consequently, as the effects of supplier awards on buyer-supplier relationships are unknown, the following research question is formulated:

*“How do supplier awards affect buyer-supplier relationships?”*

The research question is broad and not specific formulated for the NS. Therefore, the following sub questions have been formulated:

- 1) *Does the winning of supplier awards lead to reciprocal behaviour and is the favour returned in terms of preferred resource allocation?*
  - a. *How do supplier awards affect the motivation and performance of winning/non-winning firms?*
- 2) *To what extend do the effects supplier awards differ if the awards stems from a high or low status firm?*
- 3) *How can supplier award programs be of value in the supplier development program of the NS?*

The study is exploratory in nature. It is expected to obtain insights regarding the effects of supplier awards for both winners as non-winners. Furthermore, the study will also give insight supplier whether awards can be of influence in achieving a preferred customer status. Finally, a theoretical framework including the various dimensions of effects of supplier awards will be matured. This bears also the inclusion of practical implications for the NS in when they should implement a supplier award program.

## **1.1 Overview of NS: The organisation and its activities**

The NS is the main passenger railway operator in the Netherlands. The NS was founded in 1938 when the two largest Dutch railway companies merged. Nowadays, the NS serves over a million passengers a year and has scheduled thousands of domestic trains a day. Since 2001, the NS also operates on an international level through its subsidiary Abellio. The NS currently has over 34,000 employees that are working every day on reliable passenger transport, comfortable trains & buses, lively stations and station areas. Together with all of their public transport partners, they are working continuously on improving train travel. The operations of NS cover both passenger transport and station development & operation, with combined revenues of €5 billion. More than 88% of that comes from passenger transport<sup>1</sup>.

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<sup>1</sup> Annual report 2015. Nederlandse Spoorwegen. Retrieved on 13-02-2017

## **2. Literature review**

The goal of this study is to gain insight about supplier award programs and to give an overview of the effects for winners/non-winners in Supply Management perspective. Eventually, the researcher will develop a theory regarding the use of supplier award programs. In the following chapter, a brief review related to award literature will be given in order to outline the different aspects of supplier awards.

### **2.1 Supplier awards: The recognition of excellence**

Awards are given in many disciplines and in various settings to praise one another. For example, the Academy Awards, or “Oscars” is a well-known and respected cinematic achievement worldwide. Likewise, a lot of countries have their own cinematic awards. However, these awards are not necessarily as prestigious as the Oscars. In addition, there are also different types of awards. For example, there is the Golden Raspberry Awards which is given to the worst movies. The effects of these awards likely deviate from each other as they are bestowed in different perspectives. There are various awards used in supply management context (e.g. innovation awards & quality awards). To adequately research the effects of awards, it is important to describe how awards could be characterized and in what context they are given.

Galt and Dale (1991) reported on how some firms leverage awards to stimulate competition, provide an incentive and to ‘recognize outstanding performance’. Such supplier recognition activities are generally categorized under supplier development plans (Lascelles and Dale, 1989; Krause, 1997). Frey & Gallus (2017) distinguish awards into confirmatory and discretionary awards. Designing and implementing an effective award program is a complex challenge for which no blueprint exists, whereby a poorly designed award program has the potential of destroying value for the firm. The challenge of an award program involves choosing among many different dimensions of award programs. For example, discretionary awards are bestowed ex post to outstanding behaviour. Discretionary awards allow management to recognize performance more broadly, without the need to exactly specify the underlying activities which makes discretionary awards less obtrusive than most other extrinsic rewards whereas confirmatory awards are highly automated, given at pre-specified time intervals, and based on clearly defined performance criteria (Frey & Gallus, 2017). Hence, subsequent effects are to be expected with discretionary awards whereas the effects of confirmatory awards will take place gradually. For instance, suppliers might realize which criteria are important and

adjust their approach accordingly, whereas the effects of discretionary awards only can occur after the bestowal of an award. Hence, there are pre-and post-treatment effects. It is important to consider which award program should be maintained by aligning it with the purchasing entities goals and preferences. Accordingly, the focus in this research will be mainly confirmatory awards as it is related to also

Community Engagement Award	Outstanding Performance Award
Advantage Award	Pathfinder Award
Alliance Award	Production & Design Award
Collaboration Award	Safety Award
Environment Award	Support & Services Award
Innovation Award	Technology Award

*Table 1: Types of supplier awards*

influencing supplier performance and supplier relationship beforehand in a structural manner. Taking a look at the awards of supplier awards of large corporations, it seems that supplier awards are often confirmatory awards<sup>2</sup>. Furthermore, supplier awards have a huge diversity and can be several categories distinguished. A leading firm in supplier award programs has a dozen of awards they adopt (See **Table 1**)<sup>3</sup>. Taking a look at the German railway company named Deutsche Bahn, it seems that they set up an innovation supplier award program for around 7 years now. With the corporate award, Deutsche Bahn singles out highly committed, high-performing suppliers that have beaten the competition in the market segment and have fulfilled their contractual obligations in praiseworthy fashion. With their products and services, the award-winning firms have made an important contribution to implementing the ambitious DB2020+ Group strategy. Uwe Günther, the Group Chief Procurement Officer, underlined: "The DB Suppliers' Award and the Supplier Innovation Award reflect the high regard in which DB holds its suppliers".<sup>4</sup> Prior research of Azadegan & Pai (2008) showed that the majority of industrial awards are operational awards or product innovation awards. However, various awards are to be observed nowadays. Yet, it seems that innovation awards are adopted more frequently in general. It is likely that the bestowal of each type of supplier award has its own particular effects. As already indicated before, a search in prominent academic databases did not result in finding many relevant articles regarding "supplier awards". The literature does describe the use and effects of awards in other disciplines, such as in HR. However, the adoption of awards in Supply Management perspective are deviating from each other as the context and setting in where the bestowed awards are dissimilar. Therefore, it is relevant to research awards in this Supply Management context as it relates more to the relationship of buyer and supplier

<sup>2</sup> This information is based on press releases and award programs from several corporations (e.g. Boeing, Daimler, Electrolux, Pirelli, Siemens & Volkswagen group).

<sup>3</sup> The mentioned firm is Boeing. The supplier award programs is regarded as fundamental to Boeing's success.

<sup>4</sup> Information retrieved from [www.deutschebahn.com/en/presse/press\\_releases/12182752/p20160921.html](http://www.deutschebahn.com/en/presse/press_releases/12182752/p20160921.html)



rather than worker and employee. In the following paragraphs, literature regarding the facets of supplier awards will be reviewed.

## **2.2 The importance of Buyer-Supplier Relationships**

Successful relationships with suppliers can create benefits that extend beyond the actual product or service exchange (Lindgreen & Wynstra, 2005). The relationships between a buying firm and its suppliers are crucial in acquiring resources that are essential for achieving firm-level competitive advantage (Ellram, Tate & Feitzinger, 2013; Hitt, 2011). Performance improvements (e.g. innovation) sought by buying firms are often only possible when they commit to long-term relationships with key suppliers (Krause, et al., 2007). Research and also the NS advocate that when buying organisations don't commit to long-term relationships, suppliers may be more unwilling to commit to resource investments (Krause, 1999).<sup>5</sup> Suppliers see relationship specific investments as vulnerable to opportunism when resource commitments are not forthcoming from the buying firm (Krause, et al., 2007). However, when buying firms signal a commitment to a long-term relationship and indicate a willingness to make investments in key suppliers to help them improve performance, supplier performance would also be expected to improve (Krause et al., 2000). However, challenges arise in public procurement when initiating long-term relationships. For example, the partnership approach in public procurement already proved to be a difficult business as the operating framework and culture of the sector have hindered the development of inter-organizational relationships and trust (Erridge and Greer, 2000). Supplier award programs might be a beneficial management tool and contribute in overcoming these challenges.

### **2.2.1 Social Exchange Theory: Reciprocity through rewards**

The usage of supplier award programs can be seen as relational mechanisms to influence supplier resource allocation. From this perspective, the Social Exchange Theory has been used to explore reciprocity of supplier awards in buyer-supplier interaction. Social exchange theory stipulates that the basic motivation for interfirm interactions is seeking of rewards and avoidance of punishment (Blau, 1964; Emerson, 1976). The theory is a broad conceptual paradigm that spans various social scientific disciplines, including management. Resources are exchanged through a process of reciprocity, whereby one party repays the (good) deeds of another party (Gergen, 1969; Gouldner, 1960). For example, the buying firm may setup an

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<sup>5</sup> (L. Stoelinga, personal communication, January 31, 2017)

award program for outstanding suppliers with a view to securing commitments for substantial business increase and innovation realisation. Satisfaction directly affects the behaviour of exchange partners (Anderson & Sullivan, 1993; Thibaut & Kelley, 1959) and influences their decisions regarding continuation, termination, upgrading or downgrading a relationship (Mummalaneni & Wilson, 1986). According to Social Exchange Theory, firms calculate the reward to be derived in a relationship and adjust their behaviour and actions toward their partner accordingly. In effect, the more an action by a partner exchange is rewarded or yields benefits, the more likely that it will be repeated (Griffith, Harvey & Lusch, 2006). Supplier awards are evidently beneficial as it could be used by the supplier for various purposes. Furthermore, the quality of these exchanges is sometimes influenced by the relationship between the actor and the target (Blau, 1964).

### **2.2.2 Obtaining resource allocation through trust & rewarding**

As stipulated in Social Exchange Theory, a supplying firm receiving a reward will feel obligated to perform according to the expectations of the buying firm (Nyaga et al., 2013). Accordingly, research indicates that rewarding firms with benefits that interests them significantly and positively effects supplier allocation of innovation resources (Pulles et al., 2014). It is expected that supplier award programs can improve inter-organisational relationships through committing in reciprocity, which is consistent with the Social Exchange Theory. After all, a supplier award could be regarded as a valuable item as it could be used for various purposes by the recipient. However, this effect might deviate for non-winners of awards. In fact, it even might have negative effects on the buyer-supplier relationship. On the other hand, rewarding a firm with a supplier award could be regarded as a manner for expressing trust. Trust is a notion that can exist between employees, organisations and also individuals. Trust has different dimensions such as goodwill trust and competence trust (Pulles et al., 2014). Competence trust refers to an organisation's expectation of another firms' technical competence whether for example they are able to deliver what they promise (Mayer et al., 1995), whereas goodwill trust refers to the degree to which a person trusts another person (or firms) and is willing to act in ways that exceed the stipulated contractual agreements without explicitly asking for such help (Ireland & Webb, 2007; Roy et al., 2004). A significant positive correlation is observed between both dimensions of trust and physical & innovation resource allocation, depending on the size of the share group (Pulles et al., 2014). In the light of this research and

considering supplier awards facilitate trust, it is assumed that supplier awards influence resource allocation between buyers and suppliers.

### **2.3 Motivation: Increasing performance through influencing behaviour**

Hundreds of studies (Skinner, 1953) have already show that extrinsic rewards can control behaviour. When administered closely subsequent to a behaviour, rewards were reliably found to increase the likelihood that the behaviour would take place again. This is an effect that persisted as long as the reward contingency was operative. When rewards were terminated, the likelihood that the behaviour would be emitted eventually returned to the pre-reward baseline. This general finding led to the widespread advocacy of rewards as a motivational strategy, and behaviour-change programs based heavily on the use of rewards were introduced into a variety of applied settings (Deci et al., 1999). In supplier award programs, questions arise about the motives of suppliers. For instance, it is not clear whether suppliers would genuinely want to perform better to strengthen the buyer-supplier relationship or to simply win a supplier award for whatever reason there is. In order to discuss these motivational aspects, a clear distinction between extrinsic and intrinsic motivation needs to be made first. In Self-Determination Theory (Deci & Ryan, 1985), different types of motivation are defined. The most basic distinction is between intrinsic motivation, which refers to doing something because it is inherently interesting or enjoyable, and extrinsic motivation, which refers to doing something because it leads to a separable outcome (Ryan & Deci, 2000). Based on the previous literature, it is evident that supplier awards are likely to positively influence the behaviour through motivation. However, this might also occur in a negative fashion. For instance, Gubler et al. (2014) caution that introducing an award program that is not well designed even can have a significant negative impact on firm performance. Gallus & Frey (2016) similarly recognizes that awards may backfire as it destroys value. For example, non-winning participants may become jealous and therefore perform less and also commit less. However, it could also be the other way around as they feel the need to perform better in order to keep up with the competition. Thus, suppliers might become more motivated to compete with each other in the interest of winning a supplier award. Thus, it is important to understand how motivation is affected in supplier award programs.

## **2.4 Becoming the preferred customer through supplier awards**

The literature provides several examples of the benefits of preferred customer status. For example, Pulles et al. (2014) showed that preferred customer status positively relates to buyer-supplier innovation. Similarly, in previous literature, Ellis, Henke & Kull (2012) showed the effect of preferred customer status on a firm's access to a supplier's technology. Furthermore, Nollet, Rebolledo & Popel (2012) discuss benefits such as access to scarce materials & rare items, better pricing and higher flexibility in delivery planning to offer continuous supply. Evidently, achieving a preferred customer status will contribute to inter-organisational relationships. Likewise, the use of supplier awards could be a beneficial tool in relationship management. Hence, such a program could contribute in achieving the preferred customer status. Pulles et al. (2016) have proposed that two main concepts for manufacturers to pursue in becoming a preferred customer namely, customer attractiveness and supplier satisfaction. Other authors also recognize that attraction is a central concept in the social exchange literature and seems to form an inherent part of supplier development (Ellegaard & Ritter, 2006). A customer is perceived as attractive by a supplier if the supplier in dispute has a positive expectation towards the relationship with that very customer (Schiele et al., 2012). Hence, it is evident that the usage of supplier awards will play a role as it reflects certain expectations from buyer to supplier. Drivers of customer attractiveness concentrate on factors that influence a supplier's perception of a customer's attractiveness before a relationship has even started (Hüttinger et al., 2014). When supplier expectations are fulfilled or exceeded after doing business, the supplier is likely to become satisfied. Thus, to legitimately understand the supplier's expectations beforehand is a logical premise. Satisfaction as a construct can be defined as a positive affective state resulting from the appraisal of all aspects of a firm working relationship with another buying firm (Anderson & Narus, 1984). Accordingly, Benton & Maloni (2005) found that supplier satisfaction is driven primarily by the nature of the buyer-supplier relationship rather than by performance.

Schiele (2012) also found that suppliers tend to be selective with whom to collaborate in innovation projects. Reflecting the increasing role suppliers play in the process of innovation, firms start to discuss how to become more attractive for their suppliers in order to be selected as partner for development. Furthermore, firms increasingly rely on collaboration with suppliers in their innovation processes, achieving preferred customer status with key suppliers becomes a cornerstone of growth, forcing buyers to consider how they might make themselves more

attractive as customers (Schiele, 2012). In accordance with all the empirical data, one could argue that the preferred customer status is an indisputable phenomenon. Schiele et al. (2011) proposed that the preferred customer status also has a positive influence on both supplier innovativeness and supplier benevolent pricing. In their research, both paths were found to be positive and significant ( $\beta$  0.542 and 0.505), respectively;  $p \leq 0.01$ ).<sup>6</sup> More and more buyers are entering into close relationships with strategically relevant sellers striving for a network of innovation-suppliers to gain competitive advantage (Schiele, 2006; Wagner, 2009). The phenomenon has also a strategic implication: In oligopolistic supply markets where a limited number of key suppliers is responsible for the bulk of innovations, being the first buyer to actively pursue a preferred customer policy may contribute to achieving sustainable competitive advantage. This pioneering firm will reorganise their portfolio of partners and establish a strong network with partners that award it with preferred customer status. However, a competing firm recognising the importance of customer attractiveness too late may discover that in the meantime all key suppliers in the industry have already selected their preferred customers and established close ties to that follower firm's competitors (Schiele et al, 2011). Thus, challenges arise in becoming a preferred customer and in accessing suppliers' innovations as key suppliers already selected their customers for collaboration. Supplier awards programs can serve as a mechanism that allow buying firms to create awareness and customer stimulate attractiveness. Hence, it may help in overcoming these challenges and ultimately lead in obtaining the preferred customer status.

## **2.5 Status: A moderating variable around supplier awards**

Corporate reputations have strategic value for the firms that possess them (Dierickx & Cool, 1989; Rumelt, 1987; Weigelt & Camerer, 1988). As a matter of fact, several studies already confirmed the benefits associated with good reputations (Fombrun & Shanley, 1990; Herremans, Akathaporn, & McInnes, 1993; Landon & Smith, 1997; McGuire, Schneeweis, & Branch, 1990; Podolny, 1993). It is evident that firms would prefer to being associated with exemplary well-known firms rather than dishonest or unknown firms. For example, an award that is bestowed by leading firm in a certain branch should have more value than an award which is bestowed by a small-sized unknown firm. Therefore, it can be assumed that corporate status might have a moderating effect in the use of supplier awards. Thus, to accurately interpret the effects of supplier awards, it is relevant to take into consideration what the status or

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<sup>6</sup> See Schiele (2011), p. 14

reputation of the award giving firm is (e.g. Bad vs Good reputation or Low vs High status). Hence, corporate status can be assessed by simple means of measurement. In general, a firm's reputation is influenced by several factors, such as financial performance, company size, media exposure, advertising expenditures and type of industry (Cable & Graham, 2000).<sup>7</sup> However, socially constructed, status is inter-subjectively agreed-upon and accepted ordering or ranking of individuals, groups, organizations, or activities in a social system (Washington & Zajac, 2005). Therefore, the perceived corporate status should be not assessed by hard criteria, but rather through discussion. The research question is: "*Do effects differ for high vs. low status firms?*"

### **3 Research Methodology: Multiple case-study**

As is concluded that the literature of supplier awards is still in its beginnings and requires further investigation and exploration, a multiple case study research is conducted to develop and contribute to supplier award theory. The case study research has been developed to examine complex problems with a view to identifying theoretical implications from a theory-building perspective and is appropriate in new topic areas (Eisenhardt, 1989). In order to examine the effects that supplier awards have on winners (preferred suppliers) and non-winners, an adequate amount of cases needed to be examined. Hereby, a theoretical saturation of data approach has been chosen as it was not clear how many cases should be selected for the research sample. This implies that the interviews have stopped being conducted when there was no additional crucial data to be found. Observing similar instances over and over again gave an empirical confidence. Hence, the sample data can be analysed and a new theory might emerge. In the end eight cases were selected in this study. As already mentioned before, the NS have offered to reach out to their supply base them in order to conduct the research. Firstly, the researcher identified which firms form the key suppliers. A desk research is conducted to identify which of these organisations received preferred supplier awards in the past. However, it turned out that the pool of key supplier didn't deliver the appropriate amount of cases needed for this research. Thus, suitable cases outside the supply base of the NS are also accepted. A case is regarded as suitable when the award program is set up by a buyer and if the event took place within less than three years ago. Firstly, industrial awards that are issued by branch organisations and magazines cannot cover the effects of supplier awards in buyer-supplier relationship context. Therefore, those cases are not applicable for this research. However, the

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<sup>7</sup> Also adapted from Fombrun, C. (1996). *Reputation*. John Wiley & Sons, Ltd

setting of a supplier award program is allowed to deviate as it seems relevant to take this into consideration when developing an award program. Moreover, effects differ as the setting of award programs change. The selected cases fulfil these criteria; thus, they are considered to be appropriate for this study. The collection of data took place through semi-structured in-depth interviews. Since the interviewer could have affect the completion rate and the reliability & validity of the answers, he tried to try to create a friendly atmosphere as an interview is a very obtrusive measurement instrument.<sup>8</sup> Besides answering the questions, the respondents were also allowed to develop ideas as the interviewer prompt to probe and keep the conversation covering preferred supplier award topics. In the end, this contributed in the theory development of preferred supplier awards and also contribute as input for the recommendations.

### 3.1 Interview Protocol

The semi-structured in-depth interview were based on three phases as developed by Galletta (2013). In line with the introduction, the first concern in the first phase was to establish a certain level of comfort as an interview is a very obtrusive measurement instrument. Hence, a friendly atmosphere was required in order to effectuate an adequate research. The atmosphere should be preserved throughout the whole interview while considering the integrity of the research. Thereafter, the researcher needed to elicit the central narrative that will give the interview direction and depth. In this phase, the questions were open-ended in order to create space for the participants to narrate their experiences. Consequently, a solid environment for research will be established in where the richest and most proactive source of data will be collected<sup>9</sup>. The second phase is designed to pursue the topic of Supplier Awards in more depth. It is important to tie on the narrative that has been shared in the opening segment and extract data

1. Opening Segment	2. Middle Segment	3. Concluding Segment
<p>1.1 Establish level of comfort and understand participants rights</p> <p>1.2 Move into road questions that create openings for participant to begin to speak for his/her experience</p> <p>1.3 Probe for clarification when necessary</p> <p>1.4 Note meaningful junctures in story to which you will return later for greater exploration and depth</p> <p>1.5 Support the flow of the narrative with probes that guide its direction as it relates to research topic</p>	<p>2.1 Attend to nuances in the narrative thus far</p> <p>2.2 Shift into questions that are more specific as they relate to your research question</p> <p>2.3 Come back to narrative material as it connects with specific questions</p> <p>2.4 Further explore participant's responses noted as meaningful in the opening narrative</p> <p>2.5 Extend probes beyond clarification to meaning making on the part of the participant toward the research topic</p>	<p>3.1 Pose questions that reflect theoretical considerations - offer participant to explore opening narrative in relation to theory-driven questions</p> <p>3.2 Return to stories and metaphors that require further explanation</p> <p>3.3 Look for opportunities to explore contradictions</p> <p>3.4 Work towards a sense of wrapping up and indicating to participant that the interview is near completion</p> <p>3.5 Ask for final points and additional thoughts</p>

Figure 1: The semi-structured interview protocol

of greater specificity and broader contextual levels. This will also contribute for getting insights into the effects of supplier awards and also contribute to theory development. The

<sup>8</sup> Based on Dooley, K. (2001). Social research methods. In 4 th ed. Upper Saddle River, NJ.

<sup>9</sup> Adapted from Galletta, A. (2013). *Mastering the semi-structured interview and beyond: From research design to analysis and publication*. NYU Press.

questions in this segment can be described as narrower than the first set of questions. In the final phase of the interview, questions that reflect theoretical considerations should be posed.

In **Table 2**, the descriptive statistics of the cases can be found. The sample consists out of four winning cases, two non-winning cases and one award issuing case.

Award Winner Cases								
Award	Case	Type of award	Industry	Size Winner / Non-Winner	Size Award Issuer	Status	Interview	Length
“Supplier award”	1	Discretionary	Machinery/ Engineering	100 employees, revenue of 50m EUR	Around 20000 employees, over 3 bil. EUR of revenue Around 15% turnover share	High	1 interview with the Chief Executive Officer	28:54
“Supplier award”	2	Confirmatory	Agriculture	16200 employees, revenue of 500m AUD	10000+ employees, Unknown revenue, 1% turnover share	Very High	1 interview with the Head account manager	32:40
“Supplier innovation award”	3	Confirmatory	IT - Rail industry	100 employees, revenue of 25m EUR	Over 4000 employees, over 1 bil. EUR of revenue Over 50% turnover share	High	1 interview with the business consultant	25:15
“Supplier award”	4	Confirmatory	Recruitment	1000 employees, revenue of 70m EUR	Over 10000 employees, over 19,7 bl. EUR of revenue. Around 3% turnover share	Very High	1 interview with the Unit manager	29:08
Award Issuer Case								
“Supplier Award”	5	Confirmatory	Machinery/ Engineering	100 employees, revenue of 100m EUR	Around 20000 employees, over 3 bil. EUR of revenue	High	1 interview with the Head of Purchasing	48:53
Award Non-Winner Cases								
“Supplier innovation award”	6	Confirmatory	Security services	Over 500,000 employees, 6,8 bil. of revenue	Over 4000 employees, over 1 bil. EUR of revenue 1% revenue	High	1 interview with the solutions development manager	30:15
“Supplier innovation award”	7	Confirmatory	Rail industry – Also other industries	Over 10000 employees, over 2,4 bil. EUR of revenue.	Over 4000 employees, over 1 bil. EUR of revenue	High	1 interview with director EMEA	33:49
“Supplier innovation award”	8	Confirmatory	Rail industry	200 employees, revenue of 30m EUR	Over 4000 employees, over 1 bil. EUR of revenue	High	1 interview with the business consultant	26:56

Table 2: Descriptive Table of Cases



### 3.2 Operationalization

As quite some literature has been reviewed earlier, a summary of the key elements and theory that are central to this thesis seems appropriate. Furthermore, the process of defining the measurement must be clear as possible in order to adequately explain the effects of the phenomenon. In **Table 3**, an operationalization of the theoretical concepts can be found<sup>10</sup>.

Concept	Definition	Operationalization
Confirmatory Awards & Discretionary Awards	Discretionary awards are bestowed ex post to outstanding behaviour. Discretionary awards allow management to recognize performance more broadly, without the need to exactly specify the underlying activities which makes discretionary awards less obtrusive than most other extrinsic rewards whereas confirmatory awards are highly automated, given at pre-specified time intervals, and based on clearly defined performance criteria (Frey & Gallus, 2017).	Confirmation awards are highly automated, given at pre-specified time intervals based on clearly measurable criteria, so called hard criteria. However, the criteria may be not known to the participating firm before- and after hand. Discretionary awards come more as a surprise as it is bestowed ex post to outstanding behaviour. It is more based on soft criteria which are not clearly measurable and rely rather on broad evaluation. However, discretionary awards may certainly also be based on high criteria.
Motivation	Motivation energizes and guides behaviour towards a particular outcome. (Sansone & Harackiewicz, 2000).	<u>Pre-Award:</u> Firms motivation to win the award. (extrinsic) Firms willingness to improve performance to win award. (extrinsic).
Intrinsic Motivation	Intrinsic motivation refers to doing something because it is inherently interesting or enjoyable to do (Ryan & Deci, 2000).	Firms behaviour and performance towards issuing firm (intrinsic).
Extrinsic Motivation	Extrinsic motivation refers to the act of doing something because it leads to a separable outcome. (Ryan & Deci, 2000).	<u>Post-Award:</u> Firms motivation to win award again. (extrinsic) Firms behaviour and performance after award has been issued (intrinsic).
Preferred Customer Status	A firm has preferred customer status with a supplier, if the supplier offers the buyer preferential resource allocation. (Steinle & Schiele, 2008).	Preferential allocation of resources in a preferential way, after award has been won.

Table 3: Operationalisation

<sup>10</sup> The operationalisation is done in collaboration with Paul Iding and are also used in his thesis.

### 3.3 Data Analysis

All data are recorded and transcribed afterwards. Some case recordings had to be deleted as few respondents otherwise declined the interview. Furthermore, the data is completely anonymized so it can be used for further research purposes. The relevant data of the transcripts are imported into a data analysis software called Nvivo, which supports qualitative and mixed methods research analysis. It's designed to allow the researcher to organize, analyse and find insights in unstructured, or qualitative data like: interviews, open-ended survey responses, articles, social media and web content.<sup>11</sup> The program works through nodes in which references are collected. In the end, the software allowed the researcher to adequately summarize all data. Examples of nodes is illustrated in **Table 4**.

Node	Quote examples
Preferred resource allocation	<i>"Returning the favour should be searched in future collaboration and preferential resources. This is what exactly happened".</i>
Motivation	<i>"There was no conscious effort to go out to win the award"</i>
Performance	<i>"The award is a driver to prestige better"</i>
Relationship	<i>"The fact that they trust us mas their best supplier makes me commit more into the relationship"</i>
Trust	<i>"I think the supplier award is a proper crown. It gives trust"</i>
Feelings	<i>"Winning the award was enjoyable and satisfactory"</i>
Other	<i>"The supplier awarded resulted in achieving a healthier business environment"</i>

Table 3: The usage of nodes

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<sup>11</sup> Information retrieved from [qsrinternational.com](http://qsrinternational.com)

## 4 Results

### 4.1 Overview of results

The findings on supplier awards are quite diversified. In order to adequately present the effects of the supplier awards, **Table 5** will be presented which will explained more in detail later on. The green highlighted cells indicate that a certain positive effect has occurred.

Case	Win/ Non- winner	Post- Award Preferenti al Treatment	Status	Pre-Award Motivation and Performance	Post-Award Motivation and Performance
1	Win	Yes	Yes	High, but not due to the award	Yes
2	Win	Yes	Yes	High, but not due to the award	Yes
3	Win	No occurred effect due to the situation	Yes	High, but not due to the award	Yes
4	Win	Yes	Yes	High, but not due to the award	Yes
5	Issuer	Yes	Not applicable	Yes	Yes
6	Non	-	Yes	High, but not particularly due to the award	High, but not particularly due to the award
7	Non	-	Yes	Yes	Yes
8	Non	-	Yes	High, but not particularly due to the award	No effects observed

Table 4: Global results

### 4.2 The effects of supplier awards in terms of preferred resource allocation

A supplying firm receiving a reward will feel obligated to perform according to the expectations of the buying firm (Nyaga et al., 2013). The analyse of the data reveal that winning supplier awards can lead to reciprocal behaviour as the favour is returned in terms of preferred resource allocation, which is line with the Social Exchange Theory. Thus, achieving a preferred customer status through supplier awards is possible. All winning parties except for case 3 seem to allocate their resources in some preferential way. However, the respondent of case 3 stressed out that

they already have over 50% turnover share, hence their commitment towards the buyer is already one hundred percent. Therefore, there is no room for further allocation and improvement. The type of resource allocation seems to be dependent on what branch the firms are operating in. For instance, the results in cases 1 & 5 reveal that the supplier award leads to the allocation of innovation resources whereas the results in cases 2 & 3 reveal the allocation of capacity allocation. Finally, for the non-winning cases, there is no effect in terms of preferential resource allocation. However, the results also show that the allocation of preferential resources can occur depending on how the supplier program is arranged. *“In order to develop and maintain a relationship, you need to show commitment through keeping the relationship open and transparent. Though we didn’t win the award, we could have discussed what improvements could be realized in the future. However, this didn’t happen”* (case 7).

Case	Win/ Non- winner	Preferential treatment	Explanation/Quotes	Remarks
1	Win	<ul style="list-style-type: none"> <li>• Innovation resource allocation</li> </ul>	<ul style="list-style-type: none"> <li>• Would like to return the favour by meeting customer needs (innovation in this case).</li> <li>• Seeking new heights in value creation through process integration</li> <li>• <i>“Returning the favour should be searched in future collaboration and preferential resources. This is what exactly happened”.</i></li> </ul>	<ul style="list-style-type: none"> <li>• More friendly business environment</li> <li>• Intensification of partnership, thus lock-in situation</li> <li>• Follow-up occurred</li> </ul>
2	Win	<ul style="list-style-type: none"> <li>• Capacity resource allocation in peak times</li> <li>• Purchase price allocation</li> </ul>	<ul style="list-style-type: none"> <li>• <i>“The bulk of our conversation is always on how we can grow business with them. For instance, we are the supplier of the year now, how much can we deliver more and we are going to give you an extra discount for the next quarter”.</i></li> <li>• <i>“We decided to perform better in non-peak seasons and try to supply as much we could in order to fill up the stocks. We allocated</i></li> </ul>	<ul style="list-style-type: none"> <li>• More friendly business environment</li> <li>• Boosted market share</li> <li>• Intensification of partnership, thus lock-in situation</li> <li>• Validation on the way business is performed</li> <li>• The relationship is positively influenced</li> <li>• Follow-up occurred</li> </ul>

			<i>also resources in an preferential way”.</i>	
3	Win	<ul style="list-style-type: none"> <li>• Already 100% committed</li> </ul>	<ul style="list-style-type: none"> <li>• No room for further allocation</li> <li>• <i>“We can’t give return the favour due to the current commitment we already have”.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Over half of their turnover share is already with that firm</li> </ul>
4	Win	<ul style="list-style-type: none"> <li>• Capacity resources</li> </ul>	<ul style="list-style-type: none"> <li>• Puts their best men on the job</li> <li>• <i>“After winning the award, we had lunch with directors and discussed the challenges in the upcoming years. There is reciprocity, you allocate the best people you have”.</i></li> </ul>	<ul style="list-style-type: none"> <li>• More friendly business environment</li> <li>• Due to new contract renewal, pricing wasn’t affected. However, the respondent believes that it might had of influenced pricing.</li> <li>• The relationship is positively influenced</li> <li>• Validation on the way business is performed</li> <li>• Follow-up occurred</li> </ul>
5	Issuer	<ul style="list-style-type: none"> <li>• Incentive for supplier development</li> </ul>	<ul style="list-style-type: none"> <li>• Closer collaboration with all suppliers, including non-winners</li> <li>• <i>“In terms of pricing, the supplier award resulted in chain optimisation which is achieved through collaboration. Examples of chain optimisation are the reduction of costs and the reduction of delivery times”.</i></li> </ul>	<ul style="list-style-type: none"> <li>• No known negative effects</li> <li>• Believes that supplier award programs are an adequate management tool</li> <li>• More friendly business environment</li> <li>• The relationship are positively influenced</li> </ul>
6	Non	<ul style="list-style-type: none"> <li>• No observed effect.</li> </ul>	<ul style="list-style-type: none"> <li>• <i>“It’s a pity we never had a follow-up. This could have potentially influenced our mutual commitment in a positive manner”.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Wants to win next time</li> <li>• No follow-up</li> <li>• Positive effects would still possible</li> </ul>
7	Non	<ul style="list-style-type: none"> <li>• No observed effect.</li> </ul>	<ul style="list-style-type: none"> <li>• <i>“If we would have scheduled a meeting regardless of the award outcome, there could have been a positive development”.</i></li> </ul>	<ul style="list-style-type: none"> <li>• No follow-up</li> <li>• Positive effects would still possible</li> </ul>
8	Non	<ul style="list-style-type: none"> <li>• No effect.</li> </ul>	<ul style="list-style-type: none"> <li>• <i>“The situation is unchanged”.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Sees the supplier award separate from other projects</li> </ul>

Table 5: Results for preferential treatment

## 4.2.1 Motivation and performance

### *Pre-award Period for winners*

Case	Motivation	Performance	Explanation/Quotes	Remarks
1	<ul style="list-style-type: none"> <li>High, but not due to the award</li> </ul>	<ul style="list-style-type: none"> <li>High, but not due to the award</li> </ul>	<ul style="list-style-type: none"> <li>Award was bestowed without prior notice</li> </ul>	<ul style="list-style-type: none"> <li>Competition had a role. As a consequence, there was no adjustment in motivation and performance.</li> </ul>
2	<ul style="list-style-type: none"> <li>High, but not due to the award</li> </ul>	<ul style="list-style-type: none"> <li>High, but not due to the award</li> </ul>	<ul style="list-style-type: none"> <li><i>"There was no conscious effort to go out to win the award"</i></li> </ul>	<ul style="list-style-type: none"> <li>Didn't know the criteria beforehand</li> </ul>
3	<ul style="list-style-type: none"> <li>High, but not due to the award</li> </ul>	<ul style="list-style-type: none"> <li>High, but not due to the award</li> </ul>	<ul style="list-style-type: none"> <li><i>"For us, it is important to profile as an innovative company"</i></li> </ul>	<ul style="list-style-type: none"> <li>Supplier is already 100% committed</li> <li>Over half of their turnover share is already with that firm</li> </ul>
4	<ul style="list-style-type: none"> <li>High, but not due to the award</li> </ul>	<ul style="list-style-type: none"> <li>High, but not due to the award</li> </ul>	<ul style="list-style-type: none"> <li><i>"Winning the award was not important beforehand"</i></li> </ul>	<ul style="list-style-type: none"> <li>Competition had a role. As a consequence, there was no adjustment in motivation and performance.</li> <li>Didn't expect to win pre-award time</li> </ul>

Table 6: Results pre-award period for winners

Gallus & Frey (2016) describe awards as a mechanism to foster motivation and in turn corporate performance. Interestingly, the research shows no direct effects. In all cases, there was no increase in both motivation as performance due to the awards itself. Hence, in pre-award period, behaviour isn't necessarily influenced due to the awards. In case two, the interviewee in case 2 stressed out that *"There was no conscious effort to go out to win the award"*. Furthermore, in case 4, the interviewee stressed out *"We were not really occupied with the supplier award program"* and that *"Winning the award was not important beforehand"*. However, it is important to underlie that in both of those cases competition was in effect. Interviewee 4 also pointed out that *"They didn't expect to win the award"*. Thus, the odds of winning seem be an important factor. Further, the interviewee in case 3 stressed out *"For us, it is important to profile as an innovative company"* and that *"such an award program is ideal to achieve that"*. Hence,

supplier award programs can create a platform where firms can carry out their own agenda. The interviews reveal that this opportunity is well received by suppliers.

#### *Post-Award Period for winners*

Case	Motivation	Performance	Explanation/Quotes	Remarks
1	<ul style="list-style-type: none"> <li>• Increase Motivation</li> </ul>	<ul style="list-style-type: none"> <li>• Increase performance</li> </ul>	<ul style="list-style-type: none"> <li>• <i>“Because of the supplier award, I definitely felt like I should return the favour in thinking more with the customer in meeting their needs and to excel in that. We will try to keep it up for the next time”</i></li> </ul>	<ul style="list-style-type: none"> <li>• Award was bestowed without prior notice</li> <li>• Regards the award as a marketing tool</li> </ul>
2	<ul style="list-style-type: none"> <li>• Increase motivation</li> </ul>	<ul style="list-style-type: none"> <li>• Keep performance level high and consistent</li> </ul>	<ul style="list-style-type: none"> <li>• <i>“We tend to express our motivation by being consistent with how we position ourselves in the market. It is a mature product range we sell into this sector so it really about stakeholder engagement and trying to forge a strong relationship”</i></li> <li>• <i>“We used the supplier award for marketing purposes”</i></li> </ul>	<ul style="list-style-type: none"> <li>• Competition element</li> <li>• Regards the award as a marketing tool</li> </ul>
3	<ul style="list-style-type: none"> <li>• High, but not due to the award</li> </ul>	<ul style="list-style-type: none"> <li>• Keep performance level high</li> </ul>	<ul style="list-style-type: none"> <li>• <i>“We always perform in our maximum potential. After all, they are a very important client to us”</i></li> </ul>	<ul style="list-style-type: none"> <li>• Supplier is already 100% committed</li> <li>• Award is a validation</li> </ul>
4	<ul style="list-style-type: none"> <li>• High, but not due to the award</li> </ul>	<ul style="list-style-type: none"> <li>• Keep performance level high</li> </ul>	<ul style="list-style-type: none"> <li>• <i>“Winning the award was not important beforehand. However, it suddenly became important after winning the award”</i></li> <li>• <i>“We used the supplier award for marketing purposes”</i></li> </ul>	<ul style="list-style-type: none"> <li>• Competition took place between 371 suppliers</li> <li>• Regards the award as a marketing tool</li> <li>• Award is a validation</li> </ul>

*Table 7: Results post-Award Period for winners*

In contrast to the pre-award period, there are direct effects to be observed in post-award period. There is significant evidence that performance partially is kept high and in other cases even

increased or kept consistent. Hence, supplier awards prove to be a very effective management tool in supplier development. Interviewee 1 has declared that *“Because of the supplier award, I definitely felt like I should return the favour in thinking more with the customer in meeting their needs and to excel in that. We will try to keep it up for the next time”*. The reciprocity aspect is in line with the social exchange theory. Interviewee 2 stated *“We tend to express our motivation by being consistent with how we position ourselves in the market. It is a mature product range we sell into this sector, so it is really about stakeholder engagement and trying to forge a strong relationship”* and that the supplier award have made the negotiations go easier. Thus, supplier awards encourage starting dialogues as it creates a friendlier business environment in which relational rents can be achieved.

#### *Pre-Award period for non-winners*

Case	Motivation	Performance	Explanation/Quotes	Remarks
6	<ul style="list-style-type: none"> <li>High, but not particularly due to the award</li> </ul>	<ul style="list-style-type: none"> <li>High, but not particularly due to the award</li> </ul>	<ul style="list-style-type: none"> <li>“I didn’t really want to win the award. I wanted to create momentum in the internal organisation”</li> <li>“I wanted to create exposure for my ideas”</li> </ul>	<ul style="list-style-type: none"> <li>Criteria were not known beforehand</li> </ul>
7	<ul style="list-style-type: none"> <li>Increase in extrinsic motivation</li> </ul>	<ul style="list-style-type: none"> <li>High, but not particularly due to the award</li> </ul>	<ul style="list-style-type: none"> <li><i>“We wanted to win the award as it has a positive effect on my own company”</i></li> <li><i>“The award is a driver to perform better”</i></li> </ul>	<ul style="list-style-type: none"> <li>Criteria were not known beforehand</li> </ul>
8	<ul style="list-style-type: none"> <li>High, but not particularly due to the award</li> </ul>	<ul style="list-style-type: none"> <li>High, but not particularly due to the award</li> </ul>	<ul style="list-style-type: none"> <li><i>“The award program was a way to creature awareness for products.”</i></li> </ul>	<ul style="list-style-type: none"> <li>Supplier is already 100% committed</li> <li>Criteria were not known beforehand</li> </ul>

*Table 8: Results Pre-Award period for non-winners*

In the pre-award period, the non-winners show comparable results in comparison with the winner cases. Furthermore, the results of the non-winning cases also support the idea of that supplier award programs can create a platform where firms can carry out their own agenda. Interviewee 6 even stressed out that *“I didn’t really want to win the award. I wanted to create*



*momentum in the internal organisation*”. On the other hand, interviewee 7 expressed out that they “*Wanted to win the award as it has a positive effect on their own company*”. Though one wanted to one and one didn’t, the result is the same. Finally, interviewee 8 expressed that “*The award program was a way to creature awareness for products.*” It is important to underlie that criteria were not published beforehand, suppliers couldn’t adjust their performance accordingly. Thus, motivation and performance isn’t really affected. Regardless, they all expressed that their motivation and performance towards the award issuing firm is always high. The destruction of any value is not observed.

#### *Post-award period for non-winners*

Case	Motivation	Performance	Explanation/Quotes	Remarks
6	<ul style="list-style-type: none"> <li>High, but not particularly due to the award</li> </ul>	<ul style="list-style-type: none"> <li>High, but not particularly due to the award</li> </ul>	<ul style="list-style-type: none"> <li><i>“The supplier award created momentum in the internal organisation”</i></li> <li><i>“The nomination can be used for marketing purposes”</i></li> </ul>	<ul style="list-style-type: none"> <li>Criteria were not known afterwards</li> <li>No follow-up</li> <li>Higher performance results are evident if criteria were to made transparent</li> <li>Regards the nomination as a prestige</li> </ul>
7	<ul style="list-style-type: none"> <li>Increase in extrinsic motivation</li> </ul>	<ul style="list-style-type: none"> <li>Increase in performance</li> </ul>	<ul style="list-style-type: none"> <li><i>“Not winning the award is a clear sign that there is room for improvement. You will have to increase the performance in the future”</i></li> <li><i>“The nomination can be used for marketing purposes”</i></li> </ul>	<ul style="list-style-type: none"> <li>Criteria were not known afterwards</li> <li>Even higher performance results are evident if criteria are made known</li> <li>No follow-up</li> <li>Would have sued the award issuer if there was also a financial incentive as criteria were not clear defined</li> <li>Frustrated because of not winning</li> <li>Regards the nomination as a prestige</li> </ul>
8	<ul style="list-style-type: none"> <li>No effects observed</li> </ul>	<ul style="list-style-type: none"> <li>No effects observed</li> </ul>	<ul style="list-style-type: none"> <li><i>“The situation is unchanged”</i></li> </ul>	<ul style="list-style-type: none"> <li>Criteria were not known afterwards</li> <li>Higher performance results are evident if</li> </ul>

				<p>criteria were transparent</p> <ul style="list-style-type: none"> <li>• No follow-up</li> <li>• Higher performance results are evident if criteria were to made transparent</li> <li>• Regards the nomination as a prestige</li> </ul>
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Table 9: Results post-award period for non-winners

Interviewee 7 expressed that *“Not winning the award is a clear sign that there is room for improvement. You will have to increase the performance in the future”*. In all cases, the interviewees expressed that they would want to increase their performance. However, as there was no follow-up and also taken into consideration that award criteria weren’t published, the adjustment in behaviour was minimum. Higher performance results were evident if criteria have made known. Thus, supplier awards might also positively influence behaviour of non-winners when they are initiated properly. The nomination is also regarded as a prestige. Accordingly, some non-winners have used the nomination for marketing purposes. The destruction of any value is not observed.

### 4.3 Status as a variable in supplier awards

Findings indicate that supplier awards are mainly used by high status firms. As a consequence, a comparison between low and high-status firms has not been realised. However, there is still strong evidence that status seems to matter in supplier awards. Theoretically, a firm that enjoys a high-status has more valuable supplier awards compared to low-status firms. In line with this assumption, there is a consensus among the interviewees that a supplier award of a high-status firm is more valuable compared to one of a low-status firm. In case 7, the interviewee claimed that *“The value of an award is determined on the frequency and who the one who issues it”*. Hence, two dimensions of status can be distinguished: The status of the firm and the status of the award itself. On general, a firm’s reputation or status is influenced by several factors, such as financial performance, company size, media exposure, advertising expenditures and type of industry (Cable & Graham, 2000). The findings indicate that especially the company size plays a big role. The effect of whether scandals influence status in relation to supplier awards is not found. Furthermore, the status of the award itself plays also a role. Supplier awards are considered not to be homogeneous. Respondents attach some degree of value to the award itself

as well. Therefore, an award should remain scarce in order to prevent inflation from its value. Furthermore, some appear to be more prestigious than the other. The blueprint of an award program might have a role in this. For instance, in a supplier award program in which hundreds of suppliers compete is considered more much valuable than an award where just a few suppliers compete. In case 4, the interviewee stressed out “*We won the award over 300 competitors. The award reflects how well we perform*”.

#### **4.4 Remaining findings**

Research advocate that trust is significantly and positively correlated with physical and innovation resource allocation, depending on the size of the share group (Pulles et al., 2014). We therefore argued that supplier awards might influence resource allocation between buyer and supplier through trust. In line with the literature, findings reveal that in all winning cases trust is mentioned. In case 2, the interviewee even stressed out that they should repay the customer for believing in their capabilities. This clearly indicates reciprocal behaviour through trust. Hence, supplier awards can be used as a mean to express trust. Eventually, this can lead to dialogue and strengthen buyer-supplier relationships. As a result, better collaboration and smoother negotiations can be realised. Another important finding is that in none of the cases value destruction is observed. However, this seems to be dependent on how adequately the supplier award is organised. For instance, the rating process in monetary awards should be even more clear than ever. Especially in the public sector, the criteria have to be very transparent, objective or measurable. In case 7, the interviewee argued that the criteria were not clear. Thus, they would have sued the customer if the supplier award would have been a monetary award. However, though he was frustrated, the situation didn’t negatively influence the buyer-supplier relationship. In fact, non-winners could become more committed even though they didn’t win. In case 5, the manager stated “*None of the firms decreased in performance*”. The levels remained the same or increased even. High level of emotional reactions is to be observed in supplier awards. Non-winning participants are disappointed and sometimes frustrated whereas winners feel delighted. The number of participants in the supplier award program seems also to play a role. In a program with a lot of participating firms, the odds of winning decrease. As a result, non-winners find losing acceptable in that kind of a setting whereas winners take more pride. Finally, the last major finding is that a follow-up in the post-award period is very crucial. This applies for both winners as non-winners. In case 6, the interviewee stressed out “*It’s a pity we never had a follow-up. This could have potentially influenced our mutual commitment in a*

*positive manner*”. Case 7 reveal comparable findings. Interestingly, this firm wants to perform better but doesn’t know how to. This is another argument why the implementation of a follow-up mechanism is so important. As none of the non-winners had a follow-up, no positive effect occurred while this could have been developed in a different manner. Furthermore, in all winning cases there was a follow-up in contrast to the non-winning cases. Likewise, other effects might have been occurred in winning cases if there would be no follow-up.

## **5 Supplier award program NS**

The NS has no systematic supplier development mechanisms in their procurement process. However, a supplier award program can still be of great value if setup properly and as a mechanism outside of the tender process. In this section, the data of the interviews, as well as secondary information retrieved from the award issuing firm case will be used to show how supplier award programs can be of value as a supplier development tool.

A blueprint of the “best” supplier award program does not exist. The most effective form of a supplier award program would be one that meet the preferences of the firm. For instance, a high-tech firm might want to stimulate innovation whereas a production firm would just like to strengthen up its relationships with suppliers or vice versa. Each case will need its own approach, hence the manner a supplier award program is organised matter. Therefore, the framework should be developed adequately and be well thought. First, it is crucial to determine the key elements; what does one want to achieve with a supplier award program. In the case of NS, they want to strengthen up their relationships and get to more out of their supply base by increasing their commitment towards NS. The program could be organised accordingly.

### ***Stage 1: Initiation phase***

The research reveals crucial elements that need to be considered when developing the framework. In overall, the respondents all stressed out that there should be hard criteria which should be transparent, objective and measurable. Based on the findings, we can conclude that hard criteria have two benefits: Suppliers perform better when criteria are known (1) and serves also as an audit mechanism (2). In case 6, 7 & 8, positive effects in terms of motivation did not occur due to the lack of criteria. Likewise, comparable results are found in firm performance as it was not clear for the firms how they could improve. Another finding is that if criteria do not

reflect the category in a proper way, doubts might arise regarding the outcome. Considering the current procurement department of the NS, there could be six awards that are given in the end of the program. This will allow NS to compare “*apples with apples rather than apples with pears*” as was stressed out in case 7. Currently, the NS does not assess key performance indicators on firm level. However, the new supplier award program might be an attractive initiative to realise this. The performance criteria can be based on the department indicators which can be found in **Appendix V**. These will form the general criteria, additional criteria per category is possible if necessary. Each category leader could be responsible of his/her own category and assess them accordingly. It is important to underlie that the supplier award should remain scarce. Therefore, the award program could be organised on a year basis. Nominations can also be used to recognize excellence. This is convenient as nominations are considered to be as a prestige while it doesn’t inflate the value of the award. Hence, this structure can also be considered. The supplier award program could be organised through a big supplier event. A supplier award becomes more valuable as the competition in the program increases. Furthermore, there seems to be a consensus among the interviewees that they “appreciate” a big supplier event which is organised by their customer. In a big supplier event, the NS could address their supply base as a whole. This is very convenient as there is a shift in strategy currently. The NS is working on to professionalize their procurement activities and strive for a more sustainable future. Hence, the supplier award program can be used as an occasion to propose this to the supplier base. In summary, the following key elements can be distinguished:

- Hard criteria
  - Transparent
  - Objective
  - Measurable
- Event on a year basis
- Supplier award by each team
- Program integration into a big supplier event (Stage 2)
- Follow-up mechanism Post-Award period (Stage 3)

Table 10: Categories of supplier awards

Categories supplier awards
Building & Construction
Facility Services
ICT
Marketing & Communication
Professional services
Rolling Stock

### ***Stage 2: The program***

This stage is about the implementation of the event itself. It is important that the event should be organised professionally and reflect the status of NS. The experience within such an award program contributes to the awards' value. Therefore, I recommend to write a new implementation plan as this thesis is written for academic purposes. This plan could be based on the initiation phase, in which for example the importance of a big supplier event is underlined. On a final note, the Chief Procurement Officer should determine the topics that will be presented throughout the supplier event.

### ***Stage 3: Follow-up***

The last stage involves the follow-up. The findings of this study reveal that this stage is very crucial in supplier development. Firms that don't implement a follow-up miss out business opportunities. Thus, it is highly important to integrate feedback mechanisms in the award program to ensure improvement of all relevant suppliers. The evaluation which is executed for the supplier award will help NS to identify weak suppliers that require further development. Phase-out mechanisms can also be implemented as part of the evaluation process. As for the winning cases, it could be celebrated in a private setting where future collaboration can be discussed. A modest lunch together is also applicable. The NS need to continuously adapt their award program since demands on suppliers might change from time to time. The program needs to be regarded as a continuous process which requires input to ensure that it is successful over the long run.

## **6 Conclusion and discussion**

Coming back to the research question on how supplier awards affect buyer-supplier relationships, we can conclude through this exploratory research that positive outcomes are very likely to occur. The destruction of any sort of value did not occur as there were no negative effects in none of the cases. In the light of this information, one could argue that supplier award programs could be implemented by any high-status firm. Although in this study controlling status was not possible, there is strong evidence that status is a moderating variable in supplier award context. Theoretically, a firm that enjoys a high-status has more valuable supplier awards

compared to low-status firms. In line with this assumption, there is a consensus among the interviewees that a supplier award of a high-status firm is more valuable compared to one of a low-status firm.

The study shows that a supplier award can contribute in achieving the preferred customer status. It is evident that the benefits of having such a status is beneficial to any buying firms. Managers can easily adapt supplier award programs as it is a pragmatic and effective management tool. However, obtaining better external resources than competitors from shared supply base remains a key challenge for firms (Ellram et al., 2013). Because of their increase dependence on suppliers, buying firms need to realize that obtaining the collaboration of best suppliers is not an easy task, becoming a preferred customer would be desirable for some organisations, but a must for others (Nollet et al., 2012). Since achieving a preferred customer status might become essential for the future success of many organisations, it is interesting to see how supplier awards can contribute into this. The findings are in line with the Social Exchange Theory, which stipulates that resources are exchanged through a process of reciprocity, whereby one party repays the (good) deeds of another party (Gergen, 1969; Gouldner, 1960). In fact, several interviewees argued that they should return the favour for winning the award. The findings also reveal that in all winning cases trust is mentioned. In case 2, the interviewee literally claimed that they should repay the customer for believing in their capabilities. This clearly indicates reciprocal behaviour. Hence, supplier awards can be used as a mean to express trust.

### **Motivation**

Earlier, it is expressed that hundreds of studies (Skinner, 1953) have already shown that extrinsic rewards can control behaviour. The empirical evidence is in line with this study. When administered closely subsequent to a behaviour, rewards were reliably found to increase the likelihood that the behaviour would take place again. This is an effect that persisted as long as the reward contingency was operative. When rewards were terminated, the likelihood that the behaviour would be emitted eventually returned to the pre-reward baseline (Deci et al., 1999). However, as the supplier awards were young, this effect couldn't be studied. This general finding led to the widespread advocacy of rewards as a motivational strategy, and behaviour-change programs based heavily on the use of rewards were introduced into a variety of applied settings (Deci et al., 1999). This study shows that motivation can be positively influenced by supplier awards. This might occur for both winners as non-winners and are pretty similar.

### **Confirmatory vs discretionary awards**

Designing and implementing an effective award program is a complex challenge for which no blueprint exists, whereby a poorly designed award program has the potential of destroying value for the firm. The challenge of an award program involves choosing among many different dimensions of award programs. For example, discretionary awards are bestowed ex post to outstanding behaviour. Discretionary awards allow management to recognize performance more broadly, without the need to exactly specify the underlying activities which makes discretionary awards less obtrusive than most other extrinsic rewards whereas confirmatory awards are highly automated, given at pre-specified time intervals, and based on clearly defined performance criteria (Frey & Gallus, 2017). However, this study shows that there is a grey area between confirmatory and discretionary awards. In Case 1, the usage of hard criteria is observed in a discretionary type award setting whereas in cases 6, 7 & 8 soft criteria are observed while the award was confirmatory of nature. This is contradicting with the paper of Frey & Gallus (2017). Hence, the characteristics of the two awards could deviate accordingly to the situation. Therefore, the current definition of these setting of awards seems flawed. Ideally, the criteria should be only soft if the assessment of the concept in dispute cannot be measured objectively. For example, product design would be difficult to measure in an objective manner. However, even in this situation, it is still crucial to clarify the justification of why a firm wins an award. As mentioned before, maintaining well defined and transparent criteria seem to work adequate when assessing performance. In case 7, the interviewee even threatened to sue firms that mess around with louse assessments.

### **6.1 Managerial implications**

The value one could obtain by using supplier awards weights in most cases much higher than the associated risks and costs as there were only positive effects observed. Thus, the usage of supplier awards should always be considered by procurement departments. Supplier awards can be interesting for firms that enjoy a high-status in particular. It is arguably a very adequate management tool as there are several benefits associated with tool. Firstly, the environment wherein business can be improved due to the recognition of excellence. Subsequently, this can increase business in all sorts of area. Examples are the allocation of (preferred) resources, creation of new projects and surplus in the current market. From a supplier's perspective, a supplier award can also be used for several benefits. This even applies for nominee cases. Firstly, the supplier award can be used for marketing tool purposes (e.g. sales pitches).



Apparently, winning or being nominated for a prestigious supplier award gives a certain validation of quality. This phenomenon is observed frequently. Furthermore, the supplier award program can create momentum in the internal organisation. Apparently, the supplier award motivates employees to perform better as they wish to accomplish achievements take pride in their achievements. In this study, a form of value destruction didn't occur. However, this might still happen when the award program is poorly organised and structured.

## 6.2 Limitations and future research

A big limitation was in this research was not being able to control for status as a variable. The reason this could not be achieved was the fact that supplier awards are almost always bestowed by high-status firms. However, there is still strong

evidence that status plays a significant moderating role in the effects of supplier awards. Another limitation is that the usage of supplier awards is uncommon in the Netherlands. Therefore, finding cases were extremely difficult. This confirms how new the concept of supplier awards really is. As a result, the research covered only eight cases. Therefore, it was not always possible to make clear statements. Nevertheless, the aim of this study was to explore effects. Thus, the research questions could still be answered in the end. Cultural aspects were not taken into consideration in this study. The effects of supplier awards might deviate per country as cultures differ from each other. The Netherlands has a pragmatic cultural nature. In societies with a pragmatic orientation, people show an ability to easily adapt traditions to changed conditions, a strong propensity to save and invest, thriftiness and perseverance in achieving results (Hofstede, 1980). Hence the implementation of an award program shouldn't be very complicated. Future research on cultural aspects could be conducted in order to further explain this phenomenon. Finally, it is important to underlie that the reference to non-winning cases might be inaccurate as they are nominated firms that didn't win. Non-winners might also be firms that didn't even got nominated. For this study, it was nearly impossible to identify relevant cases. Thus, those cases are not taken into the sample. To truly understand the effects of buyer-supplier relationships, more cases and more relevant cases should be researched in the future. This is especially interesting when there is more awareness around supplier awards relative to the present day. When supplier awards will get more exposure in the near future, behaviour around the awards might change accordingly. For instance, firms might become more competitive to win an award. This is something that should

Internal momentum
Validation of capabilities
Management/Marketing tool
New customer acquisitions
Friendlier business environment
Allocation of resources
Surplus in sales

Table 11: The benefits of supplier awards

be taken into consideration. Finally, it's not clear what how exactly a follow-up plays a role in general. It is likely that the follow-up is a moderating variable in both winning and non-winning cases. Future research should focus on how these events take place and how it really influences the buyer-supplier relationship.

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## Appendix I: Existing supplier awards in practice

**Community Engagement Award** – Supplier with demonstrated strategic investments, engagements and advocacy to strengthen the communities where we live and work.

**Environment Award** – Supplier with demonstrated leadership, outstanding performance or successful partnerships in a formal, measurable environmental program and culture of environmental leadership.

**Collaboration Award** – Supplier has worked with buying firm to achieve a shared goal in areas of innovation, process or product improvement.

**Safety Award** – Supplier models a zero-injury mindset, investing in and implementing a formal, measurable safety program.

**Support & Services Award** – Supplier provides outstanding support or services to the buying firm, including engineering support, logistical support and/or site services.

**Production & Design Award** – Supplier or institution has been instrumental in the design, modification or production of a product.

**Outstanding Performance Award** – Supplier has exhibited superior performance and has achieved Boeing Performance Excellence Award status for five consecutive years.

**Pathfinder Award** – Supplier delivers outstanding efforts and/or improvements during the year.

**Technology Award** – Supplier's outstanding performance in research and development has been instrumental in the introduction of new products to meet the buying's firm current and future business needs.

**Advantage Award** – Supplier provides competitive advantage by exceeding cost performance goals and objectives for the product or services provided.

**Innovation Award** – Supplier's outstanding performance in research and development efforts are instrumental in the introduction of new products to meet the buying firms current and future business needs.

**Alliance Award** – Supplier contributes to the buying firms' success by sharing risk and through long-term relationships that support and advance buying firms' strategic objectives.<sup>12</sup>

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<sup>12</sup> Information retrieved from [www.boeingsuppliers.com/awards.html](http://www.boeingsuppliers.com/awards.html)

## **Appendix II: Supplier Award Interview Protocol –Winner Version**

### ***1.1 Establish a level of comfort and explain the purpose of the research***

-Introduce yourself to the interviewee and appreciate the time for the interview.

Explain the purpose of the research. State that there is no contact or relationship with the award giver, and the results will not be communicated to any other third person, firm or entity but will be published online aggregated and anonymized. The results are solely used for academic purposes. The information discussed are confidential. Finally, ask for allowance to record the interview.

### **1.2 What is your function in the firm and what are you responsible for?**

### **1.3 What is your company doing and in which industry are you mainly operating in?**

*(Optional, to clarify things and to have some degree of small talk)*

- Who are your customers and what kind of needs to you observe?

- What is your strategy and how do you market your products?

## **2. Opening Segment: describing the case and exploring the topic**

### **2.1 Could you tell me something about the award that you have won?**

- Category
- Name
- Criteria
- Setting (Supplier Day, Company Visit.)

### **2.2 Before we continue, I would like to ask a few questions about the relationship that you have with that particular firm.**

- For how long are you doing business with that buyer already? (Relationship length)
- What is your turnover with that buyer as % of overall turnover? (% turnover)
- What is the reputation of the buyer in the industry? (Reputation)
- How do you perceive the status of that buyer? (Status)

## **3. Middle Segment: going deeper into the narrative of the firm**

### **3.1 How do you feel about winning the award?**

- Why was it important for you to win this award?
- Did you feel any sort of competition around the supplier award itself?
- Did you perceive winning the award as an achievement?
- How was it communicated and how was everything set up?

### **3.2 Did you feel more motivated to perform better after winning the award?**

- How was this motivation expressed (Examples)?



-Have you been more motivated because it is enjoyable (intrinsic motivation) or because you feel obliged and it increases your chances to win an award again (extrinsic motivation)? Why is that?

**3.3 Did you aim to win the award? If yes, what did you do to win the award beforehand?**

-Do you think the right firm won the award?

**3.4 Did you feel any sort of competition around the supplier award itself?**

-Now that you have won the award, is your firm a role model for other supplier of that firm? Examples.

**4. Concluding Segment: The Effects of Awards**

**4.1 Did you experience any changes in the relationship with your customer after winning the award?**

-What exactly changed in your relationship?

- What went well, what went worse in the relationship?
- Why do you think the award has been beneficial for your relationship?
- Do you feel increased commitment towards that firm by receiving an award from them?  
If yes, why and how so? And how does this relate to the long-term?
- Do you prefer doing business with that customer compared to other customers?  
If yes, why? How does the award contribute to this?
  - Do you feel you belong to the buyer more than before winning the award?

**4.2 Did the award improve your performance towards that firm? Give Examples.**

- What efforts did you take to perform better?
- Does the supplier recognize that you perform better? (Example, KPIs?)

**4.3 Do you feel obliged to repay for the award you have won? If yes, why and how?**

- How did the award affect your pricing/negotiation strategy with that buyer (Examples)?
- How did the award affect your willingness for future collaboration with that buyer (Examples)?

**4.4 Do you think the buyer is (more or less) dependent on you as a supplier, now that you won the award?**

- What is the reason for this?
- What are the consequences? (Ability to charge higher prices because of dependency?)

**5 Do you have any recommendations on how the NS could improve your buyer-supplier relationship?**

## **Appendix III: Supplier Award Interview Protocol – Non-Winner Version**

### **1. Opening segment: Introduction of Research**

#### ***1.1 Establish a level of comfort and explain the purpose of the research***

- Introduce yourself to the interviewee and appreciate the time for the interview.  
- Explain the purpose of the research. State that there is no contact or relationship with the award giver, and the results will not be communicated to any other third person, firm or entity but will be published online aggregated and anonymized. The results are solely used for academic purposes. The information discussed are confidential. Finally, ask for allowance to record the interview.

#### **1.2 What is your function in the firm and what are you responsible for?**

#### **1.3 What is your company doing and in which industry are you mainly operating in?**

*(Optional, to clarify things and to have some degree of small talk)*

- Who are your customers and what kind of needs to you observe?
- What is your strategy and how do you market your products?

### **2. Opening Segment: describing the case and exploring the topic**

#### **2.1 Could you tell me something about the supplier award that you have been nominated for?**

- Category
- Name
- Criteria
- Other Nominees and Winner
- Setting (Supplier Day, Company Visit.)

#### **2.2 Before we continue, I would like to ask a few questions about the relationship that you have with that particular firm.**

- For how long are you doing business with that buyer already? (Relationship length)
- What is your turnover with that buyer as % of overall turnover? (% turnover)
- What is the reputation of the buyer in the industry? (Reputation)
- How do you perceive the status of that buyer? (Status)

### **3. Middle Segment: Going deeper into the experience aspects**

**3.1 How do you feel about the fact that you have been nominated for the award?**

**3.2 Did you know about the award beforehand and have you done anything specific in order to increase your chances of winning?**

- What exactly did you do to increase your chances of winning? (Examples)

**3.3 How do you feel about the fact that you did not win the award in the end?**

- Do you see this as a motivation to perform better in the future or rather as a frustration since your work has not been honored in a rightful way? Why?
- Do you feel that firm X is the rightful winner of the award? Why?

### **4. Concluding Segment: Exploring the effects of Supplier Awards**

**4.1 Did you experience any changes in the relationship with your customer after the award has been issued?**

- What exactly changed in your relationship?
- What went well, what went worse in the relationship?

**4.2 In the end you did not won the award but someone else did. Are you now going (or did you already) improve (or change) your performance towards that customer? Why?**

- What efforts did you take to perform better?
- In order to improve yourself, do you look at firm that won the award to see what firm X (winner) expects? (Role model effect)

**4.3 Do you think you need to treat the customer in a different way in order to improve your position? Why?**

- Did you change your pricing strategy with that customer? (Examples)
- Do you allocate other resources such as innovations or capacity in a preferential way to that customer? (Examples)

**4.4 Do you think the buyer is less dependent on you as a supplier, now that you did not won the award?**

- What is the reason for this?
- What are the consequences? (Do you need to charge lower prices to strengthen your position with that buyer?)

**5 Do you have any recommendations on how the NS could improve your buyer-supplier relationship?**

## **Appendix IV: Supplier Award Interview Protocol – Third party award issuer version**

### **1. Opening Segment: Introduction of Research**

#### ***1.2 Establish a level of comfort and explain the purpose of the research***

Introduce yourself to the interviewee and appreciate the time for the interview.

Explain the purpose of the research. State that there is no contact or relationship with the award giver, and the results will not be communicated to any other third person, firm or entity but will be published online aggregated and anonymized. The results are solely used for academic purposes. The information discussed are confidential. Finally, ask for allowance to record the interview.

#### **1.2 What is your function in the firm and what are you responsible for?**

#### **1.3 What is your company doing and in which industry are you mainly operating in?**

*(Optional, to clarify things and to have some degree of small talk)*

- Who are your customers and what kind of needs to you observe?
- What is your strategy and how do you market your products?

### **2. Opening Segment: describing the case and exploring the topic**

#### **2.1 Could you tell me something about the award program that you have set up?**

- Categories
- Name
- Assessment criteria
- Setting (Supplier Day, Company Visit.)
- Do you benchmark your program with competitor's programs?

#### **2.2 Could you briefly describe what kind of relationships do you have with your supplier?**

- What do you value?
- What strategy do you follow with your suppliers?
- On how many suppliers to you rely?
- Do you regular switch suppliers?

### **3. Middle Segment: Reasons for award programs and impression**

#### **3.1 What is the purpose of giving out award to your suppliers?**

- Why did you choose Supplier X and not Supplier Y?
- How did you elaborate the criteria for the award program?
- Did you communicate the criteria to the suppliers beforehand? Why?

#### **3.2 What are your impressions of the Award program?**

- Was it important for your suppliers to win the award?
  - Why so or why not? Did firms receive awards from other firms/ competitors?
- Why did you perceive the award program as a success?

### **4. Concluding Segment: Exploring the effects of Supplier Awards**

#### **4.1 How did your suppliers react after winning the award? Example**

- What went well, what went worse in the relationship?
- Why do you think the award has been beneficial for your relationship?
- Do you feel increased commitment from those firms towards your firm? Example.
- Do you think there is a higher belongingness after winning the award?

#### **4.2 How did supplier react that did not win the award? Examples.**

- What went well, what went worse in the relationship?

#### **4.3 Did you obtain any benefits from those firms winning the award after? If yes, why and how?**

- Did you experience any price benefits(Examples)?
- Did you experience any other preferential resource allocation (Examples)?
- What about non-winners?

#### **4.4 Do you think you are more depended on your winning suppliers now?**

- What is the reason for this?
- What are the consequences? (Do you experience higher prices from some suppliers?)

## Appendix V: Key Performance Indicators NS

Nr	OGSM Strategie	Nr	KPI
1	Kernleveranciers	1	% kernleverancier initiatieven
1	Kernleveranciers	2	# samenwerkinitiatieven
1	Kernleveranciers	3	% met kernleveranciersplan
1	Kernleveranciers	4	EcoVadis dekking
2	Bewuste keuzes	5	KTO (projectevaluaties)
2	Bewuste keuzes	6	Waarde
3	Efficiënt inkoopproces	9	DLT winkelwagens
3	Efficiënt inkoopproces	10	% geautomatiseerde orderregels
3	Efficiënt inkoopproces	11	% facturen met directe match
3	Efficiënt inkoopproces	12	% Projecten geaccordeerd vs afgerond
3	Efficiënt inkoopproces	13	% Contract geïmplementeerd
3	Efficiënt inkoopproces	14	% e-invoicing
4	Risico & compliance	15	% Gecontracteerde spend
4	Risico & compliance	16	% Proces compliant facturen
1	Kernleveranciers	1	Met 50% van de kernleveranciers zijn initiatieven gestart om tot focus en inzicht i.r.t. tot de MTR doelen te komen
1	Kernleveranciers	2	8 initiatieven om samenwerking tussen kernleveranciers te stimuleren.
1	Kernleveranciers	3	Iedere kernleverancier met Procurement als eigenaar, heeft een leveranciersplan.
1	Kernleveranciers	4	100% dekking leveranciers (o.b.v. top 60% Spend) met EcoVadis score.
2	Bewuste keuzes	5	KTO (projectevaluaties): > 8. (Inkoopprojecten > 100k). & 100% conform afspraak en verwachting. Voor MTR projecten 30% boven verwachting.
2	Bewuste keuzes	6	Geplande en gerealiseerde initiatieven (doel NTB)
3	Efficiënt inkoopproces	9	Doorlooptijd winkelwagens: < 5 dagen
3	Efficiënt inkoopproces	10	% orderregels via een catalogusbestelling of contractregel (>=30%)
3	Efficiënt inkoopproces	11	% facturen met directe match (25%)
3	Efficiënt inkoopproces	12	% Projecten afgerond (incl. events gesloten, gegunde leverancier toegewezen, projectevaluatie gevuld, project status afgerond).
3	Efficiënt inkoopproces	13	% Projecten geaccordeerd door contractmanager (incl. contract afroepbaar gemaakt, contractmanager toegewezen, e-invoicing gerealiseerd)
3	Efficiënt inkoopproces	14	(# facturen via Basware / PDF / Ariba NW (doel NTB) / totaal # facturen)*100% (doel NTB)
4	Risico & compliance	15	(€ spend met order gelinkt aan contractnummer) / € spend totaal)*100% (doel 60%)
4	Risico & compliance	16	(# directe facturen + # facturen aan retro order) / totaal # facturen)*100% (doel NTB)

Nr	OGSM Strategie	Nr	KPI
2	Bewuste keuzes	17	Best Value Procurement
2	Bewuste keuzes	7	# Geaccordeerde accountplannen
2	Bewuste keuzes	8	# Geaccordeerde categorieplannen
2	Bewuste keuzes	18	MBO (waardering en ontwikkeling)
3	Efficiënt inkoopproces	19	MBO (faciliteiten)
3	Efficiënt inkoopproces	20	KTO (P2P gebruikers)
3	Efficiënt inkoopproces	21	Efficiënte inkooporganisatie
4	Risico & compliance	22	# Management Letter bevindingen
4	Risico & compliance	23	# Tekortkomingen audits
4	Risico & compliance	24	# Tenderboard uitzonderingen
4	Risico & compliance	25	# Inkopen boven aanbestedingsgrens
4	Overig	26	% Ziekteverzuim
2	Bewuste keuzes	17	# best value procurement 'aanbestedingsplan' goedgekeurd
2	Bewuste keuzes	7	% geaccordeerde accountplannen (doel = 100% op verdeelde accounts)
2	Bewuste keuzes	8	# geaccordeerde categorieplannen (doel NTB)
2	Bewuste keuzes	18	MBO vragen over invulling rol, gestegen t.o.v. afgelopen keer
3	Efficiënt inkoopproces	19	MBO (inkopers) vragen over S2C proces, gestegen t.o.v. afgelopen keer
3	Efficiënt inkoopproces	20	KTO (P2P gebruikers): > 75% scoort 6 of hoger op gebruiksgemak & tijdigheid
3	Efficiënt inkoopproces	21	Efficiënte inkooporganisatie op basis van benchmark
4	Risico & compliance	22	0 bevindingen gerapporteerd in de management letter EY met hoog urgentie-/risicogehalte
4	Risico & compliance	23	Geen ernstige tekortkomingen in internal en external audits
4	Risico & compliance	24	Tenderboard rapportage (obv uitzonderingsgrond / doelmatigheid)
4	Risico & compliance	25	Wat aanbesteed had moeten worden (bijv. geknipte opdrachten, contractverlengingen, etc.).
4	Overig	26	(dagen afwezig / dagen beschikbaar) * 100%