The Effects of Interdependence and Cooperative Behaviors on Buyer's Satisfaction in the Semiconductor Component Supply Chain

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ABSTRACT

The semiconductor industry is characterized by extreme competition in price and product features. Firms need to acquire or exchange resources with their supplier or buyer partners to stay at the leading edge of technology. Cooperation between buyers and suppliers is important and power is the mechanism that can explain the cooperative behaviors. This study aims to investigate how the power structure between the buyer and supplier influences the extent of suppliers' cooperative behaviors, and the effects of these on buyer satisfaction with the buyer-supplier relationship. Opinions from firms in semiconductor manufacturing supply chain were used to investigate the proposed model. It is found that mutual interdependence between a supplier and its buyer can enhance cooperative behaviors and power asymmetry hurt firms' investment in cooperative behaviors. Suggestions are then provided to semiconductor supply chain members based on the findings of this work.

Keywords: semiconductor industry; total interdependence; power asymmetry; cooperation; satisfaction

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