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**Revisiting the European Horsemeat Scandal: The Role of
Power Asymmetry in the Food Supply Chain Crisis**

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Review

Revisiting the European Horsemeat Scandal: The Role of Power Asymmetry in the Food Supply Chain Crisis

Abstract

This study explores the role of power asymmetry in the food supply chain, especially in relation to the channel conflict, and ultimate breakdown that culminated in the infamous European horsemeat scandal across Europe. Drawing upon the power-dependency, and to some extent, social exchange theory, the study posits that mutual dependence between single supplier-multiple buyer relationships where major retailers are the weaker partners, may require a re-visitation of risk management practices in that sector. In addition to the fraudulent and unethical practices established from media reporting on the horsemeat scandal, the study argues that the power asymmetry/ imbalance may have contributed to a supplier culture that tolerated the unethical decision-making leading to the horsemeat scandal. Based on an extensive review of secondary data sources comprising media reports on the scandal and a review of the academic literature on power dependency and social exchange theories, the study attempts to map out the root of the crisis, how to forestall future recurrence, and the managerial and policy implications of these.

Keywords: Buyer/Supplier Relationships; Food supply chains; European Horsemeat Scandal, Power Asymmetry

Introduction

This study focuses on the overarching question of how firms deal with high power asymmetry in the supply chain. It explores, and highlights how retailers and suppliers in the food chain deal with power imbalance and mistrust. Specifically, the study explores the power dynamics between European supermarket giants and their lesser known suppliers in

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3 the food supply chain involving, and especially so in the aftermath of the ‘horsemeat scandal’
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5 (see Barnett *et al.*, 2016; Madichie, 2015; Falkheimer and Heide, 2015; Yamoah and
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7 Yawson, 2014; Premanandh, 2013; O’Mahony, 2013; Hingley, 2005; Anderson and Lee,
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9 1978). Drawing extensively from Hingley (2005), the study explores the power relationships
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11 in food supply chains especially in instances where there are real or perceived control issues
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13 amongst large multiple retailers such as Tesco and their supplier partners. Such power
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15 dependent relationships are deemed significant in understanding the impact of relationship
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17 breakdowns on the general public as epitomised in the recent horsemeat scandal across
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19 Europe. The study puts forward two propositions. First, the typical power asymmetry
20
21 associated with sole supplier-many buyer relationships in the meat supply chain
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23 systematically led to channel conflict and mistrust, and ultimately acted as a precursor to the
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25 infamous European horsemeat scandal. Second, in order to ward off another scandal or
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27 channel conflict, adopting and applying the ethos of power sharing and social exchange
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29 theories can help forestall recurrence.
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34 This study seeks to understand, and explain the reasons for the horsemeat scandal
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36 across Europe (Barnett *et al.*, 2016; Madichie, 2015; Falkheimer and Heide, 2015; Yamoah
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38 and Yawson, 2014) from power asymmetry perspective, and the supply chain implications of
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40 this – with calls for an alternative to the conventional supply chain (Madichie, 2015) and
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42 revisiting of the power relations (Hingley, 2005). This is particularly expedient in instances
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44 of food retailers (see Perez *et al.*, 2010 for the case of Catalan pork) such as supermarkets
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46 with multiple suppliers in other non-food categories, but lower bargaining power in the food
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48 category – as a result of over reliance on a single supplier as epitomised by the horsemeat
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50 scandal. Tesco is a veritable illustrative case in this power dynamics as it stocks both food
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52 and non-food items within its portfolio (see Yamoah and Yawson, 2014; Spence and
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54 Bourlakis, 2009).
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3 Overall this study explores, on the one hand, the power symmetry and/ relationships between
4 supermarkets (e.g. Tesco) and their suppliers (e.g. Comigel), and highlights, on the other
5 hand, the role that the power imbalance precipitated by the sole supplier-many buyer
6 relationships in the food retail sector played in causing the infamous horsemeat scandal.
7
8 Following this opening section, we undertake a literature review of key studies starting with
9 Emerson (1962) through Milles and Snow (2007), Hingley (2005) to and ultimately
10 Touboulie *et al.* (2014). This section is further split into the conceptual review and
11 proposition development sections. The paper concludes in the final section.
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23 **Background of the European Horsemeat Scandal**

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25 Probably having existed for much longer, the “horsemeat scandal” that engulfed at least four
26 countries in Europe (Great Britain, Ireland, Netherlands, Sweden, France, Romania and
27 Spain), only came to light in January 2013 when the Irish Food Safety Authority (IFSA)
28 found traces of horse DNA in beef burgers sold by “trusted” European supermarket chains.
29
30 While there have been conflicting reports on the intent and purpose of such huge
31 proportion, the mislabelling of beef products forced over a dozen retail giants to recall
32 affected products following a revelation that the stock contained more than 10% horse
33 DNA. As part of the investigation process, it came to light that all of the affected retailers
34 relied on a single source of supply – France’s Comigel (see Yamoah and Yawson,
35 2014; Madichie, 2015; Barnett *et al.*, 2016). This arguably sole or single supply, was also
36 found to engage with, and rely upon, the services of lesser known sub-suppliers in parts of
37 Eastern Europe (notably Spanghero in Spain and other Butchers in Romania). According to
38 the Agence France-Presse (AFP), Comigel is a single supplier of products to customers in 16
39 countries – including Britain, Ireland, Netherlands, Sweden and France (Madichie, 2015).
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3 In a bid to trace the origin of the crisis, the Food Safety Authority of Ireland (FSAI)
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5 in January 2013, found that ten out of 27 hamburger products analysed contained horse DNA
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7 with 23 of these products testing positive for pig DNA. In one sample from the UK
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9 supermarket giant, Tesco, the horsemeat contaminant accounted for about 29% of the
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11 supposed beef burger (see Madichie, 2015). This revelation led to a barrage of product recalls
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13 in the ensuing six months or so – indeed the UK regulatory body (the Food Safety Authority
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15 or FSA), confirmed that Dutch supermarket chains such as PLUS and Boni, had withdrawn
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17 their *Primafrost* brand lasagne from their shelves as a pre-emptive measure pending
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19 further investigation. Similar product recalls followed suit in places such as France,
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21 where *Findus* also withdrew three ready-prepared dishes – *Lasagna Bolognese*, *Shepherd's*
22
23 *pie* and *Moussaka*, as a result of horsemeat contamination in its products. Six other big
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25 French retailers (Auchan, Casino, Carrefour, Cora, Picard and Monoprix), also recalled their
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27 products. In Sweden, key players such as Axfood, Coop and ICA also recalled meat products
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29 from their shelves due to the possibility of contamination.
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34 As further investigation continued and the police became involved, a series of factors
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36 started to emerge from gross negligence in the strategic partnerships and/ or Business-to-
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38 Business relationships to allegations of greed and ultimately fraud. In addition to these
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40 possibilities one could argue that the existing power imbalance, skewed power dependency
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42 and/ or asymmetry and the largely laid-back attitude towards the dictates of social exchange
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44 (drawing upon the social exchange theory and its main proponents), cumulatively incubated
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46 the crisis. For the purpose of this paper our focus would be on the latter as neither the legal
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48 investigation, three years on, has led to any notable conviction for fraud, nor has any
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50 consumer rights group pin-pointed unethical behaviour.
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Literature Review

Given the critical role of power dependence in supply chain relationships management (Kähkönen, 2014; Davis and Cobb, 2010; Bowman *et al.*, 2013; Terpend and Krause, 2015; Chung *et al.*, 2011; Maglaras *et al.*, 2015; Nyaga *et al.*, 2013; Hingley, 2005; Cox *et al.*, 2005; Fearne *et al.*, 2005) it is surprising that little attention has been paid to the nature of mutual dependence between single-supplier-multiple-buyer relationships especially in situations where major retailers are the weaker partners (see Geyskens *et al.* 1998, 1999; Duarte and Davies, 2004; Leat and Revoredo-Giha, 2008; Madichie, 2015).

According to Emerson (1962, p.31) power is '*the property of social relation*' and only exist in reference to the dependency of the other partner. Hence, mutual dependence drives the behaviour of partners and determines the direction of the relationship. Invariably, the nature and direction of power dependence relation dictates the appropriate balancing process to be adopted. Emerson suggests four types of processes that can be used singly or in a combination to rebalance a relationship. A typology of balancing processes by Emerson includes: motivational withdrawal by weaker partner; cultivation of alternative social relations by the weaker member; increasing the motivational investment of the stronger partner in the relationship; and finally, a coalition of weaker partners against the stronger partner (see Emerson, 1962, p.35). Such balancing operations specifically explain why and how power exercised by one partner due to resources and size, in a relationship of mutual dependence should be countered by weaker partner(s) (Emerson, 1962). However, this balancing act must lead to enhanced resource utilising to reduce risks and costs of business (Emerson, 1962; Pfeffer and Salancik, 1978).

Beyond Emerson's (1962) ground breaking exposition on power dependence, Miles and Snow (2007) through a comprehensive review of supply chain management literature spanning over three decades underlined its evolution and identified three historical periods

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3 regarding the changing organisational theory. In their classification, these authors considered
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5 the first period of the evolution in supply chain management as being characterised by
6
7 pursuing operational efficiency as a strategic choice. The second period which is akin to the
8
9 resource based theoretical perspective witnessed a change of focus from efficiency to
10
11 effectiveness. The final and current era is premised on a knowledge management theoretical
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13 perspective that uses a multi-firm network to explore continuous innovation across various
14
15 industries (see Miles and Snow, 2007).
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19 The generalisability of the changing organisation theories that has accompanied
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21 supply chain management evolution as proposed by Miles and Snow (2007) across industries
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23 is questioned, when for instance the food industry arguably normally seeks to be more
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25 efficient (Robson and Rawnsley, 2001; Howe, 1998). This is particularly evident as a result
26
27 of major retailers controlling the exchange relationship in the food supply chains (Hingley,
28
29 2005). The food industry may not yet be at the level of exploiting networks to explore
30
31 continuous innovation, but it could aspire to incorporate the ideas and expertise of their
32
33 suppliers and partners into the management of the supply chain (Miles and Snow (2007)).
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37 The mainstream view has been that food supplier-retailer relationship is characterised
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39 with conflicts and opportunism where major retailers exploit the mutual dependence relation
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41 to their advantage (Chung *et al.*, 2011; Viitaharju and Lähdesmäki, 2012). It is however very
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43 instructive to realise that retailers are sometimes the weaker partners as it was in the case of
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45 the meat supply chain between Comigel and their European partners in the single supplier-
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47 multiple buyer relationship (Madichie, 2015). The unfavourable point of view of the role of
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49 power in supply chain relationships is by no means universal (Hingley, 2005). However, a
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51 strand of the supply chain management literature suggests that power dependence is a major
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53 cause of instability in supply chain relationships and there is a need to restore balance in
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55 favour of the weaker partner (Emerson, 1962; Nyaga *et al.*, 2013; Maglaras *et al.*, 2015).
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3 Indeed, power asymmetry between suppliers and retailers (Hingley, 2005; Kumar *et al.*,
4 1998; Belaya and Hanf, 2009) influences and exacerbates the risk exposure and acts as a key
5 determinant of success of supply chain stakeholders within the food industry (Hingley, 2005).
6
7 In the food category, the power relations and or dependencies between single suppliers and
8 multiple buyers has been scantily investigated (see for example, Geyskens *et al.* 1998, 1999;
9 Duarte and Davies, 2004; Leat and Revoredo-Giha, 2008; Madichie, 2015). The specific case
10 illustration of the business practices of food retail giants and/ or supermarket chains such as
11 Tesco (Britain's largest grocery chain); Auchan, Casino, Carrefour, Cora, Picard, Monoprix
12 (in France); as well as PLUS and Boni (in the Netherlands) – have been demonstrated as
13 being fallible (see Madichie, 2015) especially in the aftermath of the horsemeat scandal.
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25 The implications of this fallibility has been found to be contingent upon the perceived
26 over reliance on a single or limited number of suppliers (and their sub-contractual deals),
27 which might have been complicit in the breakdown of relationships and/ or organizational
28 trust. While this may be partially explained using the social exchange theory (Cropanzano
29 and Mitchell, 2005; Tasselli, Kilduff, and Men, 2015), the power-dependency theory may
30 well be more expedient (see Hingley, 2005). As Meehan and Wright (2012, p. 669) point out,
31 “who, or what, holds power in business-to-business buyer–seller relationships is a debate at
32 the heart of power theory.” Indeed the power imbalance in such relationships (Touboulic,
33 Chicksand, and Walker, 2014) may have implications on the nature and level of
34 collaborations (Kahkonen, 2014).
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48 As a result of the recent ‘horsemeat scandal’ (see Barnett *et al.*, 2016; Madichie,
49 2015; Falkheimer and Heide, 2015; Yamoah and Yawson, 2014), the search for alternatives
50 to the conventional supply chain (e.g. the halal supply chain) has started to gain traction with
51 the surge in the Muslim customer base and dollar, and the resurgence of desacrilisation
52 (marketing to non-Muslim consumers) – based on trust or a breach thereof, as well as
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3 traceability issues arising from relationships between multiple buyers and single suppliers
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5 (see Madichie, 2015; Barnajee *et al.*, 2003; Chiou *et al.*, 2007; Free, 2008; Karabati and
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7 Sayin, 2008); food neophobia (Flight *et al.*, 2003; Bonne and Verbeke, 2006; Verbeke and
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9 Ward, 2006) and trust (Ekici, 2013; Gray *et al.*, 2013) in food supply chains.
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12 13 14 **A Conceptual review of single supplier/ multiple retailer relationships** 15

16 A critical observation of the extant literature on power relationships within supply chains
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18 spanning two decades reveals varied positions have been articulated by supply chain
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20 management researchers (see Cox *et al.*, 2005; Hingley, 2005; Davis and Cobb, 2010; Chung
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22 *et al.*, 2011; Bowman *et al.*, 2013; Marshall and Ambrose, 2013; Kähkönen, 2014; Maglaras
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24 *et al.*, 2015; Terpend and Krause, 2015).
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27 One school of thought is the suggestion of a positive presence of stronger industry
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29 players within specific supply chains who are credited with maintaining stability of the chain
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31 by way of resource provision and weaker players play by the rule set by the more powerful
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33 players (Cox *et al.*, 2005; Hingley, 2005). A contrary alternative view is that supplier-retailer
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35 relationship is prone to destructive conflicts and lack of mutual collective orientation and as
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37 such stronger partners exploit power dependence to their benefit (Viitaharju and Lähdesmäki,
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39 2012; Chung *et al.*, 2011). Proponents of this detrimental position such as Caniels and
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41 Gelderman (2007), Crosno and Dahlstrom (2008), and Chicksand (2015), point to situations
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43 where weaker partners have to foot the bill for doing business with their powerful partners as
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45 exemplar practices that support their point of view.
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49 Another school of thought observed within the existing literature holds that power
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51 asymmetry within supply chains precipitates a dependency syndrome that generates
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53 vulnerability and mistrust that requires stakeholder intervention (Marshall and Ambrose,
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55 2013; Maglaras *et al.*, 2015). It can be inferred from these strands of supply chain literature
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3 adduced to above that the persistence of power imbalance over a relatively long period could
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5 result into dependency, vulnerability, mistrust and instability.
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8 Notwithstanding the clear articulation of the respective positions, power imbalance
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10 between suppliers and retailers (Kumar *et al.*, 1998; Hingley, 2005; Belaya and Hanf, 2009)
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12 thrives and influences the degree of vulnerability or success of supply chains (Hingley,
13
14 2005). However, there is limited literature on the nature of power dynamics between single
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16 supplier-multiple buyer relationships where major retailers are the weaker partners as it
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18 persisted within the meat supply chain in Europe that suffered the humiliation of the
19
20 infamous horsemeat scandal.
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23 A *middle line* position also exists in the literature on supply chain relationships. On
24
25 this front, a considerable number of studies suggest that both co-operation and conflict exist
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27 together between weaker and stronger partners as well as equal partners within the supply
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29 chain (Barlow *et al.*, 1997; Collins and Burt, 2003; Belaya and Hanf, 2009). This is an
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31 emerging school of thought that advocates for a continuous balancing act to surmount
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33 conflicts and disagreements to maintain the integrity of supply chain exchange relationships
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35 (Chung *et al.*, 2011; Kalafatis, 2000; Terpend and Krause, 2015). Given the strengths and
36
37 limitations of these existing paradigms in supply chain relationships, perhaps, there is a
38
39 potential benefit to be explored by approaching power relationship challenges in the
40
41 particular case of this paper, framed as a study with a conceptual review based on a single
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43 case study involving multiple stakeholders from a multi-theory perspective.
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49 50 **Proposition Development**

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52 The over reliance on a single supplier, Comigel, for fresh meat in most European meat retail
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54 operations (Levs and Nyberg, 2013) including the likes of the UK supermarket giant, Tesco
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56 (see Madichie, 2015) may have accentuated the break down in the supply chain in that region
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3 due to the power asymmetry existent in such relationships. Taking a cue from Hingley
4 (2005) and especially on the key facets proposed in that study, we argue that the misuse of
5 power can be detrimental to supply chain relationships (see Johnsen and Ford, 2002; Kumar
6 *et al.*, 1998). In his study on power imbalanced relationships, Hingley (2005) used cases from
7 UK fresh food suppliers to support an earlier contention that exploiting power asymmetry in
8 relationships is more conventional than co-operation and power symmetry (Campbell 1997;
9 Blois, 1998; Campbell, 1997; Earp *et al.*, 1999; Kalafatis, 2000; Svensson, 2001). However,
10 Hingley concludes that ‘striving for self-interest does not preclude organisations acting in a
11 co-operative manner and co-operative and competitive business strategies can co-exist
12 alongside one another [...] they are not polar opposites’ (Hingley, 2005, p.563).

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25 In the instance of the power dependence within the meat supply chain prior to the
26 horsemeat scandal in Europe, which was characterised by single supplier-multiple retailer
27 relationships, we highlight the traditional principles of supply chain relationships, where
28 relationships are built on a competitive basis, even sometime adversarial, and stakeholders
29 seeks to “purchase as cheaply and sell as expensively as possible” (see, Lev and Pirog, 2013,
30 p. 2). Thus, a single supplier, in a bid to cut cost, introduced ‘cheaper ingredient’ (i.e.
31 horsemeat) to offer ‘good deals’ for retailers who did not have alternative supply sources,
32 even if they knew about the adulteration (i.e. mislabelling). We argue that while the scandal
33 may be attributable to a multifaceted number of explanations such as greed, or the need for
34 survival, power asymmetry could have further compounded the problem. This leads to our
35 first proposition.

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52 *P1: Power asymmetry/ imbalance contributed to a supplier culture that tolerated unethical*
53 *decision making which might have served as a catalyst for the horsemeat scandal.*
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3 In the light of the above, we seek to extrapolate the power dependency theory as a means of
4 explaining what went wrong leading up to the horsemeat crisis. Although Madichie (2015)
5 drawing from media reports, did suggest some element of fraudulent activity, we opine that
6 such instances can only be accentuated in the absence of trust amongst supplier chain
7 partners. Such aspects of trust or distrust arguably thrives on an existing power asymmetry, as
8 evident largely in the power-dependency literature (see Hogg *et al.* 1996; Kumar *et al.*, 1998;
9 Earp *et al.*, 1999; Johnson *et al.*, 1999; Collins and Burt, 1999; Hogarth-Scott, 1999;
10 Siemieniuch *et al.*, 1999; Egan, 2000; Matanda *et al.*, 2001; Christopherson and Coath, 2002;
11 Johnsen and Ford, 2002; O’Keefe and Fearne, 2002; Fearne *et al.*, 2005), and to some extent,
12 the social exchange theory (see Cropanzano and Mitchell, 2005; Tasselli, Kilduff and Men,
13 2015). This leads to the second contribution of the study – notably how future recurrence of
14 the saga may be forestalled. With particular reference to Madichie (2015) on the horsemeat
15 scandal, we posit that the power dynamics (which we attribute to the power dependency
16 theory) at play at the time was due to the imbalance in the relationship between the single
17 supplier-multiple buyer. From the review of the power dependency literature, we take a cue
18 from Hingley, (2005, p. 563) and especially on the key facets proposed in that study that:

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There is no doubt that the abuse of power is a destructive force, but the exercise of power in asymmetric relationships is more typical state than the existence of perpetual co-operation and power symmetry. However, striving for self-interest does not preclude organisations acting in a co-operative manner.

The above discussion served as the context for exploring the European horsemeat scandal in the light of stakeholder involvement (including the retailers, suppliers and regulatory agencies) in a bid to forestall future recurrence. Drawing on the extant literature particularly Emerson (1962) and Miles and Snow (2007), three suggestions may be advanced thus: (i) the

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3 need to alter the current power dynamics by coordination and collaborations; (ii) need to
4 explore a diversified supplier sources (same as the present supplier but many of them) to alter
5 power balance and build trust; and (iii) to seek exclusively sustainable and traceable supplier
6 sources that use their sourcing credibility as their main unique selling points. Specifically,
7 altering current power dynamics and exploring diversified supplier sources, as well as
8 sustainable sourcing by retailers within the meat supply chain, may bring about withdrawal of
9 dependency motivation (Emerson, 1962) and shift from efficiency to effectiveness (Miles and
10 Snow, 2007). Implementing these suggestions is envisaged as a credible approach to
11 exploiting social exchange theory through coordination and collaborations to alter the
12 traditional power-dependence perspective. This leads to our second proposition.
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27 *P2: Power sharing and social exchange theory can help forestall recurrence of a supplier*
28 *culture that tolerates unethical decision making to prevent similar scandals happening in*
29 *future.*
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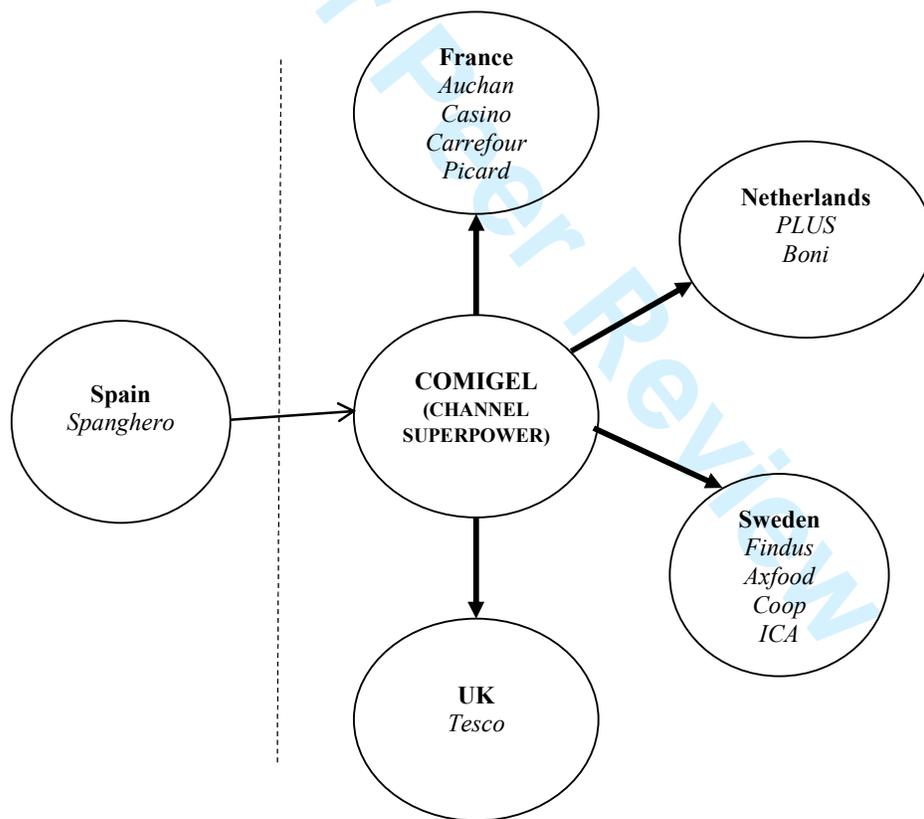
36 Similarly Touboulic *et al.*, (2014) adopted “a power perspective to investigate sustainable
37 supply chain relationships and specifically used resource-dependence theory analyse buyer–
38 supplier–supplier relationships. According to them, such an approach provides understanding
39 into how big firms cooperate with small and medium size enterprises to implement
40 sustainable practices – including how power can be managed to facilitate or inhibit effective
41 cooperation for sustainability between a multinational company and agricultural growers in
42 the UK food industry (see Touboulic *et al*, 2014, p. 577).
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52 Drawing from Levs and Hayberg (2013) and Madichie’s (2015) single supplier –
53 multiple buyers’ frameworks, we highlight the power asymmetry that could arise from such
54 unbalanced relationships (see Figure 1). Indeed it is arguable that power derives from the
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perception of indispensability as there are not plausible alternative suppliers. While *Comigel* had blamed *Spanghero*, a French meat-processing company, the latter blamed Romanian abattoirs for sourcing meat from traders in Cyprus and the Netherlands (see Cullinane, 2013; Madichie, 2015, p.70). But Romania’s Prime Minister reportedly argued that the two Romanian slaughterhouses initially suspected of having links to the horsemeat scandal, never had direct contact with Comigel and had done nothing illegal (Madichie, 2015).

FIGURE 1.
Power Dependency in Single Supplier/ Multiple Buyers



Source: Adapted from Madichie (2015: 65)

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3 Indeed Touboulic *et al.*, (2014) explored the resource-dependence theory along these lines –
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5 that is, buyer-supplier-supplier relationships and highlighted potential elements of power
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7 asymmetry in the relationship between the Goliaths (large retailers) and the Davids (SME
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9 suppliers), which could quite easily “hinder effective cooperation” in the supply chain.
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11 According to Touboulic *et al.*, (2014, p. 577) there is a need to show the effects of power
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13 dependence on the implementation of sustainability initiatives within supply chains.
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17 A key lesson from the above exposition is that risk needs to be jointly managed in
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19 order to curb potential channel or supply chain conflicts. As Hingley (2005, p. 553) points
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21 out, “when one party is threatened by the balance of power, that weaker party will be more
22
23 likely to seek alternative alliances.” Hingley further opines that, “the issue of building,
24
25 lasting, meaningful and workable relationships where power imbalance and power
26
27 dependency are ever present is highly pertinent to the study of food industry supply chain
28
29 relationships” (Hingley, p. 556).
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33 Hittle and Leonard (2011, p. 1182) also point out, through a qualitative analysis, the
34
35 key characteristics in supply chain crises. The most common was dependence on a sole
36
37 supplier amongst others such as poor relationships with suppliers and risk management. Prior
38
39 studies have also debated the issue in relation to accounting and trust (Free, 2008) as well as
40
41 coordination incorporating buyers’ expectations under information sharing (see Karabati and
42
43 Sayin, 2008). It is in the light of this that we posit that redressing the imbalance arising from
44
45 the power asymmetry could mean aligning the concept with the social exchange theory
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47 (Emerson, 1976; Cropanzano and Mitchell, 2005; Cook *et al.*, 2013).
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51 Citing Moustafa (2006), Hittle and Leonard (2011, p.1190) points out successful
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53 examples of supply chain management strategies, and this included capacity flexibility,
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55 multiple suppliers and proactive risk management. Tactically, adopting capacity flexibility
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57 approach in a stable non-crisis period does not make business sense. But judging from the
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3 history of supply chain driven crises and the potential for a recurrence in future makes
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5 adopting such a proactive strategy to maintain capacity flexibility and use multiple supplier
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7 could prove very critical for long term business success. The globalised nature of modern
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9 businesses has several effects on supply chains (Manuj and Mentzer, 2008). By stretching
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11 supply chains across borders, any small mistake or interruption along the way can easily
12
13 become a crisis (Tsiakouri, 2008). Additionally, with increased global competition, recovery
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15 from a supply chain crisis is challenged by the ease with which business partners customers
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17 can switch to a competitor (see Hittle and Leonard, 2011, p. 1183).
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21 In their study nearly a decade ago, Karabatı and Sayın (2008, p.747) assumed that the
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23 supplier engages in vertical information sharing with his buyers with the goal of coordinating
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25 the supply chain. In situations of vertical information sharing, the upstream (i.e supplier)
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27 and downstream (i.e buyers) participants of the supply chain share information on a *one-on-*
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29 *one basis*, and the supplier does not share a buyer's private information with others. This
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31 leads to the case where the supplier has access to the complete information set that is required
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33 to coordinate the supply chain, and, although each buyer has access to the supplier's set up
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35 and holding cost information, individual buyers do not have access to the supplier's
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37 information set that contains information on other buyers. We also assume that the supplier
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39 and the buyers will be honest (and trustworthy) in information sharing, because of the long-
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41 term nature of the relationship or contractual ties. As Czinkota *et al.* (2014: 98) point out:
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45 *“... Positive collaboration experience and ‘functional’ Trust Supporting*
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47 *Czinkota’s view and relating to relationship related risks, Fischer (2013) defines*
48
49 *two levels of trust in the agri-food supply chain. He labels the most important*
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51 *trust determinants in this context as ‘effective communication and positive*
52
53 *collaboration experience’. At retailers’ and processors’ level, relationships tend*
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55 *to be more formalized, with larger use of contracts. The reason appears to lie in*
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3 *the fact that retailers deal with many and large corporations. On the other hand,*
4 *processors and farmer relationships appear to rely more on trust, due to the*
5 *representatives of each group tending to know each other from dealing in the*
6 *local and regional markets.”*
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14 The possibility of the buy-local campaign has already started to manifest. As reported by
15 White (The Telegraph, 21 January 2014):
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18 *Yorkshire Dales Meat Company, which supplies restaurants, hotels, food pubs the*
19 *catering trade and supermarket ASDA, has seen a 20pc increase in sales over the*
20 *last 12 months. Based on its own farm in Wensleydale the father-son-team*
21 *Stephen and James Knox set up shop in 2004 as a way of marketing and selling*
22 *his own brand of meat. The pair put the figures down to consumers looking to buy*
23 *meat - and, in particular, beef - from trusted sources since the beginning of the*
24 *horsemeat scandal.*
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36 While Fischer (2013) holds that trust is needed when there are possible risks involved, it
37 could, vice versa, be argued that for a food supply chain to be secure and safe, it must rely
38 little on a dysfunctional connotation of trust. By the same token, a food supply chain that
39 relies heavily on trust among its actors implies existing issues of safety and security. In the
40 event of any imbalance in this relationship, the asymmetry question is bound to arise – be it
41 information asymmetry or power asymmetry. Our main focus in this study, however, lies in
42 the exploration of the power asymmetry being skewed against the retailer (typically big or
43 large supermarket chains) as opposed to the supplier (usually smaller players). We also
44 propose to highlight the role of power asymmetry in the formulation of strategy leading to
45 effective risk management practices in supply chains. We argue, therefore, that the
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3 breakdown in the meat supply chain can be explained in the light of the prevalent power
4 imbalance in the relationships (see Figure 1) between European retailers such as Tesco,
5 Auchan, Boni and Plus amongst others vis-à-vis a single supplier such as Comigel, and
6 perhaps suppliers-supplier (see Karabati and Sayin, 2008) such as Spanghero and other
7 unknown Romanian small-time players (Madichie, 2015).
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14 From the review of the literature dating back to the 1960s (see Emerson 1962;
15 Hingley 2005; Miles and Snow 2007; Touboulie, Chicksand and Walker, 2014) we posit that
16 channel conflicts such as the horsemeat scandal (irrespective of cause – fraud, greed,
17 negligence or unethical behaviour), on the one hand, is attributable to power asymmetry in
18 supply chain relationships. On the other hand, an understanding, and leveraging of, the power
19 dependence theory can help forestall future recurrence. As a consequence, this study seeks to
20 establish the link between power asymmetry and the horsemeat scandal, and thereby, suggest
21 that formalised contractual ties and the facilitation of buy-in may mitigate any oversight and
22 raise alarm bells before a full-blown crisis arises.
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36 **Limitations**

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38 There are numerous angles that could have been explored in the course of this study. First,
39 the overreliance on a single even such as the horsemeat scandal can only mean that the
40 arguments advanced in the study may not apply to other events in other sectors e.g.
41 automotive or grocery sectors. Secondly, the qualitative anchor undertaken may be
42 questioned in terms of validated. Perhaps if a survey had been conducted, this might have
43 helped in mitigating this limitation. Further studies eliciting the views of key industry
44 practitioners who were directly in charge of the management of the exchange relationships
45 within the supply chain at the time of the scandal's announcement, will serve as useful
46 empirical test for the propositions of this study. Such a study can also potential help unearth
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3 the specific operational factors that led to the unethical decision that culminated in the meat
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5 adulteration.
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7 Perhaps in addition to the contribution of power asymmetry in understanding what
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9 went wrong and how this might be prevented from recurring, some consideration of
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11 information asymmetry (see Lee and Whang, 1999; Corbett and De Groote, 2000; Reuer and
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13 Koza, 2000; Agrell, Lindroth and Norrman, 2004; Fiala, 2005a, 2005b; Sahin and Robinson,
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15 2005; Yue and Raghunathan, 2007) might have been also worthy of consideration. Indeed the
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17 horsemeat scandal might have been purely driven by greed, which may also happen in
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19 instances where there are multiple suppliers. As suggested by one of the reviewers for this
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21 study, “there would be an argument that multiple suppliers with lower power could be even
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23 more likely to make unethical decisions to survive in a low-margin environment.” Indeed
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25 Barnett *et al.* (2016) recently pointed out that “rebuilding consumer confidence in processed
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27 meat products following a food adulteration episode is a multifaceted and difficult process.”
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32 Another interesting issue which may be considered in more detail is that of
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34 overcoming the supplier-buyer information imbalance. In the light of this we again agree with
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36 Barnett *et al.* (2014) on the need for all parties to “*improve their communication strategies*
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38 *during future food adulteration incidents.*” This is perhaps where the information asymmetry
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40 option may become ever more significant, especially due to the crisis being possible in the
41
42 absence of the suggested power asymmetry considered in this study. We also welcome the
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44 authors’ call for a newly to-be-established marketing stream – ‘*Sustainable and Curative*
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46 *Marketing*’ (see Czinkota, Kaufmann and Basile, 2014). Another weakness of the study
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48 might be linked to its focus on the retail side involving the relationship between retailers and
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50 their suppliers and little attention to the consumer side of the event in question. This is
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52 another instance of information sharing whose corollary is information asymmetry.
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Conclusions and Implications

The primary aim of this study was to explore the contributory role of power asymmetry in what has now been labelled the European horsemeat scandal. In so doing the study draws upon both the power-dependency and social exchange theories to highlight the implications of the supplier-retailer power imbalance with implications for food supply chain management. Using a case illustration of the European horsemeat scandal some explanations, and preventive measures going forward, are advanced. Indeed the analytical interrogation of the power asymmetry in the relationship between supermarkets (e.g. multiple retail giants such as Tesco) and their single meat supplier, Comigel, highlights the extent of retailer vulnerability. As a consequence, a general understanding, and leveraging of the power dependence theory can help forestall future recurrence. Ultimately by extrapolating the power dependency and social exchange theories as a way of explaining what went wrong in the horsemeat saga, and more importantly, how future recurrence may be forestalled, the study brings some value to the supply chain management table for future research directions.

A similar pattern on balance reliance on single supplier can be gleaned from the automotive industry where suppliers of safety gear include behemoths such as Sweden's Autoliv and Japan's Takata. **Arguably in situations where one supplier falls foul of the law or gets embroiled in a scandal, this affords the retailer the opportunity to switch – a move that may only be possible in instances where there is a pot of suppliers to pick from rather than the existing single-supplier.** According to Hellstrom (*Automotive News*, November 11, 2015) – Autoliv is the world's top maker of equipment such as airbags and seat belts, but it has struggled to break the ties between Japanese carmakers and main supplier Takata in a country where the 'keiretsu' corporate culture sees businesses closely bound together in relationships cultivated over decades.

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3 The study has numerous implications for at least three audiences – research and scholarship,
4 policy and managerial. First, for academic researchers there might be some opportunity to
5 subject the current observations and/or findings to hypothesis testing; considering other
6 concepts such as information asymmetry; reconsidering the causal relationships - be it the
7 independent-dependent-moderating variables (unethical behaviour, greed, fraud, power
8 asymmetry, information asymmetry, negligence, partner buy-in etc.) Second, from a policy
9 side there have been calls for better coordination of the regulatory bodies (notably the FSA in
10 the UK and FSAI in Ireland). There are also calls for investment in detection technology –
11 with a zone of tolerance for mishaps pitched at acceptable 1% less than 1% levels (see
12 Premanandh, 2013) – to constitute pre-meditated fraud. What is the. Needless to add that
13 there have been similar crises in the past including horsemeat (new even in the
14 Netherlands) and the BSE crisis in Europe.

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30 Thirdly, and as far as managerial implications are concerned there have been
31 suggestions for vertical integration in the supply chain rather than using single suppliers
32 doing business with multiple larger buyers (see the case of UK supermarket, Asda, as
33 reported in White, 2014). There are also issues related to formalising contractual ties rather
34 than leaving these loose. Indeed similar concerns can be seen in the Garment industry (see for
35 example, Hoque, Sinkovics and Sinkovics, 2016) and the Automotive industry (Takata is still
36 in the news over its airbag crisis - one the brink of packing up or as the media put it ‘closing
37 shop’, BBC News Live, 11 May 2016). There are also issues around the length of the supply
38 chain and issues of coordination.

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49 The practical advice would be to take initiative in the management of partner
50 relations. Irrespective of the balance of power relations, information sharing and management
51 always have a key role to play. Furthermore there is a need for continuous monitoring,
52 evaluation and even renegotiation of contractual agreements (see, for example, Corbett, and
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3 Tang, 1999). Indeed our study resurrects an issue that has a longer history than many
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5 researchers, managers, and policy makers realise – the horsemeat scandal has a long history,
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7 and just like the Ebola virus in Africa (see Madichie, 2017), there are possibilities of a
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9 recurrence. As a clear illustration of this we draw attention to a study undertaken over four
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11 decades ago in which Anderson and Lee (1976) investigated the phenomenon in a study on
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13 “source of contamination of horsemeat in a packing plant under federal inspection.” Like
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15 many other scandals now adopting the “gate” suffix – see Abbots and Coles, 2013 for a paper
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17 exploring the “Horsemeat-gate” – the issue remains a danger going forward, and thereby
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19 constituting a wakeup call for, especially the regulatory authorities (Premanandh, 2013). This
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21 is in addition to a more recent study, which explored consumers’ confidence, reflections and
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23 response strategies following the horsemeat incident, and highlighted the complexities within
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25 it, “rebuilding consumer confidence in processed meat products following a food adulteration
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27 episode is a multifaceted and difficult process [but called upon] Food authorities and the food
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29 industry [...] to improve their communication strategies during future food adulteration
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31 incidents” (see Barnett *et al.*, 2016: 721)
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37 Furthermore, and from a global implications perspective on how what obtains in
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39 Europe matters for the rest of the world, a recent article in *China Daily* (see Chi-Ping, 2011)
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41 attributed “food safety problem is a global issue.” This is a point that resonated with
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43 O’Mahony’s (2013) more recent article entitled “Finding horse meat in beef products—a
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45 global problem.” Interestingly research students have also become engaged with the
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47 developments in this area as a Doctoral dissertation at the Kansas State University seems to
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49 confirm. In that study, Kulas (2014) explored the “policy responses to reduce the opportunity
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51 for horsemeat adulteration fraud: the case of the European Union.” Czinkota, Kaufmann and
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53 Basile (2014: 91) on their part, called for “a newly to-be-established marketing stream we
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55 call ‘Sustainable and Curative Marketing.’”
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3 Our discussions in this study would, hopefully, help practitioners searching for the ways to
4 develop the protection of food supply chains from further scandals seek out preventive
5 measure and/ or actionable solutions. Thus, the further research may include the development
6 and testing of propositions resulting in actual techniques of increasing trust along the supply
7 chain and making it more transparent on a global scale.
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14 In the light of these discussions we rely on the experience of Duncan McNair, a
15 solicitor and Chairman of the McNair Inquiry and Repots, and who having chaired an
16 independent review commissioned by the RSPCA into Freedom Food, the leading farmed
17 animal welfare assurance scheme, boasting the former Environment Secretary, and Professor
18 David Main, a distinguished academic veterinarian. As an outcome of that review, McNair
19 (2014) reported that nothing had happened prevention-wise. He, therefore, argued that “only
20 a root and branch overhaul of the regulatory system will enable consumers to trust what they
21 are told they are eating.” **In other words, trust will not be restored without the key wider
22 issues – notably, scrutiny of absurdly long supply chains, the activities of food processing
23 companies, the continuing entrenchment of power with the big retailers, the supermarkets’
24 and regulators’ ongoing failure to identify numerous instances of food adulteration, and lack
25 of vigilance as to animal welfare in food production - being rigorously investigated.**
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Openness and transparency between retailers and consumers as to farming methods are the
key to restoring public confidence. In place of the FSA, a new and properly resourced body is
needed committed to enhancing consumer safety and animal welfare in the food industry,
focusing on transparency and accountability in the supply chain and intelligible labelling of
animal products; with a wide remit to licence, regulate, discipline, investigate and prosecute
and to recommend standards. There are also reputational issues for international businesses to
think about especially where their legitimacy is called to question. During the past decades
the food industry in Europe has become extensively complex and internationalized. Despite

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3 the existence of an abundant body of laws and principles governing it, the increasing scale
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5 and the intricacies of the food supply chain resulted in a variety of dysfunctions. The horse
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7 meat scandal casts a cloud on both consumerism related topics and on commercial damage
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9 inflicted on manufacturer and retail brand equity (Czinkota *et al.*, 2014: 99).
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11 Overall this study presents a comprehensive literature study on the power dependence
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13 and successfully links a power asymmetry in a food supply chain with the 2013 horsemeat
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15 scandal. The propositions derived from the literature review cover both: the causes of the
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17 European horsemeat scandal and the possible way for the avoiding the repetition of the same
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19 scale scandal. Usage of the extensive literature base from the theoretical and practical origins
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21 justifies well the applicability of the power asymmetry framework to the horsemeat scandal.
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23 Obviously, this article widely contributes to the research on supply chains and overall
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25 understanding of the ‘soft underbelly’ of the global food industry system.
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