

Dancing with the Giant: Small and Large Enterprises Relationship Dynamics and Implications

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Dancing with the Giant: Small and Large Enterprises Relationship Dynamics and Implications

Abstract

About one in five small firms surveyed by the Federation of Small Businesses said they had suffered some form of supply-chain bullying. Usually, small firms accommodated their large partner's demand. We studied whether this accommodating act conducted by small firms was effective. The effect of other conflict-handling styles, ethical norms, and firm's dependence on its partner's on the large firm's tendency to increase or decrease its commitment to its partner was also explored. We found that accommodating act was not reciprocated by large business partner, and integrative conflict-handling was the most effective in gaining large business partner's commitment. We also found ethical norms have significant positive impact on large firm's commitment. Also, unethical behavior shown by a large firm has a significant negative impact on its commitment. Finally, we found large firm's dependence on its partner's has a significant positive impact on its commitment to the relationship.

Keywords: *Conflict-handling strategies; Commitment; Supply-chain bullying*

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