

Power and influence in Russian agri-food supply chains: Results of a survey of local subsidiaries of multinational enterprises*

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There is a growing body of literature on the role of power and influence as key behavioural constructs in supply chains. In order to use power it is necessary to apply specific influence strategies which represent certain techniques to gain desired objectives. In order to manage supply chain networks successfully the knowledge of different influence strategies is essential, since they may have different managerial effects depending on their origin. The aim of our article is to investigate the role of power and influence strategies in supply chains. To fulfil our aim we conducted an empirical survey of 97 multinational companies (MNCs) that operate in the Russian agri-food sector.

Mittlerweile ist umfangreiche Literatur über die Rolle von Macht und Einfluss, als wesentliche Verhaltenskonstrukte von Wertschöpfungsketten verfügbar. Damit man den Faktor Macht nutzen kann, ist es nötig, spezifische Einflussstrategien, als Techniken zur Erreichung bestimmter Ziele, zu identifizieren und zu nutzen. Um Wertschöpfungsketten erfolgreich zu managen, ist das Wissen über verschiedene Einflussstrategien essentiell, da sie verschiedene betriebliche Effekte, abhängig von ihrem Ursprung, haben können. Das Ziel unseres Artikels ist es, die Rolle von Macht und Einflussstrategien in Wertschöpfungsketten zu untersuchen. Um diesem Ziel gerecht zu werden, haben wir eine empirische Studie mit 97 multinationalen Unternehmen (MNCs), die im russischen Agrar- und Ernährungswirtschaftssektor operieren, durchgeführt.

Key words: power, influence strategies, agri-food supply chains, Russia (JEL: L22, L66)

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1. Introduction

In the majority of Western markets retailers proved to be more dominant, since they positioned themselves as brand guarantors in the supply chain and made the shift in retail strategy from being a relatively passive assortment builder to being the brand developer and manager of the whole chain. Their decision process starts with choosing a product and afterwards the supplier. As a result there has been a shift in power within food marketing channels towards the multiple retailer (Bourlakis 2001; Fiddis 1997) where the retailer is seen as the main gateway to the consumers and the gate-keeper between producer and consumer (Lang 2003). For example, if a retailer gets a supplier to do what the supplier would not have done otherwise, the retailer possesses means which possibly threaten or make the supplier to act in a way which is favourable for retailer. If both actors have an unequal opportunity to achieve their goals and pursue their interests, then the retailer has a greater capacity to achieve his goals than the supplier has. If retailers have power over suppliers they might impose fees on them such as slotting allowances and promotion fees. Thus, the relationships between suppliers and buyers in agri-food supply chains are generally characterised by power asymmetry. The prospects of survival and future prosperity of one party depend highly on the preparedness to cooperate with other parties. Building a partnership has, therefore, a strategic character, since both sides understand that they will need to cooperate in the future. This requires a general understanding that, as the retailers cannot survive without good suppliers, suppliers cannot succeed without buyers and retailers. Since the number of food manufacturers and the overabundance of supply offers is growing and the available quantity of supermarket shelves sometimes does not keep up, the retailer faces the difficult task of choosing only those suppliers which can also offer marketable products. Therefore, the question arises of how power can be used as a tool for managing agri-food supply chains in Russia.

In contrast to the western markets, Popova and Sorenson (2001) note that in Russia suppliers have much more power than buyers, which is one of the specifics of the Russian market in general. This fact is also supported by Kouchtch (2005) who discusses the evolution of industrial companies' relationships with suppliers and defines the trend of their development in the light of transformation process relationships among Russian industrial companies and their suppliers. He notes that Russian suppliers' powerful position on the market is due to the supreme significance of the raw materials market. He states that Russian suppliers are used to working on the "suppliers' market" and, therefore, could be characterized as inflexible and unwilling to meet the requirements of industrial companies and adapt to their conditions. Tarnovskaya et al. (2007) describe the generally low level of suppliers' compliance with the norms of the code of conduct as a result of survey conducted in the solid wood industry among Russian

suppliers of IKEA. The relationships with suppliers were built on a very personal level, with IKEA representatives becoming actively involved to keep promises made to suppliers.

In this context, there is a growing body of literature on the role of power and influence in supply chains and networks (Hu/Sheu 2003; Bachmann 2001; Lang 2003; Kumar 2005; Sodano 2006). The importance of power is underlined by many scientists who refer to power as a key behavioural construct that influences performance in supply chains. Hu and Sheu (2003) view power in terms of a strategy-influencing source that is oriented from one channel member to another. As a result, power is viewed as an effectively applied means to gain certain objectives once the power over another firm was attained. Therefore, the research on power and influence in supply chain and networks and their use for supply chain management is of crucial importance and should not be underestimated. There is a need to investigate the role of power in supply chains and study the effects of applying influence strategies which can be used as tools for managing supplier-buyer relationships.

All-in-all, power and influence strategies represent behavioural mechanisms that could help to achieve the objectives within supply chain networks. The aim of our article is to investigate the role of power and influence strategies in supply chains. To fulfil our aim we conducted an empirical survey of 97 agri-food foreign-owned retail and processing multinational companies (MNCs) that operate in Russia. The structure of our paper is as follows. First of all, we present a theoretical framework of power and influence strategies in supply chains and develop our research questions. Following this, we try to find the answers for our research questions in an empirical study. Finally, we discuss the results and managerial implications of the study.

2. Theoretical background

2.1. Power

In sociology the concept of power has basically been introduced by Weber (1947) who defines power as ‘the probability that one actor within a social relationship will be in a position to carry out one’s own will despite resistance, regardless of the basis on which this probability rests’. One has to say that most concepts of power are founded on Weber’s definition. Most definitions of power within studies on supply chains and marketing channels are based on the definition by El-Ansary and Stern (1972), who define power as ‘the ability of a channel member to control the decision variables in the marketing strategy of another member in a given channel at a different level of distribution’. Power in supply chains is also defined as ‘the ability of a firm to own and control critical assets in markets and supply chains that allow it to sustain its ability to appropriate and accumulate value for itself by constantly leveraging its customers, competitors

and suppliers' (Cox et al. 2002). Hu and Sheu (2005) view power in terms of a strategy-influencing source that is oriented from one channel member to another (p.448). As a result, power is viewed as an effectively applied means to gain certain objectives by utilizing influence strategies, once the power over another firm was attained (Hu/Sheu 2003; Payan/McFarland 2005).

The resource dependency theory specifies the basis of the created dependencies among the actors. It claims that organizations, as open systems, depend on input and output resources to meet their goals and that the lack of self-sufficiency with respect to these resources creates dependencies vis-à-vis the parties that control them (Emerson 1962), and introduces uncertainty into the firm's decision making (Pfeffer/Salancik 1978). The created patterns of dependency represent a situation in which firms that own or control valuable, scarce resources hold power over firms seeking those resources. Firms are viewed as interdependent entities seeking to manage uncertainty that is affecting them (Pfeffer 1987). A basic premise of the theory is that when firms are confronted with external dependencies they will try to establish inter-organizational arrangements as a strategic response to uncertainty and inter-firm dependence (Stern/Reve 1980). Power is based on the control of resources that are considered strategic within the organization (Pfeffer/Salancik 1978) and is often expressed in terms of budgets and resource allocations (Pfeffer/Moore 1980). Therefore, according to resource-dependency theory power is conceptualized as the amount of resources controlled by actors.

French and Raven (1959), Raven and Kruglanski (1970) and Hunt and Nevin (1974) identified several types of power: coercive and non-coercive power. Coercive power is seen as a "hard" type of power which is usually based on the expectation of punishments and threats and relies on the belief that punishments will be forthcoming or rewards will be withheld unless the requested behaviour is exhibited (French/Raven 1959; Blau 1964). In the supply chain network context coercive power reflects the fear of a supply chain actor to be punished if it fails to comply with the requirements of the focal company. However, consistent use of punishments and threats may encourage the affected firm to dissolve the cooperative relationship. Because of this, coercive power is normally employed when the power advantage is clear and the influenced party's alternatives are limited (Bowersox et al. 1980). Non-coercive power types (legitimate, referent, expert, informational and reward) are seen as "soft" techniques of influence. Instruments of soft power may include debates, dialogues, dissemination of information, attempts to influence through good examples, appeals to commonly accepted norms and values, etc.

Reward power depends on the ability of the power holder to offer or mediate rewards to others. It is based on the degree to which the individual can give others a reward of some kind such as recommendations, desired gifts, and increases in pay or responsibility. If a focal company can mediate rewards due to the ac-

cess to resources which are valuable for other supply chain network actors, then it can make the actors perform in the way the company desires. A firm's ability to use rewards as a source of power may increase after rewards have actually been employed, because the perceived probability of the promise to deliver is intensified (Cartwright 1965).

Expert power (also called informational) is derived from the skills or special knowledge of an individual or a group in a specific subject. This knowledge applies to the restricted area in which the specialist is trained or qualified. The degree of power depends on the scarcity and the need of these skills for others. It is worth mentioning that this source of power may generate a response of trust and credibility. In the case of a supply chain network the expert power of a focal company can be achieved if the network actors perceive or believe that it possesses a special knowledge valuable for them. For example, manufacturers are often expected to have special knowledge about new products and promotion to assist the dealers.

Informational power stems from the ability to explicate information not previously available and the ability to demonstrate the logic of suggested actions with this information (Raven/Kruglanski 1970). They believe that even though the difference between expert and informational power is subtle, the power holders tend to be well-informed, possess up-to-date information and, therefore, able to persuade others. The difference between these two kinds of power could be observed when the holder of the expert power develops credibility and trust through a hidden image and respect (for example, a doctor has an expert power over his patients), while the holder of the informational power may not. This type of power does not demand that one be a professional or an expert, but rather requires the possession of new and up-to-date information and provides confidence to the power holder in debates. For example, if a retailer has new information about the consumer demands, then it can persuade suppliers to deliver their products and become a part of a supply chain network.

Legitimate power stems from internalized values which dictate that there is a legitimate right to influence and an obligation to accept this influence. This type of power is based on some kind of a commonly accepted code or standard and usually involves positions and not personal qualities of individuals. It is also called position power and is usually accompanied by various attributes of power such as uniforms, offices etc. It is based on the belief by one firm that another firm has the 'right' to prescribe behaviour (French/Raven 1959). A focal company in this case should be recognized in the eyes of the network members as having the right to make specific decisions and expect compliance with regard to these decisions.

Referent power is based on an individual's ability to be attractive to others and build loyalty and depends on the charisma and interpersonal skills of the power

holder. French and Raven define the source of referent power as “a feeling of oneness... or a desire for such an identity”. Identification can be said to occur when an individual accepts influence because he wants to establish or maintain a satisfying self-defining relationship to another person or a group (Kelman 1958). It is difficult to identify specific instances of pure referent power in interfirm relationships, since referent power usually occurs in conjunction with some other types of power and plays a stabilizing role (Beier/Stern 1969). In the supply chain context this power type might be observed when network actors want to join a network.

2.2. *The link between power and influence strategies*

Martin (1992) views the concept of power as the “success of one group in obtaining compliance with its wishes regardless of the opposition of others”. He explains that these actors possess the so called “latent power” on the basis of the resources which they possess or control. In order to exercise the latent power (which is seen as potential power), the actor should use special tactics or strategies to translate the power derived from the resources into the desired outcome or success in obtaining compliance. He calls these tactics bargaining power.

In order to use power the power holder needs to apply specific mechanisms or tools to a specific channel member and to a specific behavior or performance. Possession of power does not mean that it has to be necessarily used. However, when power is used, the power holder aims to influence its target to make it comply with a performance goal. So whenever it is necessary to use power A will make use of various means of power, i.e., means of communication used in applying A 's power over B (Angelmar/Stem 1978, Stem/Heskett 1969). Obviously, it is being posited that threats and promises can serve as the ‘means’ by which a power source (defined by French/Raven as a perception) is developed, or as a mediator tending to occur between the power source and its exercise, or both.

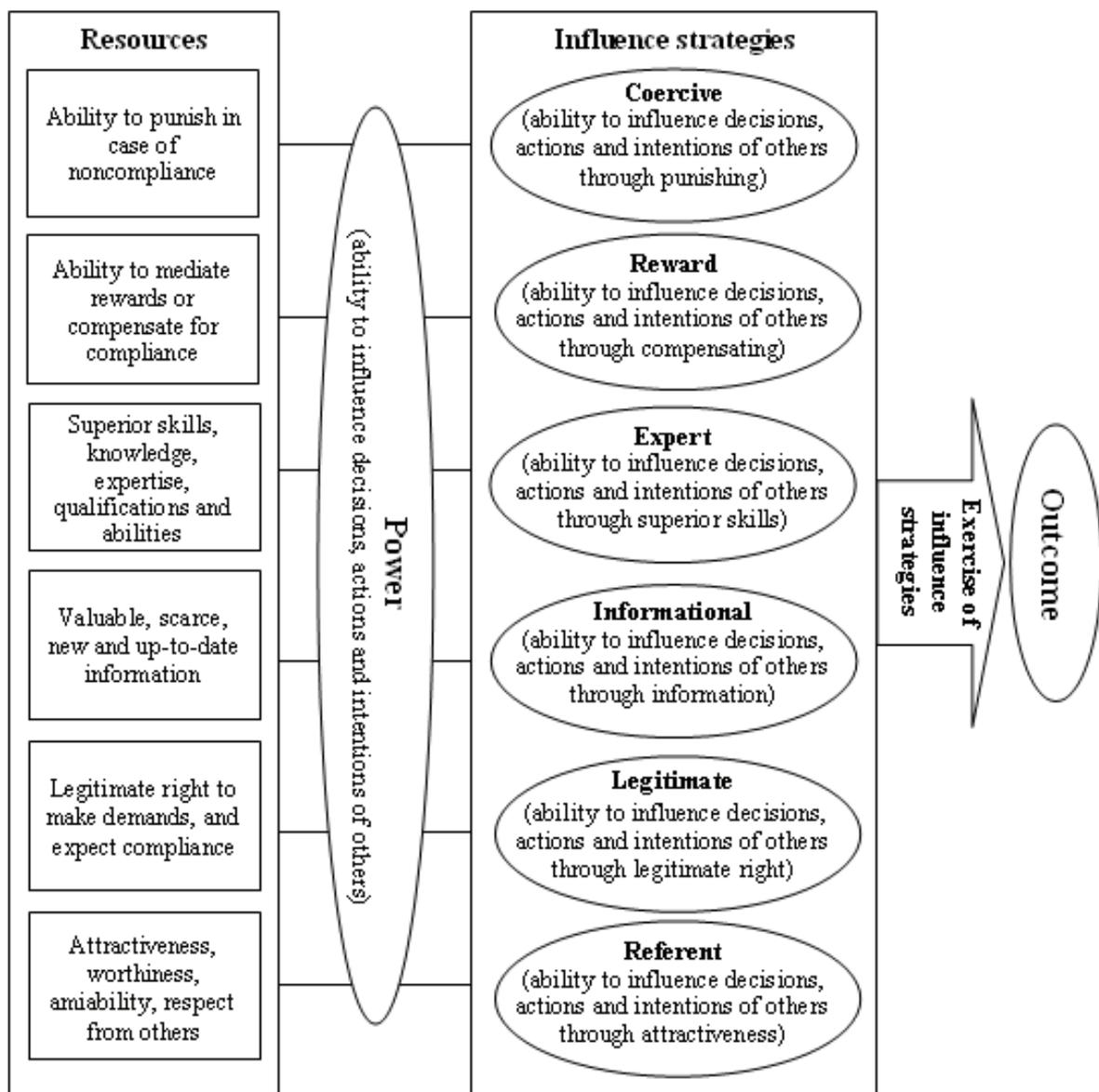
Some studies on power speak about strategies for the exercise of power that are often referred to as interfirm influence strategies (Etgar 1977). These influence strategies are used to exercise power and represent certain techniques to apply a given power advantage to gain desired objectives. Different expressions are used in the literature for means of power. Some researchers refer to them as “influence strategies” (Frazier/Rody 1991; Boyle et al. 1992), others prefer the term “influence tactics” (Bruins 1999) or power processes (Cromwell/Olson 1975). Conceptually, these terms describe the same matter as they refer to the different means by which power can be exercised. However, while power is rooted in attributions, influencing strategies involve observable behaviour on the part of the agents.

It may also be recognized that exercised power represents not only an outcome but a successful outcome, since there is no such thing as an unsuccessful attempt

to exercise power. Power means the ability, not the inability, to alter behaviour. Its exercise is at the discretion of the power holder. If an attempt to exercise power is unsuccessful, it is merely the confirmation that the power did not exist in the first place (Gaski 1986). The whole sequence of the events within the power process consists of power bases or resources, power means or influence strategies, power exercise and power outcome.

We would like to present the following scheme which reflects how power and influence strategies are related and illustrates the process of how the influence strategies work. As this scheme shows, power, which is the ability to influence decisions, actions and intentions of others – in other words the ability to strategically apply influence – is a latent construct which cannot be grasped or touched (Figure 1).

Figure 1: Relations between resources, power and influence strategies



Source: own illustration.

In order to be able to use, e.g., expert influence strategies, one should possess specific resources such as superior skills, knowledge, expertise or other extraordinary qualifications. Therefore, it is most decisive to differentiate between power as a potential and the actual use of power through influence strategies which can be done in many ways, especially in friendly, positive ways or in unfriendly, negative ways.

2.3. Power and influence strategies in Russian agri-food supply chains

The example of coercive power could be found in a relationship of the Metro concern and its suppliers in Russia. To many suppliers, negotiating with Metro is like arm-twisting. They are pressed to reduce the prices and forced into a bonus system common in Europe: additional discounts during sales months, big sales bonuses, advertising bonuses etc. Russian suppliers are also observed to possess coercive power such as in the case of Auchan as they keep retailers waiting for ordered goods up to 72 hours, and dictate shelf space, control of which is crucial for a retailer (Roberts 2005).

Retailers develop their reward power by using discounts imposed for special events such as store openings. For example, Russian retailers practice the return of expired products to manufacturers. This means extra expenses for suppliers. Therefore, some foreign retailers (Metro and Spar) made agreements with local suppliers, stipulating no return of expired goods. The same reward power is observed in payment tenor for shipped goods. Metro's payment tenor does not exceed thirty days, whereas other retail players have longer payment tenors - around 70 days. Such rewarding behaviour attracts suppliers and makes them more willing to cooperate with foreign retailers (Matveeva 2010).

Examples of expert and informational power in the Russian agri-food setting could be described as follows. It is obvious that western retailers export their business models of chain management both in the sense of the enhancement of efficiency as well as with regard to the establishment of global chain quality concepts. Retailers which are operating in Russia use modern supply chain management concepts which were proven to be effective and successful and possess the knowledge and expertise in how to organize and manage the whole supply chain network. Suppliers which do not have this knowledge would be more willing to cooperate with such experts as Metro, Auchan and others, and would be interested in long-term relationships as they are convinced of their progressive business practices.

The use of legitimate power is demonstrated by the X5 Retail Group (former Pyaterochka Holding) which increased its market share by merging Perekrestok and Pyaterochka, and as a result its market influence has increased. The market share of some big retailers serves as a legal means to exert their influence on their suppliers. This position on the market gives them the power to coordinate the supply chain network, and also affects the suppliers' willingness to cooper-

ate with them. In this case we can speak of legitimate power gained through the position on the market.

Referent power could also be found in the Russian agri-food business landscape. The Metro Group is also known for its social commitment, ranging from supporting cultural events to promoting social projects and the initiative for educating the youth in modern trade methods in Russia. This social commitment and support in education helps to create a favourable position in the eyes of Russian consumers. In this case we can notice that the image and reputation of Metro in Russia is increasing and with it its referent power. The Russian people have begun to be more familiar with this retailer and its commitment, which shapes the attitude of local suppliers towards Metro.

Therefore, these relationships need to be seen in the context of power shifts along the supply chain and can be characterized by power asymmetries and mutual dependences. Therefore, the research questions (RQ) about power and influence strategies in Russian agri-food business may be defined as follows:

Existence and distribution of power (RQ1)

- Does power exist in supplier-buyer relationships in Russia?
- If yes, how is it distributed among supply chain actors and why?
- Use and classification of influence strategies (RQ2)
- Are influence strategies used for managing supply chain management?
- If yes, can they be classified according to the framework of French and Raven (1959)/Raven and Kruglanski (1970)?
- Role and effects of influence strategies (RQ3)
- How and why are influence strategies used in supplier-buyer relationships in Russia?
- What are the perceived effects of using influence strategies for supply chain management?

3. Empirical study

3.1. *Data, sample and research methodology*

To answer our research questions we conducted a series of telephone semi-structured in-depth interviews from 31st of March till 17th of June 2010 about relationships of food processing and retail companies which are local subsidiaries of MNCs in Russia with their suppliers in Russia. The database of the firms to be surveyed was purchased from The Chamber of Commerce and Industry of the Russian Federation. The obtained database contained 1000 records of addresses and contact details about companies of foreign origin registered in Russia as companies operating in the area of food processing and food retailing in Russia with at least 10% of foreign direct investment capital. A total of 97 complete telephone interviews were conducted, which represents the response rate of

9.7%. We made a thorough selection of the interviewees, who were chosen according to their leading positions, in order to effectively gather relevant information (Blankertz 1998; Merkens 2000; Patton 1990). Specifically, we employed an expert (concentration) sampling (Fritsch 2007; Patton 1990). The persons chosen were in positions with a high level of concentration of appropriate information. The applied technique makes particular sense in view of the above-mentioned research questions. All respondents were invited to express their perceptions with regard to the issues of power and influence strategies in agri-food supply chains in Russia.

Before contacting the companies from the database we made a thorough pre-test study by contacting 15 experts from the field of agri-food business and conducting telephone conversations with them. This pre-test allowed us to identify potential problems and to revise the proposed questionnaire before starting the actual fieldwork. We started the survey after receiving their feedback and improving the questionnaire. The questionnaire was designed in three languages (Russian, English and German) in order to allow the experts speaking different languages to participate in the questionnaire. The translation of the questionnaire was done by the author and cross-checked by two colleagues, who were also fluent in these three languages and had experience in analyzing in-depth interviews, to help achieve reliability (Patton 2002; Hingley 2005). The interviewees were first informed about the interviews via email. After receiving their consent, the calls were made at the time appointed by the interviewees. Each interview was transcribed and edited for clarity by the interviewer.

Two types of companies, processors (89) and retailers (8), were among the interviewed companies. Since the questionnaire was offered in three languages (Russian, English and German), some interviewees used the opportunity to choose the language in which they were most secure. As the results show, most of the respondents chose Russian as the language of the interview (97%). Only 2% of them chose English and 1% - German. The duration of interviews was between 10 and 45 minutes. The average duration per interview was approx. 16 minutes. The overall duration accounted for 1534 minutes (or 25.5 hours).

The companies from our sample stem from a variety of different Western European and North-American countries. Altogether the number of countries from which the head offices of the companies originate is 27. The biggest share among the interviewed countries belongs to Germany (21.65%). There are indeed a large number of German companies operating in Russia in different supply chains. Therefore, the number of those companies which replied to our invitation to participate in the expert interview was also high. The next big group after Germany is the USA. Again, the number of available companies from this country made it possible for many to reply positively to our invitation. Some other important big groups are from France, the Netherlands and Italy. Also Asian countries (China and Singapore) were included.

Among the companies which were called, the majority was from Moscow and the Moscow region (81%). The rest of the cities included St. Petersburg (8%) as well as some other Russian cities (Samara, Belgorod, Velikiy Novgorod, Novosibirsk, Kaluga, Kaliningrad, Pskov, Tula).

In two cases the respondents were not able to participate in the expert interview and recommended we contact their head offices in Warsaw (Poland) and St. Wendel (Germany). However, the respondents were all well informed about the situation of their company in Russia. Among the respondents were general directors, sales managers, category managers, logistics managers, quality and supply chain managers.

The interviewed respondents chose only one supply chain for their reports. In our sample we had 13 different supply chains. The most frequently chosen were dairy products (15.5%), vegetable products and plant oils (13.4%), confectionary products (11.3%), and pastry products (11.3%).

We deliberately chose Russia since many foreign companies have invested in the last years in this competitive market. As brands are of major importance many of them ‘imported their chain management concepts’ from their western European home countries. At the same time it can be observed that Russian manufacturers and retailers are copying these approaches. This creates the particular situation that due to strategic approaches, supply chains and their management should be and are being ‘designed’ by the brand owners (chain captains) that cover the whole food chain.

In order to interpret our results from the conducted expert interviews we used both qualitative and quantitative data analyses. In Appendix 1 we summarized the key findings and typical citations about the topics and research questions of this study by applying the technique of Hingley (2005). Additionally, it was possible to evaluate some aspects of the study quantitatively with descriptive statistics using SPSS.

3.2. *Existence and distribution of power (RQ1)*

According to the expert interviews the counterbalance of power is by all means on the side of buyers. As stated by the interviewee №70 “...*this parity is frequently not in favour of suppliers*”. In fact we could even determine several reasons for the existence of such counterbalance. The most frequently given reason was the number of trading partners: “*Since there are more suppliers than processors and retailers, suppliers have less power.*” (Interviewee №75). The position of the seller was initially stated to be stronger than a position of the supplier, since “*there are many more candidates for one meter of a shelf, than it can physically contain*” (Interviewee №17). Among other reasons which were said to be responsible for the larger portion of power among the supply chain participants were market share, size of area in the commodity market as well as the

status of the trading partner. As for the market share, we learned that it was not the only factor necessary for the formation of power: “*market share is not the sufficient condition of domination...*” (Interviewee №35). Such factors as the company name and image turned out not to be less important than other factors mentioned. As stated by the Interviewee №88 „*when it is a preferred supplier he has more power than a small and unknown supplier*”.

Our survey showed that power is unequally distributed in supplier-buyer relationships in Russian agri-food chains. The survey indicated that the majority of retailers believe that they possess the channel power. However, interestingly also some processors consider themselves as powerful, particularly over their raw material suppliers and to a lesser degree over their buyers. One needs to be careful when interpreting the results. The given answers are very subjective. The respondents answered only according to their perception about how power is distributed in the supply chain. Therefore, we cannot claim that the obtained results account for the actual power distribution, since we did not conduct any real measurement.

3.3. Use and classification of influence strategies (RQ2)

The results of the quantitative analysis of the questions asked with regard to the frequency of use of certain influence strategies show that some coercive influence strategies are used less often than others depending on the “softness” of its expected effect. For example, *supervision or monitoring of your partners’ activities* is very well known among the respondents with respect to relationships with suppliers (0% answered “don’t know”). Apparently, the respondents tend to use this influence strategy more often with suppliers (33% answered “often”) than with buyers (12.4% answered “often”). Besides, more than half of the respondents answered that they do not use this strategy with their buyers at all. This fact allows us to conclude that probably there is less need to supervise or monitor the activities of buyers than the activities of suppliers. Another interesting fact is that *threatening to invest less into the business relationship* is the least used influence strategy among the other coercive influence strategies. In both kinds of relationships (with suppliers and with buyers) more than 90% of the respondents told us that they do not use this strategy at all or use it seldom. Similar answers were received with respect to *Warning to cancel the business relationship*. The percentage of the respondents who stated they do not use this strategy or use it only seldom was over 80% (with slight differences between relationships with suppliers and buyers). Also such strategies as *lowering discounts or other commercial rewards* and *monetary penalties* were also not very well practiced in comparison to the other influence strategies (at least 79.4% of the respondents answered that they do not use this strategy or use it seldom). Since the number of those who answered “don’t know” is 0% among suppliers

and 8.2% among buyers, we can conclude that those strategies are not used so often on purpose.

As for the reward influence strategies, we could observe that between 46% and 77% of the respondents answered that they use this strategy often. One influence strategy which seems to be used less often than the other ones is *financial assistance programmes*. 66% of respondents answered that they do not use this strategy at all or use it seldom with respect to their suppliers and 79% - with respect to their buyers. Probably the costliness of this method is the reason why this influence strategy is not used by so many respondents.

One of the remarkable things about the use of expert influence strategies is the fact that more than 90% of respondents stated that they do offer *work-skills training, workshops, seminars or other educational activities*. The number of those not offering such educational activities to their buyers was higher than those not offering such educational activities to their suppliers. Other expert influence strategies were used more or less often, whereas the number of respondents using those strategies with their suppliers was higher (between 59 and 61%) than with their buyers (between 44 and 47%).

Discussing the overall strategy of operations and *negotiating a common agreement* were more often than the other informational influence strategies (between 46 and 59%). Other informational influence strategies were used in such a way, that the number of respondents using those strategies with their suppliers was higher (between 50 and 54%) than with their buyers (between 38 and 41%).

When analysing the answers with respect to legitimate influence strategies we can observe an interesting fact: The relationships generally tend to be based more on written contracts than on informal agreements (over 85% of respondents answered that they do not use *informal agreements* or use them seldom). In contrast, *long-term written contracts* were the most popular legitimate influence strategy (between 69 and 72% of respondents use it “often” and “very often”).

The referent influence strategies are generally often used with a slight difference depending on the kind of partner (buyer or supplier). In relationships with suppliers these strategies are used more often (between 51 and 70% of respondents stated that they used them “often”) than with buyers (between 41 and 63% of respondents stated that they used them “often”). However, two kinds of influence strategies from this group were less popular among the respondents. *Asking for compliance to requests not indicating any positive or negative outcome for their business* and *Asking to accept ideas without explaining the possible effect on your partners’ business relationship* turned out to be used quite seldom (between 47 and 70% stated they used them “seldom”).

3.4. Role and effects of influence strategies (RQ3)

One of the methods of coercive influence strategies was said to be the entrance fee or “entrance ticket”. We were told that the general “entrance sum” was influenced by some parameters such as “...popularity of the manufacturer and volume of its advertising budget” (Interviewee №50) or “commodity group represented (it is known that to place ketchup in a network is cheaper, than beer)” (Interviewee №62). Though the fact that suppliers are required to pay fees in order to be able to work with some big retailers is evidently negative for suppliers, retailers regard this method in a positive light and justify its use due to the fact that “the fees paid by suppliers would be possible to recognize as the mechanism of competitive selection of the best manufacturers” (Interviewee №69). Besides, the positive view on the use of coercive means of management was further supported by the fact that “it is economically inexpedient to use partner relationships with all suppliers” (Interviewee №84). This interviewee explained to us that as far as the principles of work on commodity groups of non-strategic character are concerned, it would be appropriate to use coercive methods: “In this case it is not necessary to be afraid that opportunistic attitudes with the supplier will negatively affect quality of a product”. This fact was also confirmed by the Interviewee №24, who stated that “If we are speaking of the suppliers of simple products with a high degree of standardization, it could make sense to apply hard methods.” On the other hand, some participants of our survey expressed the opinion that coercive methods should be used with caution, since, e.g., “such mechanisms as threats and penalties are not very effective because they show that the company is aggressive” (Interviewee №7). In general, we could see that coercive methods were seen both in a negative and positive light, depending on the object and purpose of use. Especially one of the statements clearly explained this point: “such approach in short-term prospect can yield positive results, but in long-term is not always effective” (Interviewee №5).

The mechanisms of reward influence strategies were not left uncommented by our interviewees. For example, the assistance programmes offered by dairies to their suppliers were stated to be important in fostering the high quality standards to guarantee long-shelf-life dairy products. Interviewee №6 especially highlighted the advantages of using assistance programs in the long-term: “Certainly, it requires additional expenses of time and forces, but at the same time allows reducing expenses and to raise a degree of adaptation of the enterprise to changing market conditions not only in short-term, but also over the longer term”. The attractiveness of reward mechanisms such as favourable payment conditions was explained in a specific case by Interviewee №22, stating that a supplier-company even used it as a choice criteria for working with retailers: “The company has simply terminated contracts with all networks this year and does not work with anybody except for Auchan because it pays without delays”. Interviewee №81 also indicated that besides conditions of payment, other mecha-

nisms of reward influence strategies such as “*the granting of the greatest possible level of discounts*” were also considered to be very attractive for suppliers.

The role of expert influence strategies which is undoubtedly based on the expertise and professionalism of the supply chain partners was stated by many interviewees. In fact, it is quite obvious that some big foreign retailers and manufacturers indeed possess more expertise on supply chain management (SCM) approaches and have had some experience with using such approaches in other countries before. As Interviewee №7 stated, “*Western companies have brought not only new management approaches to Russia but also innovative products such as drinking yoghurts and curd (partly curd – partly yoghurt)*”. The fact that such Western companies do possess this specific expertise is readily recognized by some Russian suppliers, who confess their own lack of experience and try to learn from their partners by “*asking the more knowledgeable partners about what to do exactly*” (Interviewee №35). We learned from our interviewees even further that suppliers evidently enter supply chain networks “*having only minimal, and is frequent also simply zero information on work of commercial structures of the potential customer*” (Interviewee №29).

The role of informational influence strategies and their positive side was even more praised and acknowledged by our interviewees than the expert influence. In fact, the importance of collecting information about partners and creating specific databases was mentioned: “*the creation of a database of the list of potential suppliers which allows obtaining information quickly about suppliers with desirable characteristics is of fundamental importance*” (Interviewee №26). It was also stated that due to the favourable position of retailers in the chain and their closeness to the consumer they also end up possessing more information, and as a consequence, a greater ability to use informational influence strategies. Interviewee №20 underlined this point: “*By tradition manufacturers had the greatest market information concerning their products. Now it is not so. As retail commerce has cash department, and by means of a bar code of a product, can collect the information on the sold goods and on preferences of clients. The information is the powerful weapon in hands of trading chains...*” The fact that the possessed information could be very effectively used to gain the favour or interest of suppliers was quite obvious as well. The interviewee №60 stated that “*a supplier maybe also interested in reception of trustworthy information how those or other types of the goods are getting sold*”.

According to the statements of our interviewees, the legitimate influence strategies were claimed to be the precondition to harmonious relationships with suppliers. For example, Interviewee №27 reported: “*There is a contract with suppliers which defines the rights and duties of each side and also timeframes of payments. Both sides signed, confirming that the conditions of the contract suit everyone. Therefore there is no room for conflicts.*” The effective use of legitimate influence strategies was further confirmed by some other participants of

our survey. We learned that it was connected to the organisation of the system of justice in Russia and its perception by other partners. Interviewee №83 expressed the opinion that especially threats on the legal basis are very effective. *“The system of justice in Russia works in such a way that the judges are not allowed to acquit more than 1% of all cases. Therefore, the chance that the legal proceedings will result in an indictment is quite high”* (Interviewee №83).

It is interesting to remark that all the factors making the company so attractive to other partners though a solid reputation and established sales volumes do contribute to the company’s ability to use referent influence strategies. Interviewee №66 stated that *“among advantages of work with networks of the company mark the additional total profit received as a result of advancing growth of sales volumes in comparison with growth of costs”*.

4. Results and conclusions

4.1. Discussion of results and managerial implications

According to the findings, the existence of power in Russian agri-food business was confirmed. Moreover, we were told that retailers were more powerful than suppliers, and that they behaved aggressively. The reason for the power of retailers was the bigger number of suppliers and the limited shelf space for the abundance of goods offered by suppliers. Power can be considered to be one of the most readily available and effective tools in vertical relationships along the whole food chain. Each member of a supply chain tries to assume a dominant position that gives control over other members and allows maximum revenues using their power. Retailers and manufacturers exist in a competitive environment and compete for the same consumers and carry the same merchandise. Each party tries to achieve maximum revenues by using its power. Some interviewees confessed that they do observe the clear existence and use of power in the supply chain. It was difficult to determine who influences whom to what extent, because there were different sources of influence. Generally we got the impression that suppliers in Russia are rather more dissatisfied with their status than buyers or retailers. Our interviewees complained about unfair policy of retailers with respect to suppliers, toughening of conditions and discrimination at the conclusion of delivery contracts, or indispensability to pay “entrance tickets”. According to the results of our interviews we were able to that the existence of power in supply chain relationships indeed was confirmed. Moreover, we were even told that the counterbalance of power is by all means on the side of buyers.

We also gained a lot of valuable information with regard to the use and role of influence strategies for supply chain management in Russian agri-food business.

With regard to the influence strategies we obtained clear evidence that they are indeed used and could be classified according to the framework of French and Raven (1959)/ Raven and Kruglanski (1970). As the analysis shows, the use of the influence strategies could be connected with the availability of resources. But availability alone was not the only the factor for choosing the certain influence strategy. Another reason, as mentioned before, could be the costliness of the chosen strategies in comparison with the expected effects or benefits. We assume that influence strategies may include direct and indirect costs. Direct costs involve the costs of communicating and also the costs of keeping informed of the subject's behaviour. Indirect costs include opportunity costs – the use of influence strategies in one direction may well preclude their use in another. In fact, if we are to be more specific on the nature of costs incurred through the use of influence strategies, we need to take into account other types of costs. They can include monetary costs (e.g., administrative costs, negotiation costs, costs of communicating the requirements), implementation costs (giving rewards, investing in training), surveillance costs (costs of keeping informed of the subject's behaviour) and non-monetary costs (e.g., loss of reputation and credibility, bad image, battle of interests, negative effects on the relationship, suspicion, dislike or unwillingness to comply in the future). Benefits could also be classified into monetary (e.g., receiving resources from punishing) and non-monetary benefits (e.g., gaining a positive image by offering information, advice, recommendation), short-term and long-term benefits (e.g., benefits from investing in training and consulting services, future positive effects on the relationship).

Hunt and Nevin (1974) implicitly recognized this cost versus benefit trade-off in withholding assistance as a form of influence. We think that the costs of coercive influence strategies outweigh the gains from cooperation. Benefits of coercive influence strategies tend however to be short-term. It is generally believed that punishment does not kill the motive and only suppresses the response. So if the punishment is removed, the behavior will probably reoccur. Therefore, administering coercive influence strategies always bears a risk of reprisals from punished actors. Applying coercive influence without an explanation or warning might have destructive effects on the long term relationship, since punishment reduces the economic resources of the target, and thus reduces the motivation to further participate in the exchange. In some cases less aggressive influence strategies might be an effective way to reach compliance on a certain issue.

Legitimate, referent, expert, informational, and reward influence strategies known for their 'soft' nature can be used to achieve cooperation among the participating supply chain actors. Some of the non-coercive influence strategies can also be used to solve the problems of coordination. The use of reward influence strategies promotes a cooperative relationship, which eliminates the problem of aligning the interests of individual actors of the supply chain. Retailers use reward influence strategies by using discounts for a bigger amount of sold goods.

Reward influence strategies are effective because they can be targeted to a specific actor and to a specific behaviour or performance. We posit that rewards, even though they are costly, will have a longer lasting effect on the relationship. In general, the more valuable the reward, the longer lasting effect it will have. In general both coercive and reward influence strategies are seen to be able to enhance predictability of actions of other supply chain members, since the existence of hierarchical elements and authority makes everyone in the network know what will happen if the rules are not observed or observed. The target of influence will either get a reward for appropriate or outstanding behaviour, or be punished or their rewards will be withdrawn.

Expert influence strategies are usually oriented to the short- to medium-term and involve low costs. Being an expert already presupposes that the expert is in possession of some kind of expertise, which he can easily apply by giving an expert advice. The effect of the advice is short-term because expertise can be a particularly non-durable influence strategy. Once the expert advice is given, it has little or no value for the consequent transactions. Consultations are more costly, since they may require setting up additional services or teams of workers who would be spending their time consulting and helping with the implementation of the projects. However, the benefits of consultations are also higher than giving expert advice, because the expert has insight into the matters of the target and can use the results of the joint work in the future. Training involves the highest degree of investments, but would also probably bring the long-term benefits.

Setting up information exchange might require some logistic costs as well as IT-investments. Suppliers involved in retail relationships with greater levels of participative decision making and joint goal setting are more likely to be committed than those in relationships characterized by lesser participation and joint planning. Participation refers to the joint expectation that both parties will share information and make joint decisions. Therefore, informational influence strategies provide more understanding of the needs and problems of the target which can be used in the future.

Legitimate influence strategies might stem from a strong market position (characterized by a high market share and/or effective entry barriers for new competitors), which can be skilfully used to achieve cooperation and coordination goals. Legitimate influence strategies offer safeguards to a company's specific investments, because one has to take into account the legal and economic consequences of violating explicit written contracts or rules. After all, the costs of making a legal contract are quite low. However, the effectiveness of the rules and obligations stated in the contract are long lasting for both parties. Therefore, legitimate influence strategies generally have a long-term orientation.

The costs of using referent influence strategies are not very high. The benefits of using referent influence strategies are, however, moderate, since they do not ex-

explicitly indicate that the task should be done, but have a suggestive character. Therefore, referent influence strategies do not have a medium-term orientation.

We advise supply chain managers to be very cautious in choosing the appropriate influence strategy and to adjust it to the problem setting and strategic goals. We think that in order to manage supply chain networks successfully the knowledge of different influence strategies is essential. The examples of such differentiation could also be found in the Russian retail landscape. Depending on their origin, they may have different effects on cooperation and coordination in supply chains. Influence strategies can destroy a cooperative relationship or help solve problems of coordination and aligning actions. The knowledge about these effects should be skilfully used for effective management of supply chain networks. Using power does not always imply that coercive actions have to be taken. Sometimes other power types such as referent or expert might lead to a more effective change in behaviour enhancing cooperation. This is particularly valuable because chain management includes not only the alignment of actions, but also the alignment of interests and goals.

4.2. *Limitations of research and conclusions*

As in any study the findings of this research should be seen within the context of some limitations which could stimulate further research.

We put the special focus of our research on the position of a focal company. The focal firm is in general that firm that is identified by the consumers as being ‘responsible’ for the specific food item, e.g., the producer in the case of a producer brand and the retail firm in the pyramidal-hierarchic case of a private brand. We collected the data from food processing and retail companies which are local subsidiaries of MNCs in Russia. However, due to the fact that the group of retailers was quite small, we were able to conduct only 8 interviews with them. In this context, we are aware of the fact that gathering data from other companies’ perspectives, such as parent companies or agricultural producers could have produced different (presumably more realistic or complete) findings.

We also cannot assess whether or how the perceptions of other groups of members in supply chain networks differ from each other. Therefore, though we address the concept of supply chain networks in the theoretical part, we were able to gather the data from only one side of a dyadic relationship. Therefore, since our study could be regarded as “quasi-dyadic”, the results should be interpreted with this in mind. We suppose that if data were collected from other members of the supply chain, we could gain more insights and could work out more precise managerial implications for different groups of companies.

Our research was conducted in a particular setting: the Russian agri-food business. This fact raises the common question of generalisability of the obtained results of the study. One should keep in mind that attitudes, culture and the way

of conducting business are different in every country. Our findings are based only on a single study conducted in a single country. A reproduction of this project on a different group of respondents or on the same group of respondents, but at a different point of time, would presumably produce different research results. We also investigated only a limited number of companies, which were ready to give us an expert interview. Therefore, our results are only valid for this one specific sample. A sample is generally expected to reflect the basic population from which it stems. However, there is no guarantee that this particular sample is representative of the whole population of companies from which it stems. Therefore, the findings of this study cannot be directly generalized to other contexts.

Besides, due to the limited time available for conducting the expert interviews it was not possible to obtain information on such issues as the size and market share of the respondents as objective parameters or the brand as the source of power.

In spite of the discussed limitations of the research we believe that they are not overly problematic. One should keep in mind that only a limited amount of time and financial resources were available for conducting this study. Therefore, we are aware of the fact that the findings are constrained by the above-mentioned employed research techniques and data quality. The limitations of this study could stimulate further potential directions of research. We hope that our research will open several new avenues for further research and believe that the contributions of our study will fuel the future scientific work in this area of research.

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Appendix 1: Summary of findings from expert interviews

Research issue	Findings	Illustrative quotations	
		Retailers	Suppliers
Existence and distribution of power (RQ1)			
Existence and distribution of power	Existence of power was confirmed. The counterbalance of power is by all means on the side of buyers.	<p>“Since there are more suppliers than processors and retailers, suppliers have less power.”</p> <p>“...when it is a preferred supplier he has more power than a small and unknown supplier”</p>	<p>“...for the last years some retailers have turned to be not only very powerful, but become the aggressive players which alter rules of work on the market under own discretion”</p> <p>“...this parity is frequently acting not in favour of suppliers”</p>
Use, classification, role and effects of influence strategies (RQ2, RQ3)			
Coercive influence strategies	Use of coercive influence strategies were seen both in a negative and positive light, depending on the object and purpose of use.	<p>“...the fees paid by suppliers would be possible to recognize as the mechanism of competitive selection of the best manufacturers”</p> <p>“If we are speaking of suppliers of simple products with a high degree of standardization, it could make sense to apply hard methods.”</p>	<p>“...such mechanisms as threats and penalties are not very effective because they show that the company is aggressive”</p>
Reward influence strategies	Use of reward influence strategies were stated to be important.	<p>“Certainly, it requires additional expenses of time and forces, but at the same time allows reducing expenses and to raise a degree of adaptation of the enterprise to changing market conditions not only in short-term, but also over the longer term”.</p>	<p>“The company has simply terminated contracts with all networks this year and does not work with anybody except for Auchan because it pays without delays”</p>

Expert influence strategies	Foreign retailers and manufacturers possessing more expertise use expert influence strategies.	“...suppliers have only minimal, and is frequent also simply zero information on work of commercial structures of the potential customer”	“Western companies have brought not only new management approaches to Russia but also innovative products such as drinking yoghurts and curd (partly curd – partly yoghurt)”.
Informational influence strategies	Informational influence strategies and their positive sides were more praised and acknowledged than the expert ones.	“The fundamental importance has the creation of a database of the list of potential suppliers which allows obtaining information quickly about suppliers with desirable characteristics”	“By tradition manufacturers had the greatest market information concerning their products. Now it is not so. As retail commerce has cash department, and by means of a bar code of a product, can collect the information on the sold goods and on preferences of clients. The information is the powerful weapon in hands of trading chains...”
Legitimate influence strategies	Use of legitimate influence strategies is the precondition of harmonious relationships	“... a contract with suppliers which defines the rights and duties of each side and also timeframes of payments. Both sides put the signatures, confirming, that conditions of the contract suit everyone. Therefore there is no room for conflicts.”	“The system of justice in Russia works in such a way that the judges are not allowed to acquit more than 1% of all cases. Therefore, the chance that the legal proceedings will result in indictment is quite high”
Referent influence strategies	Use of referent influence strategies was observed.	“...it is difficult to say who influences whom to what extent, because there are different sources of influence. For example, our company has a strong image, which gives us the basis for our influence.”	“...among advantages of work with retailers is the additional total profit received as a result of advancing growth of sales volumes in comparison with growth of costs”.

Source: own accomplishment on the basis of transcribed expert interviews.