Abstract

Suppliers can be regarded as a party that provides goods or services to individuals or organizations. In some cases, suppliers refer to manufacturers, who uses resources and labor to produce things for retailers, distributors or wholesalers. The relationship between a particular firm and its suppliers that are external to the ownership of the focal firm is absolutely “external”. Thus, these suppliers are called “external suppliers”. Simultaneously, within a firm, everyone is a customer consuming goods or services offered by other internal suppliers. Hence, we defined internal suppliers as anyone who plays a role within company’s daily activities or support a company’s end product, such as the person answering the phones, sorting the mails, or fixing the printer. However, the most important internal supplier for firms should be the one who provide his/her experience, skill and knowledge to lead this focal firm to success in the market. General speaking, internal suppliers directly influence the products or services provided by the firm, whereas external suppliers provide the resources or materials that can be utilized to manufacture this focal firm’s end products or services.

A professional supplier can play an important part in company’s development. Internal suppliers might greatly focus on reducing the internal costs within the firm. External suppliers pay more attentions to the manufacture and delivery performance outside the firm, such as cost, quality, responsiveness and flexibility in a supply chain network. They possess the ability to help firms reduce cost, improve quality, increase efficiency and eventually strengthen bargaining power in the real market. Therefore, the reliance on both internal and external suppliers’ professional skill set will make the focal firm more competitive and successful.

Technological uncertainty stems from the changing technology and unpredictable development in a specific industry. On the one hand, a changing technological environment brings new opportunities for firms to develop their new product and expand their own markets to gain more customers. On the other hand, the changing technological environment also results in challenges for firms to decide whether or how to upgrade or replace their old products to maintain their superior positions in the markets. Internal suppliers have a large knowledge base of new technology, product development and budget preparation. They can utilize their knowledge and skills to cope with issues aroused by ambiguous and unpredictable technological factors. If firms can better understand the rapidly changing technological environment, they will have higher chance to successfully develop new product in time and thus gain market shares. External suppliers can help focal firms in a different manner. The solid business relationship between a firm and its external suppliers assists the focal firm to comprehend the latest technological development, and obtain essential resources and materials from external suppliers.

In this paper, I want to explore the factors that can influence firms’ reliance on internal and external suppliers with different technological uncertainty. I plan to adopt theory X and theory Y to investigate the influence of firms’ culture to suppliers reliance(McGregor, 1957). I hope this research can provide more insight for managers to take different strategies to rely on internal and external suppliers under various environment.

References