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


## Abstract

Power dependency plays a critical role in supply chain relationships management but little attention has been paid to the nature of mutual dependence between single supplier-multiple buyer relationships where major retailers are the weaker partners. This study explores the concept 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 in Europe. The study draws upon the social exchange and power-dependency theories to understand the buyer/supplier power imbalance and uses the European horsemeat scandal test-bed for posturing better risk management. The central proposition of this study is that power asymmetry/ imbalance contributed to a supplier culture that tolerated unethical decision making. The contribution, therefore, lies in the use of an extensive literature review of the power dependency and social exchange theories as a means of understanding what went wrong with the meat supplier decision making in the horsemeat saga and more importantly how future occurrence of similar unethical decision making may be forestalled. There are implications on how to develop a better understanding of supply chain coordination and multi-supplier relationships. It is also suggested that a sustainable product sourcing can also become an effective way to balance power asymmetry in the meat supply chain. The practical implication of the study is captured as guidance for practicing managers.



**Keywords:** Buyer/Supplier Relationships; Food supply chains; Horsemeat Scandal Power dependency; Social exchange theory

## 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, it explores power dynamics in the supply chain involving Tesco in the meat industry and especially in the aftermath of the 'horsemeat scandal' (see Barnett *et al*., 2016; Madichie, 2015; Falkheimer and Heide, 2015; Yamoah and Yawson, 2014). Drawing extensively from Hingley (2005), the study explores the power relationships in food supply chains especially in instances where there are real or perceived control issues amongst large multiple retailers such as Tesco and their supplier partners. Such power dependent relationships are deemed significant in understanding the impact of relationship breakdowns on the general public as epitomised in the recent horsemeat scandal across Europe. The study puts forward two propositions. First, the typical power asymmetry associated with sole supplier-many buyer relationships in the meat supply chain systematically led to channel conflict and mistrust, and ultimately acted as a precursor to the infamous European horsemeat scandal. Second, in order to ward off another scandal or channel conflict, adopting and applying the ethos of power sharing and social exchange theories can help forestall recurrence.

This study seeks to understand, and explain the reasons for the horsemeat scandal across Europe (Barnett *et al*., 2016; Madichie, 2015; Falkheimer and Heide, 2015; Yamoah and Yawson, 2014) from power asymmetry perspective, and the supply chain implications of this – with calls for an alternative to the conventional supply chain (Madichie, 2015) and revisiting of the power relations (Hingley, 2005). This is particularly expedient in instances

of food retailers (see Perez *et al*., 2010 for the case of Catalan pork) such as supermarkets with multiple suppliers in other non-food categories, but lower bargaining power in the food category – as a result of over reliance on a single supplier as epitomised by the horsemeat scandal. Tesco is a veritable illustrative case in this power dynamics as it stocks both food and non-food items within its portfolio (see Spence and Bourlakis, 2009 for the case of Waitrose).

Overall this study explores, on the one hand, the power symmetry and/ relationships between supermarkets (e.g. Tesco) and their suppliers (e.g. Comigel), and highlights, on the other hand, the role that the power imbalance precipitated by the sole supplier-many buyer relationships in the food retail sector played in causing the infamous horsemeat scandal. Following this opening section, we undertake a literature review of key studies starting with Emerson (1962) through Milles and Snow (2007), Hingley (2005) to and ultimately Touboulic et al. (2014). This section is further split into the conceptual review and proposition development sections. The paper concludes in the final section.

**The European Horsemeat Scandal**

Probably having existed for much longer, the "horsemeat scandal" that engulfed at least four countries in Europe (Great Britain, Ireland, Netherlands, Sweden, France, Romania and Spain), only came to light in January 2013 when the Irish Food Safety Authority (IFSA) found traces of horse DNA in beef burgers sold by "trusted" European supermarket chains. While there have been conflicting reports on the intent and purpose of such huge proportion, the mislabelling of beef products forced over a dozen retail giants to recall affected products following a revelation that the stock contained more than 10% horse DNA. As part of the investigation process, it came to light that all of the affected retailers relied on a single source of supply – France's Comigel (see *Yamoah and Yawson,*

*2014; Madichie, 2015; Barnett et al., 2016*). This arguably sole or single supply, was also found to engage with, and rely upon, the services of lesser known sub-suppliers in parts of Eastern Europe (notably Spanghero in Spain and other Butchers in Romania). According to the Agence France-Presse (AFP), Comigel is a single supplier of products to customers in 16 countries – including Britain, Ireland, Netherlands, Sweden and France (Madichie, 2015).

In a bid to trace the origin of the crisis, the Irish FSA, in January 2013, found that ten out of 27 hamburger products analysed contained horse DNA with 23 of these products testing positive for pig DNA. In one sample from the UK supermarket giant, Tesco, the horsemeat contaminant accounted for about 29% of the supposed beef burger. This revelation led to a barrage of product recalls in the ensuing six months or so - indeed the UK regulatory body (the FSA), confirmed that Dutch supermarket chains such as PLUS and Boni, had withdrawn their *Primafrost* brand lasagne from their shelves as a pre-emptive measure pending further investigation. Similar product recalls followed suit in places such as France, where *Findus* also withdrew three ready-prepared dishes – *Lasagna Bolognese*, *Shepherd's pie* and *Moussaka*, as a result of horsemeat contamination in its products. Six other big French retailers (Auchan, Casino, Carrefour, Cora, Picard and Monoprix), also recalled their products. In Sweden, key players such as Axfood, Coop and ICA also recalled meat products from their shelves due to the possibility of contamination.

As further investigation continued and the police became involved, a series of factors started to emerge from gross negligence in the strategic partnerships and/ or Business-to-Business (B2B) relationships to allegations of greed an ultimately fraud. In addition to these possibilities one could argues that the existing power imbalance, skewed power dependency and/ or asymmetry and the largely laid-back attitude towards the dictates of social exchange

(drawing upon the social exchange theory and its main proponents), cumulatively incubated the crisis. For the purpose of this paper our focus would be on the latter as neither the legal investigation, three years on, has led to any notable conviction for fraud, nor has any consumer rights group pin-pointed unethical behaviour.

**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 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: 1) motivational withdrawal by weaker partner; 2) cultivation of alternative social relations by the weaker member; 3) increasing the motivational investment of the stronger partner in the relationship; and 4) a coalition of weaker partners against the a 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 over three decades underlined its evolution and identified three historical periods regarding the changing organisational theory. Per their classification, the first period of the evolution in supply chain management was characterised by pursuing operational efficiency as a strategic choice. The second period which is akin to the resource based theoretical perspective witnessed a change of focus from efficiency to effectiveness. The final and current era is premised on a knowledge management theoretical perspective that uses a multi-firm network to explore continuous innovation across various industries.

The generalisability of the changing organisation theories that has accompanied supply chain management evolution as proposed by Miles and Snow (2007) across industries is questioned, when for instance the food industry arguably normally seeks to be more efficient (Robson and Rawnsley, 2001; Howe, 1998). This is particularly evident as a result of major retailers controlling the exchange relationship in the food supply chains (Hingley, 2005). The food industry may not yet be at the level of exploiting networks to explore continuous innovation, but it could aspire to incorporate the ideas and expertise of their suppliers and partners into the management of the supply chain (Miles and Snow (2007).

Interestingly, the mainstreamed view has been that food supplier-retailer relationship is characterised with conflicts and opportunism where major retailers exploit the mutual dependence relation to their advantage (Chung *et al*., 2011; Viitaharju and Lähdesmäki, 2012). It is however very instructive to realise that retailers are sometimes the weaker partners as it was in the case of the meat supply chain between Comigel and their European partners in the single supplier-multiple buyer relationship (Madichie, 2015).

The unfavourable point of view of the role of power in supply chain relationships is by no means universal (Hingley, (2015). However, a strand of the supply chain management literature suggests that power dependence is a major cause of instability in supply chain relationships and there is a need to restore balance in favour of the weaker partner(s) (Emerson, 1962, Nyaga *et al*., 2013; Maglaras *et al*., 2015). Indeed, power asymmetry between suppliers and retailers (Hingley, 2005; Kumar *et al*., 1998; Belaya and Hanf, 2009) influences and exacerbates the risk exposure and acts as a key determinant of success of supply chain stakeholders within the food industry (Hingley, 2005).

In the food category, the power relations and or dependencies between single suppliers and multiple buyers has been scantily investigated (see for example, Geyskens *et al*. 1998, 1999; Duarte and Davies, 2004; Leat and Revoredo-Giha, 2008; Madichie, 2015). The specific case illustration of the business practices of food retail giants and/ or supermarket chains such as Tesco (Britain's largest grocery chain); Auchan, Casino, Carrefour, Cora, Picard, Monoprix (in France); as well as PLUS and Boni (in the Netherlands) – have been demonstrated as being fallible (see Madichie, 2015) especially in the aftermath of the horsemeat scandal.

The implications of this fallibility has been found to be contingent upon the perceived over reliance on a single or limited number of suppliers (and their sub-contractual deals), which

might have been complicit in the breakdown of relationships and/ or organizational trust. While this may be partially explained using the social exchange theory (Cropanzano and Mitchell, 2005; Tasselli, Kilduff, and Men, 2015), the power-dependency theory may well be more expedient (see Hingley, 2005). As Meehan and Wright (2012, p. 669) point out, "who, or what, holds power in business-to-business buyer–seller relationships is a debate at the heart of power theory." Indeed the power imbalance in such relationships (Touboulic, Chicksand, and Walker, 2014) may have implications on the nature and level of collaborations (Kahkonen, 2014).

As a result of the recent 'horsemeat scandal' (see Barnett *et al*., 2016; Madichie, 2015; Falkheimer and Heide, 2015; Yamoah and Yawson, 2014), the search for alternatives to the conventional supply chain (e.g. the halal supply chain) has started to gain traction with the surge in the Muslim customer base and dollar, and the resurgence of desacrilisation (marketing to non-Muslim consumers) – based on trust or a breach thereof, as well as traceability issues arising from relationships between multiple buyers and single suppliers (see Madichie, 2015; Barnajee *et al*., 2003; Chiou *et al*., 2007; Free, 2008; Karabati and Sayin, 2008); food neophobia (Flight *et al*., 2003; Bonne and Verbeke, 2006; Verbeke and Ward, 2006) and trust (Ekici, 2013; *Gray et al., 2013*) in food supply chains.

**A Conceptual review of single supplier/ multiple retailer relationships**

A critical observation of the extant literature on power relationships within supply chains spanning two decades reveals varied positions have been articulated by supply chain management researchers (see Cox *et al*., 2005; Hingley, 2005; Davis and Cobb, 2010; Chung *et al*., 2011; Bowman *et al*., 2013; Marshall and Ambrose, 2013; Kähkönen, 2014; Maglaras *et al*., 2015; Terpend and Krause, 2015).

One school of thought is the suggestion of a positive presence of stronger industry players within specific supply chains who are credited with maintaining stability of the chain by way of resource provision and weaker players play by the rule set by the more powerful players (Cox *et al*., 2005; Hingley, 2005). A contrary alternative view is that supplier-retailer relationship is prone to destructive conflicts and lack of mutual collective orientation and as such stronger partners exploit power dependence to their benefit (Viitaharju and Lähdesmäki, 2012; Chung *et al*., 2011). Proponents of this detrimental position such as Caniëls and Gelderman (2007), Crosno and Dahlstrom (2008), and Chicksand (2015), point to situations where weaker partners have to foot the bill for doing business with their powerful partners as exemplar practices that support their point of view.

Another school of thought observed within the existing literature holds that power asymmetry within supply chains precipitates a dependency syndrome that generates vulnerability and mistrust that requires stakeholder intervention (Marshall and Ambrose, 2013; Maglaras *et al*., 2015). It can be inferred from these strands of supply chain literature adduced to above that the persistence of power imbalance over a relatively long period could result into dependency, vulnerability, mistrust and instability.

Notwithstanding the clear articulation of the respective positions, power imbalance between suppliers and retailers (Kumar *et al*., 1998; Hingley, 2005; Belaya and Hanf, 2009) thrives and influences the degree of vulnerability or success of supply chains (Hingley, 2005). However, there is limited literature on the nature of power dynamics between single supplier-multiple buyer relationships where major retailers are the weaker partners as it persisted

within the meat supply chain in Europe that suffered the humiliation of the infamous horsemeat scandal.

A middle line position also exists in the literature on supply chain relationships. On this front, a considerable number of studies suggest that both co-operation and conflict exist together between weaker and stronger partners as well as equal partners within the supply chain (Barlow *et al*., 1997; Collins and Burt, 2003; Belaya and Hanf, 2009). This is an emerging school of thought that advocates for a continuous balancing act to surmount conflicts and disagreements to maintain the integrity of supply chain exchange relationships (Chung *et al*., 2011; Kalafatis, 2000; Terpend and Krause, 2015).

Given the strengths and limitations of these existing paradigms in supply chain relationships, perhaps, there is a potential benefit to be explored by approaching power relationship challenges in the particular case of this paper, framed as a study with a conceptual review based on a single case study involving multiple stakeholders from a multi-theory perspective.

**Proposition Development**

The over reliance on a single supplier, Comigel, for fresh meat in most European retail operations (Levs and Nyberg, 2013) including Tesco (see Madichie, 2015, p.65) may have accentuated the break down in the supply chain in that region due to the power asymmetry in such relationships. In our review of the power dependency literature, we take a cue from Hingley (2005) and especially on the key facets proposed in that study that the misuse of power can be detrimental to supply chain relationships (see Johnsen and Ford, 2002; Kumar *et al*., 1998). The study by Hingley (2005) on power imbalanced relationships used cases from UK fresh food suppliers to support the earlier contention that exploiting power

asymmetry in relationships is more conventional than co-operation and power symmetry (Campbell 1997; Blois, 1998; Campbell, 1997; Earp *et al*., 1999; Kalafatis, 2000; Svensson, 2001). However, Hingley concludes that 'striving for self-interest does not preclude organisations acting in a co-operative manner and co-operative and competitive business strategies can co-exist alongside one another […] they are not polar opposites' (Hingley, 2005, p.563).

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

*P1: Power asymmetry/ imbalance contributed to a supplier culture that tolerated unethical decision making which might have served as a catalyst for the horsemeat scandal.*

In the light of the above, we seek to extrapolate the power dependency theory as a means of explaining what went wrong leading up to the horsemeat crisis. Although Madichie (2015) drawing from media reports, did suggest some element of fraudulent activity, we opine that such instances can only be accentuated in the absence of trust amongst supplier chain

partners. Such aspects of trust or distrust arguably thrives on an existing power asymmetry, as evident largely in the power-dependency literature (see Kumar *et al*., 1998; Earp *et al*., 1999; Johnson *et al*., 1999, Christopherson and Coath, 2002; Johnsen and Ford, 2002; Collins and Burt, 1999; Hogg *et al*. 1996; Hogarth-Scott, 1999; Matanda *et al*., 2001, Siemieniuch *et al*., 1999; Egan, 2000; O'Keefe and Fearne, 2002; Fearne *et al*., 2005), and to some extent, the social exchange theory (see Cropanzano and Mitchell, 2005; Tasselli, Kilduff and Men, 2015). This leads to the second contribution of the study – notably how future recurrence of the saga may be forestalled. With particular reference to Madichie (2015) on the horsemeat scandal, we posit that the power dynamics (which we attribute to the power dependency theory) at play at the time was due to the imbalance in the relationship between the single supplier-multiple buyer. From the review of the power dependency literature, we take a cue from (Hingley, 2005, p. 563) and especially on the key facets proposed in that study that:

> *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 need to alter the current power dynamics by coordination and collaborations; (ii) need to explore a diversified supplier sources (same as the present supplier but many of them) to alter power balance and build trust; and (iii) to seek exclusively sustainable and traceable supplier sources that use their sourcing credibility as their main unique selling points. Specifically,

altering current power dynamics and exploring diversified supplier sources as well as sustainable sourcing by retailers within the meat supply chain may lead to withdrawal of dependency motivation (Emerson, 1962) and shift from efficiency to effectiveness (Miles and Snow, 2007). Implementing these suggestions is envisaged as a credible approach to exploiting social exchange theory through coordination and collaborations to alter the traditional power-dependence perspective. This leads to our second proposition.

*P2: Power sharing and social exchange theory can help forestall recurrence of a supplier culture that tolerates unethical decision making to prevent similar scandals happening in future.*

Similarly Touboulic *et al*., (2014) adopted "a power perspective to investigate sustainable supply chain relationships and specifically used resource-dependence theory analyse buyer–supplier–supplier relationships. According to them, such an approach provides understanding into how big firms cooperate with small and medium size enterprises (SMEs) to implement sustainable practices – including how power can be managed to facilitate or inhibit effective cooperation for sustainability between a multinational company and agricultural growers in the UK food industry (see Touboulic *et al*, 2014, p. 577).

Drawing from Levs and Hayberg (2013) and Madichie's (2015) single supplier – multiple buyers' frameworks, we highlight the power asymmetry that could arise from such relationship imbalance. Indeed it is arguable that power derives from the perception of indispensability as there are not plausible alternative suppliers. It has been reported that *Comigel* had blamed *Spanghero*, a French meat-processing company, which also blamed Romanian abattoirs for sourcing meat from traders in Cyprus and the Netherlands (see

Cullinane, 2013 and 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). While these arguments continue, one central observation is that Touboulic et al., (2014) explored the resource-dependence theory along these lines – that is, buyer-supplier-supplier relationships and highlighted potential elements of power asymmetry in the relationship between the Goliaths (large retailers) and the Davids (SME suppliers), which could quite easily "hinder effective cooperation" in the supply chain. According to Touboulic *et al*., (2014, p. 577) there is a need to show the effects of power dependence on the implementation of sustainability initiatives within supply chains.

A key lesson from the above exposition is that risk needs to be jointly managed in order to curb potential channel or supply chain conflicts. Indeed as Hingley (2005, p. 553) points out, "when one party is threatened by the balance of power, that weaker party will be more likely to seek alternative alliances." Hingley further opines that, "the issue of building, lasting, meaningful and workable relationships where power imbalance and power dependency are ever present is highly pertinent to the study of food industry supply chain relationships" (Hingley, p. 556).

Hittle and Leonard (2011, p. 1182) also point out, through a qualitative analysis, the key characteristics in supply chain crises. The most common was dependence on a sole supplier amongst others such as poor relationships with suppliers and risk management. Prior studies have also debated the issue in relation to accounting and trust (Free, 2008) as well as coordination incorporating buyers' expectations under information sharing (see Karabati and Sayin, 2008). It is in the light of this that we posit that redressing the imbalance arising from

the power asymmetry could mean aligning the concept with the social exchange theory (Emerson, 1976; Cropanzano and Mitchell, 2005; Cook *et al*., 2013).

Citing Moustafa (2006), Hittle and Leonard (2011, p.1190) points out successful examples of supply chain management strategies, and this included capacity flexibility, multiple suppliers and proactive risk management. Tactically, adopting capacity flexibility approach in a stable non-crisis period does not make business sense. But judging from the history of supply chain driven crises and the potential for a recurrence in future makes adopting such a proactive strategy to maintain capacity flexibility and use multiple supplier could prove very critical for long term business success.

The globalised nature of modern businesses has several effects on supply chains (Manuj and Mentzer, 2008). By stretching supply chains across borders, any small mistake or interruption along the way can easily become a crisis (Tsiakouri, 2008). Additionally, with increased global competition, recovery from a supply chain crisis is challenged by the ease with which business partners customers can switch to a competitor (see Hittle and Leonard, 2011, p. 1183).

In their study nearly a decade ago, Karabatı and Sayın (2008, p.747) assumed that the supplier engages in vertical information sharing with his buyers with the goal of coordinating the supply chain. By vertical information sharing, we imply that the upstream (that is, supplier) and downstream (that is, buyers) participants of the supply chain share information on a *1-on-1 basis*, and the supplier does not share a buyer's private information with others. This leads to the case where the supplier has access to the complete information set that is required to coordinate the supply chain, and, although each buyer has access to the supplier's

set up and holding cost information, individual buyers do not have access to the supplier's information set that contains information on other buyers. We also assume that the supplier and the buyers will be honest (and trustworthy) in information sharing, because of the long-term nature of the relationship they engage in.

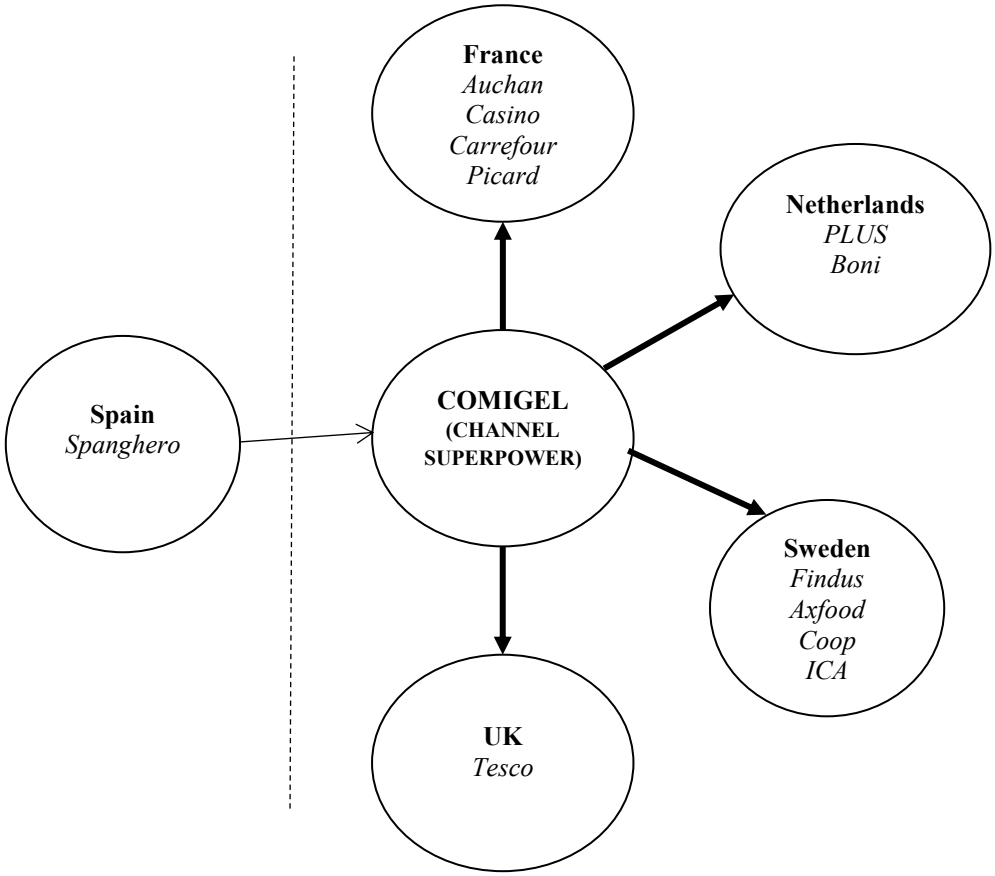
The multi-echelon inventory literature has dealt with the single supplier/multiple buyers' coordination problem under a centralized decision making, or cooperative structure. In a decentralized decision making setting, supply chain coordination is to be achieved via some form of sharing of coordination benefits among channel members. Traditionally, the supplier designs a quantity dis- count scheme, and when buyers choose their new order quantities under the quantity discount scheme offered by the supplier, the coordinated solution is achieved. The pivotal point in the design process of the quantity discount scheme is the supplier's ability to model the buyers' reactions to the quantity discount scheme. In one of the earlier works on this problem, Lal and Staelin (1984) developed an incremental quantity discount scheme with a unified pricing policy, which is basically a discount scheme that does not discriminate among the buyers. In the United States, this policy is in line with the Robinson–Patman Act (RP Act) which specifies that it is unlawful to discriminate among buyers by offering them different prices for the same or similar commodities.

The value of this study lies in its exploration of the power asymmetry being skewed against the retailer (typically big or large supermarket chains) as opposed to the supplier (usually smaller players). The study also proposes the need for future research to combine both theories in the formulation of solutions for effective risk management in supply chains. In this particular study, the breakdown in the supply chain has been explained in the light of the prevalent power imbalance in the relationships (see Figure 1) between European retailers

such as Tesco, Auchan, Boni and Plus amongst others vis-à-vis a single supplier such as Comigel, and perhaps suppliers-supplier (see Karabati and Sayin, 2008) such as Spanghero and other unknown Romanian small-time players (Madichie, 2015).

**FIGURE 1.**

**Power Dependency in Single Supplier/ Multiple Buyers**




Source: Adapted from Madichie (2015: 65)

From the review of the literature dating back to the 1960s (see Emerson 1962; Hingley 2005; Miles and Snow 2007; Touboulic, Chicksand and Walker, 2014) we posit that channel conflicts such as the horsemeat scandal, on the one hand, is attributable to power asymmetry

in supply chain relationships. On the other hand, an understanding, and leveraging of, the power dependence theory can help forestall future recurrence. As a consequence, this study seeks to establish the link between power asymmetry and the horsemeat scandal.

**Study limitations**

The propositions emanating from the conceptual review is based on a case study of a buyer (Tesco) involved in a single supplier/ multiple buyer European meat supply chain. Thus, the study is limited in terms of the number buyers covered in the European meat supply chain. Investigating more case studies will strengthen the call to revisit the meat adulteration scandal from the context of power asymmetry in order to forestall the recurrence of a supplier culture that tolerates unethical decision making to prevent similar scandals happening in future. Further studies eliciting the views of key industry practitioners who were directly in charge of the management of the exchange relationships within the supply chain at the time of the scandal's announcement, will serve as useful empirical test for the propositions of this study. Such a study can also potential help unearth the specific operational factors that led to the unethical decision that culminated in the meat adulteration.

**Conclusions**

This study explores the concept 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 in Europe. The study draws upon the social exchange and power-dependency theories to highlight the implications of the supplier-retailer power imbalance in for supply chain management. Using a case illustration of the European horsemeat scandal some explanations of the sandal are explained, and preventive propositions advanced. Indeed the study undertakes a meta-analytical interrogation of the power

asymmetry in the relationship between supermarkets (e.g. retail giants such as Tesco) and their sole meat supplier, and highlights the extent of retailer vulnerability. Thus, the central proposition of this study is that the horsemeat scandal is attributable to power asymmetry in supply chain relationships. 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 occurrence 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 – only 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."

*The proceeding set of recommendations serves as guidance for practicing managers…*

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