THE ROLE OF NETWORK CONTEXT IN POWER RELATIONS

for Work-in-Progress paper

Anni-Kaisa Kähkönen

Lappeenranta University of Technology, School of Business
P.O. Box 20, FIN-53851 Lappeenranta, Finland
E-mail: anni-kaisa.kahkonen@lut.fi
Tel.: + 358 40 8336582; fax: + 358 5 6217299

Abstract

Purpose of the paper and literature addressed: The aim of this study is to analyze the impact of network context on the nature of power relation by concentrating on power sources and power relations between buyers and suppliers within a supply network. The purpose of the paper is to analyze how network as a context affects power sources and power relations.

Research method: The study applies a case study method with 29 semi-structured interviews from the Finnish food industry by analyzing four case companies and the relationships between them.

Research findings: As a result of this study a framework for the analysis of the level of power in relationship is formed. The results indicate that the sources of structural power can be defined on the levels of organization, relationship and network, and these sources determine power relation between a buyer and supplier. The study shows that the network-related power sources are highly crucial when defining power relations between buyers and suppliers and can be argued to be in key roles.

Main contribution: While most of the previous studies on the phenomenon of power have concentrated on the analysis in the dyadic relationship level, this study raises the question of network effects. The study contributes to the research of power in buyer–supplier relationships by showing evidence on the importance of the network context. The network context turned out to be significant in that the sources of structural power that emanate from network effects and are related to other network participants beyond the dyadic relationship may crucially determine the power relation between two actors.

Keywords: power relation, source of power, supply network, food industry
Abstract
The aim of this study is to analyze the impact of network context on the nature of power relations by concentrating on power sources and power relations between buyers and suppliers within a supply network. The study presents a theoretical framework for the analysis of the level of power relation in which the sources of structural power for buyers and suppliers in the levels of organization, relationship and network are determined. The theoretical framework is tested through a case study from the Finnish food industry. Previous studies argue that the issue of power is highly relevant to the discussion on networks. However, the role of network context in power relations has been a neglected research area. Therefore, this study extends the discussion on power by emphasizing wider network perspective in order to provide a sufficiently extensive context in which to analyze power relations. The results of the study indicate that the network-related power sources are highly crucial when defining power relations between buyers and suppliers.

Keywords: power relation, source of power, supply network, food industry

INTRODUCTION

Constantly changing business environment has redefined the characteristics of business relationships and strategic approaches. On account of this dynamism companies can no longer concentrate exclusively on dyadic relationships between buyers and suppliers, and are being forced to form networks with several collaborating actors. This has extended the strategic approach from the dyadic relationship-focused perspective to one that includes multidimensional networks. Anderson, Håkansson and Johanson (1994) have stated that in order to understand buyer–supplier relationships, more attention must be directed to the embedded context within which dyadic relationships exist. Even if the research on buyer–supplier collaboration has traditionally been concentrated to study the issue from the perspective of chain or dyadic relationship, the focus has moved towards networks, and collaborative relationships are more and more studied in the context of networks. However, the issue of power in buyer–supplier relationships and moreover, power relations between buyers and suppliers have been neglected research areas in the context of networks.

According to Stannack (1996), analyses of power in the context of the interaction relationship between buyer and supplier are too limited in perspective in that they fail to explain multiple interactions. Choi and Wu (2009) have stated that dyadic framework fails to consider firms as nodes that are embedded in larger supply networks. Andersen and Christensen (2005) have further argued that despite the growing awareness of the management of supply networks, little is known about the network dynamics or how they affect the position and roles of the individual actors. Power is socially embedded, and the transactions and relationships that are embedded in networks should therefore also be considered. Cendon and Jarvenpaa (2001) argue that the role of power in a network is evident in terms of its impact on the strategic choices, governance structures, relative dependence, resources, and activities performed. According to Zolkiewski (2001), power is the central force in networks and thus affects the struggle for control over resources, the dynamics of the net, and the tension between collaboration and competition. Thus, the issue of power is highly relevant to the discussion on networks, and as Cendon and Jarvenpaa (2001), Stannack (1996) and Zolkiewski (2001) suggest there is a need to analyze power in the context of networks.
Therefore, this study extends the traditional discussion on power by emphasizing wider network perspective and the complicated nature of relations. The network approach is adopted in order to provide a sufficiently broad context in which to analyze power relations. The significance of network effects is highlighted. Networks are much more complex than dyadic relationships or chains, and there are various influencing factors that characterize only networks. These so-called network effects that are caused by other actors, activities and connections beyond the dyadic relationship have powerful influence, for example, on the relationships embedded in networks. Thus, the aim of this study is to analyze the impact of network context on the sources of power and on the nature of power relations between buyers and suppliers within a supply network. The study focuses only on power sources in networks and for example, the exercise of power is not discussed.

**POWER IN NETWORKS**

In this study, the concept of power as well as the sources of power is viewed from the structural perspective of power. Here the structural perspective of power means that power is viewed to stem from organizational structures and can thereby be called structural power due to its sources. Power is seen to derive not from the actions of people but from organizational structures, which include resources, interconnections among actors and organizational positions (Cendon and Jarvenpaa, 2001). Power is analyzed in this study in terms of network structures and positions and hence, the structural perspective of power is applied.

The definition of power adopted in this study is based on earlier definitions put forward by French and Raven (1959) representing the network perspective, Blau (1964) representing the so-called classic line, Gaski (1984) and Mohr, Fisher and Nevin (1996) adopting the viewpoint of marketing, Wilkinson (1996) representing the perspective of distribution channel, and Stannack (1996) representing purchasing and supply management. It also reflects the assumptions in Cendon and Jarvenpaa (2001), who take a structural perspective. Moreover, French and Raven (1959) and Gaski (1984) belong to the camp addressing the fundamental question of “where power comes from”, which is applicable here. Constructing from all of the above-mentioned definitions and given the research approach adopted, power is defined here as the ability to influence the decision-making and actions of the other party. Despite reference to the actions of another party however, the actions of people or organizations are not considered sources of power. The power is viewed to stem from organizational structures and could thereby be called structural power due to its sources.

**Sources of power**

Given that the study adopts the network perspective on power, different kinds of power sources exist depending on the level of analysis. Figure 1 presents a framework in which the sources of power based on previous research (Bates and Slack, 1998; Caniëls and Gelderman, 2005 and 2007; Cendon and Jarvenpaa, 2001; Cox, 1999; Cox, 2001a and 2001b; Cox, Sanderson and Watson, 2001; Doz and Hamel, 1998; Johanson and Mattsson, 1992; McDonald, 1999; Medcof, 2001; Pfeffer, 1981; Ramsay, 1995 and 1996; Stannack, 1996; Thorelli, 1986) are collected. These determinants of power are commonly used in research on purchasing and supply management, whereas the traditional approach to power in marketing channels emphasises the actions that reflect it: rewards, coercion, legitimate and referent (e.g., French and Raven, 1959; Gaski, 1984). In this three-level framework, the sources of structural power are divided into the levels of network, relationship and organization. On the organization level sources of power are seen as internal to a single organization. The second
level includes the dyadic relationship of an organization with another organization. Hence, on the relationship level the power sources of the parties of the relationship are compared. Because networks consist of relationships between organizations, the network level incorporates all three levels, thereby including sources of power from the organization, dyadic relationship and network perspectives. On the network level, the sources may be the result of network effects because they are related to other network participants beyond the dyadic relationship (i.e. third parties).

Previous research (Cox, 1999; Håkansson, 1986) argues that the organisation’s resources, competences and capabilities, which are defined to be organization level sources, determine its role and position in the network. Moreover, firms’ relationships, control of information and market power representing relationship level sources have been found to define network position as well (Forker and Stannack, 2000; Johanson and Mattsson, 1992; Mohr and Nevin, 1990). Therefore, it can be argued that the power sources stemming from different levels have influence on each other and for example, organization and relationship level sources reinforce the network level sources and thereby, are the enhancing force in the background of network level sources. Hence, analysis of the sources of structural power on the network level requires analysis of the power sources on the levels of the organization and the relationship.

![Figure 1. Three levels of sources of structural power](image-url)

Veludo, Macbeth and Purchase (2006) have argued that the relationships in networks are being influenced by the network effects that flow through the network. Blankenburg Holm, Eriksson and Johanson (1996) have found that network connections contribute to a single relationship (see also Blankenburg Holm et al., 1999; Halinen and Törnroos, 1998). Dubois and Fredriksson (2008), in turn, stress the need to understand how one dyad in a triad affects the other dyads, and the same rationale applies to networks in which one dyad may affect the others. Based on this discussion about the importance of the network context, it is argued that the network level sources are the most significant ones whereas the organization level sources are not so remarkable. Hence, the three point scale for the measurement of power between buyers and suppliers in networks is developed (see Figure 1). In this framework the organization level sources of power are assigned value 1, the relationship level sources are assigned value 2, and the network level sources are assigned value 3. By doing this, an evaluation criterion for the power positions and relations in the networks is created.
Power relations in networks

The sources of power presented in Figure 1 define the actors’ power positions in networks. Whilst power position refers to a combination of the role the actor has in a network and the relationships it has with the other network actors (e.g., Gadde, Huemer and Håkansson, 2003; Johanson and Mattsson, 1992; Wilkinson and Young, 2002), power relation is viewed as a relation between the power positions of two network actors. Power relation is the result of power difference between the power positions of a buyer and supplier. The power of an actor is analyzed in relation to the other party’s power, and it is viewed that the sum of supplier and buyer power is always set. Only the power balance between them shifts.

The importance of the network context in buyer–supplier relationships has been highlighted for example by Blankenburg Holm et al. (1996 and 1999), Halinen and Törnroos (1998) and Veludo et al. (2006). Their assumptions are followed in this study and this same rationale was applied in the framework of sources of structural power (see Figure 1). In Figure 1, roles of actors, positions of actors, number of actors and level of domination are network-related power sources. In this study it is argued that if actors are in balanced power positions based on their organization and relationship level sources of power, the sources that are dependent on the network may crucially determine the power relation in favor of one party. Thus, it can be assumed that for example the network roles and positions of the actors can define the power relation between two actors. Next, this significance of network context in power relations is examined in the empirical context of the Finnish food industry.

**RESEARCH SETTING AND METHODOLOGY**

The food industry offers an interesting research context for this study because there are many imbalanced power relationships in the food industry worldwide (Collins and Burt, 1999; Hingley, 2001; Hingley and Hollingsworth, 2003; Ogbonna and Wilkinson, 1996; Robson and Rawnsley, 2001). The case network comprises several actors, and the four main ones were selected as the case companies. They were selected because they represent different nodes of the network, they are significant actors in the Finnish food industry, and analyzing them will produce a complete picture of the network in question. Furthermore, it is relevant to the aim of the study that they have different roles, power positions and relationships.

![Figure 2. Case network](image-url)
The case companies are the Retailer, the Manufacturer and Suppliers A and B (see Figure 2). In Finland there are only three main retail specialists, one of which is the Retailer of this study. The Manufacturer is one of Finland’s leading food manufacturers and a market leader in many of its operational areas. The Manufacturer is the supplier of end products to the Retailer and it purchases both basic and customized raw materials from Supplier A. The Retailer purchases end products from Supplier A which is a market leader in pasta products in Finland. Supplier B, on the other hand, has indispensable know-how in food packaging, and it supplies packaging materials and solutions to the Manufacturer.

Research method and data collection

According to Halinen and Törnroos (2005) and Järvensivu and Törnroos (2010), a case strategy is the most suitable for studying business networks. It allows investigation of a contemporary phenomenon that is difficult to separate from its context, and necessary to study within it in order to understand the dynamics in the setting (Halinen and Törnroos, 2005). The phenomenon in this study is the buyer–supplier relationship, which is studied in a network context. The relationship is embedded in the network and is affected by the network effects, and hence the boundaries between the context and the phenomenon cannot be clearly defined. Given the purpose of the study to achieve a deeper understanding on the role of network context in power relations, it was considered the most appropriate option.

Dubois and Araujo (2007) suggest that multiple respondents should be used because it makes it possible to capture a variety of perceptions and meanings, which is vital to the understanding of complex relationships. Having numerous and highly knowledgeable informants who view the phenomena from diverse perspectives limits the interview bias (Eisenhardt and Graebner, 2007). Based on these suggestions, several informants, data from different sources and investigator triangulation were used in this study. A total of 29 semi-structured interviews were done of which 16 interviews were conducted in the Manufacturer company, six with the Retailer, five with Supplier A and two with Supplier B. The number of interviews with the Manufacturer was higher than in the other case companies because the Manufacturer is both in the buyer and supplier role, and is involved in three relationships. The Retailer and Supplier A are both involved in two relationships, and Supplier B only in one relationship. Hence, the point at which new interviews did not provide new evidence was reached with a smaller number of interviews in the other case companies (see Table 1). Data on the sales and purchases was used in combination with the interview data.

<table>
<thead>
<tr>
<th>Case company</th>
<th>Number of interviews</th>
<th>Number of interviewees</th>
<th>Number of relationships</th>
<th>Company’s role in the network</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturer</td>
<td>16</td>
<td>7</td>
<td>3</td>
<td>Buyer, Supplier</td>
</tr>
<tr>
<td>Retailer</td>
<td>6</td>
<td>4</td>
<td>2</td>
<td>Buyer</td>
</tr>
<tr>
<td>Supplier A</td>
<td>5</td>
<td>1</td>
<td>2</td>
<td>Supplier</td>
</tr>
<tr>
<td>Supplier B</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>Supplier</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>29</strong></td>
<td><strong>13</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The research informants were selected based on their active involvement in buyer–supplier relationships, supply management and marketing. The interviewees from the companies in the role of a buyer mostly represented the supply management side (purchasing directors, supply managers, buyers), whereas those in marketing and selling (marketing director, customer director, sales manager) represented companies in the supplier role. Both sides from each relationship were covered. In order to obtain additional information and complementary
perspectives, interviews were conducted with informants from other company levels and in other positions (CEOs, commercial directors). The interview questions covered the roles, positions and relationships of the firms, their resources and capabilities, supply strategies and strategic supply management and information sharing. The interviews were audio-recorded and the recordings were transcribed literally producing 375 pages of data.

Data analysis

The resulting qualitative data was read several times, notes were taken and pre-coding was done. After perusing the data carefully, the data was color-coded based on the interview themes. The interview themes were selected to be the basis of the coding because it was a logical, systematic and reliable choice and the chain of evidence was ensured. Coding was done manually by the author. The coded and categorized data was subjected to qualitative content analysis. The units in content analysis may be words, sentences, paragraphs or themes (Tesch, 1992). In this study they were sentences: a word was considered too narrow because the aim was to analyze the meanings qualitatively rather than to separate words from larger entities. Paragraphs also formed units of analysis because sometimes the meanings and the interviewee’s key thoughts required more than one sentence to be fully understood. Data reduction, data display, and conclusion drawing and verification were used as techniques of data analysis. According to Yin (2003), the reliability of the study can be increased by using a case study protocol, developing a database and by ensuring the chain of evidence, and this advice was followed. Finally, the data was compared with the theoretical insights and interfaces were sought. This was done by utilizing the literature review made and by collecting complementary literature in order to either find support to the empirical results or explain them. Tables, summaries and mind maps were used in comparing the empirical data with the theoretical framework.

FINDINGS FROM THE FINNISH FOOD INDUSTRY

The case network from the Finnish food industry contains four relationships which have been selected to be the units of analysis of this study. In Relationship 1, the Retailer (R) is in the role of a buyer and the Manufacturer (M) is in a supplier role (see Figure 2). In Relationship 2, the Retailer represents the buyer and Supplier A (SA) the supplier role. In Relationship 3, the Manufacturer is in the buyer role whereas Supplier A is in the role of a supplier. Finally, in Relationship 4, the Manufacturer is in the buyer role and Supplier B (SB) is in the role of a supplier.

Power relations in the case network

The sources of structural power for the case companies are analyzed by using the framework presented in Figure 1. Based on this framework, the power sources with the values (1, 2 or 3) are presented in Table 2. The sources at the network level are assigned value 3 which means that the company gets 3 points for each network level power source. The value 2 is given to the sources at the relationship level and one point to the sources of power at the organization level. The evaluation of the power sources has been done in each relationship separately (see Table 2). This is done because even if the level of analysis is the network level, the sources have to be evaluated by separating the relationships because it was noticed that the sources are highly dependent on the other party of the relationship. For example, the Manufacturer has different power sources in relation to Supplier A than in relation to the Retailer. Thereby, the sources of power are evaluated in each relationship differently, but the analysis is still
done at the network level because the relationships are embedded in the network and the network-related sources of power are considered.

Table 2. Sources of structural power in the case relationships

<table>
<thead>
<tr>
<th>Source of power</th>
<th>Relationship 1</th>
<th>Relationship 2</th>
<th>Relationship 3</th>
<th>Relationship 4</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>M</td>
<td>R</td>
<td>S A</td>
</tr>
<tr>
<td>Positions</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Network role</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Other network effects</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Volume of sales and purchases</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Market power</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Type of product</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Delivery times, costs, quality</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Length of relationship</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Dependencies</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Information</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Investments, Lock-ins</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Relationships</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Alternatives and substitutes</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Switching costs</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Buyer /supplier concentration</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Expertise, Special knowledge</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Resources, capabilities, competences</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Size</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Economic base</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Technology</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Brands</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>27  &gt; 12</td>
<td>27 &gt; 6</td>
<td>21 &gt; 11</td>
<td>13 = 13</td>
</tr>
</tbody>
</table>

Table 2 shows that in Relationship 1 the Retailer, in the role of a buyer, has several power sources over the Manufacturer because the Retailer’s total points based on the evaluation framework are 27 whereas the Manufacturer’s points are only 12. Thus, the power relation between them is characterized by buyer dominance. Relationship 2 is also characterized by buyer dominance because the Retailer has many more sources of power than Supplier A (total points for the Retailer 27 whereas Supplier A gets 6 points). Relationship 3 is also characterized by buyer dominance because the Manufacturer, who is in the buyer role, has more power sources than Supplier A (21 points for the Manufacturer and 11 points for Supplier A). As Table 2 shows, Relationship 4 between the Manufacturer and Supplier B is characterized by power balance because they both have 12 points from their sources of power. The differences between the sources of power of a buyer and a supplier in each relationship are illustrated in Figure 3.

![Figure 3. Differences between the buyers and suppliers](image-url)
Figure 3 shows that buyers have more power than their suppliers in most of the case relationships. Only in Relationship 4 (R4) the buyer and supplier are in power balance. The biggest difference in terms of power is between the Retailer and Supplier A in Relationship 2 (R2) where the Retailer’s total points are 27 and Supplier A’s total points only 6.

![Figure 4](image_url)  
**Figure 4. The sources of power at the different levels of analysis**

Figure 4 and Table 2 reveal that the power sources related to the network, i.e. network position, network role and other network effects, are remarkable power determinants especially in the relationship between the Retailer and the Manufacturer (R1) and in the relationship between the Manufacturer and Supplier A (R3). The Manufacturer’s sources which are related to its position and role in this network are in a critical role when defining its power relation with Supplier A. From Figure 4 it can be seen that these are the sources which make the difference in the amount of power between these actors. The organization and the relationship level sources between them are quite even but the significant difference comes from the network level sources. The network level sources are in significant role also when determining the nature of the power relation between the Retailer and the Manufacturer but even though the Retailer has network-related power sources also in its relationship with Supplier A (R2), those are not in so critical role because the Retailer has other significant sources as well. The Retailer has many more sources of power than Supplier A and its power sources are representing all three levels whereas the supplier’s sources mostly represent the organization level sources. Relationship 4 (R4) is an interesting one because even if the Manufacturer has sources of power that are related to its role and position in the network, it is not dominating Supplier B. The reason for this is that Supplier B has several relationship level power sources which mainly stem from its special technology and expertise. However, without its network level sources, the Manufacturer could be dominated by Supplier B.

**DISCUSSION AND CONCLUSIONS**

As a result of this study a framework for the analysis of the level of power in relationships was formed. The results indicate that the sources of structural power can be defined on the levels of organization, relationship and network, and these sources determine power relation between a buyer and supplier. Based on previous research (Anderson et al., 1994; Blankenburg Holm et al., 1996 and 1998; Choi and Wu, 2009; Dubois and Fredriksson, 2008; Halinen and Törnroos, 1998; Veludo et al., 2006) the network as a context in which the relationships exist was highlighted and the sources of power related to the network were argued to be in key roles.
While most of the previous studies on the phenomenon of power have concentrated on the analysis in the dyadic relationship level, this study has raised the question of network effects. The network context turned out to be significant in that the sources of structural power that emanate from network effects and are related to other network participants beyond the dyadic relationship may crucially determine the power relation between two actors. The study showed that the network-related power sources are highly crucial when defining power relations between buyers and suppliers. The findings support the insights of Stannack (1996), Cendon and Jarvenpaa (2001) and Zolkiewski (2001) who demanded for the research of power in networks. The findings also go in line with the research of Blankenburg Holm et al. (1996 and 1998), Halinen and Tömröos (1998), Veludo et al. (2006) and Dubois and Fredriksson (2008) who argued that the relationships in networks are being influenced by the network effects. This study emphasized the importance of network perspective by explaining why power should be analyzed in the network context rather than in the context of dyadic relationship between a buyer and supplier. Pure relationship perspective ignores the network effects which may however, be the most crucial power determinants. Thus, this study extended the discussion on power relations to the context of networks as well.

The organization and relationship level sources constitute the building blocks of the sources on the network level, and thus cannot be neglected if though the network level sources were found to be the most crucial in defining the power relation. Moreover, those stemming from different levels influence each other and the organization and relationship level sources reinforce those on the network level and thereby have a supportive function. Thus the three-level framework, including sources of power in the levels of organization, relationship and network, for the analysis of power sources and relations is necessary.

Based on the results of the study, it can be argued that if the power between the actors is in balance based on their organization and relationship level sources of power, the sources of power that are dependent on the network may crucially determine the power relation in favor of one party. Thus, in some cases these network-related sources may be even more important than the organization and relationship sources if they crucially determine the power position of the network actor, and moreover the power relation between two actors. Thus it seems that the actor’s network role and position may be highly crucial when determining the power relations in networks. The study found evidence to the argument from the case study by showing the crucial role of network-related power sources. The key role of power sources in the network level was evident in the relationship between the Manufacturer and Supplier A and in the relationship between the Manufacturer and the Retailer. In these cases the network effects were in key roles because they moved the power situation in the way that one party gains a more powerful position in relation to the other one. In other words, network-related power sources crucially determined the power relation, in favor of the Manufacturer on the one hand (in Relationship 3), and in favor of the Retailer on the other hand (in Relationship 1), thus showing the importance of the network context in the analysis of power.

However, more research about power in networks is highly needed. It would be interesting to conduct comparable studies on power relations in networks in other fields as well: it would be useful to find out whether power relations have the same dynamics in other industries. Further research could also be directed towards the influence of power sources and power relations on company performance. It would be interesting to conduct an extensive survey on the influence of sources of power and power relations in this respect.
REFERENCES


