BINDURA UNIVERSITY OF SCIENCE EDUCATION

FACULTY OF COMMERCE

ECONOMICS DEPARTMENT

THE IMPACT OF SUPPLIER RELATIONSHIP MANAGEMENT ON BUSINESS COMPETIVENESS IN THE BEVERAGES MANUFACTURING SECTOR: CASE OF DELTA BEVERAGES.

BY

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B1850529

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CHAIRPERSON DATE
DEDICATION

This study is dedicated to my loving husband Jefta and my two beautiful children Tanaka and Tawananyasha for their immeasurable love and care throughout my studies. I also want to pass my sincere gratitude to my beloved aunt Yvonne who took great care of my children during my time of study. Thank you aunt, I could not have made it today without you.
ABSTRACT

Supplier Relationship Management (SRM) is the development and maintenance of strategic relationships with vital suppliers. The study focused on the impact of supplier relationship management on business competitiveness for Delta Corporation in Zimbabwe. This research adopted an exploratory research design that utilises both primary and secondary data gathering techniques. Primary data was obtained through questionnaires and statistical package SPSS version 1.0 statistical software package was used to analyse data. Secondary data was obtained by examining Delta supplier contract documents and reports from organisations such the ABInBev and TOYOTA. The literature review revealed that supplier relationship management is essential in supply chain management.

The study found out that there lack of communication between Delta and its suppliers causing havoc and a lot of mistrust. Suppliers have lost trust in Delta. They do not enjoy the loyalty of their customer as they think Delta is always looking for alternative suppliers to fulfil its needs. The study reveals that suppliers are more committed in this relationship than the buyers. There no mutual commitment in the relationship. Supplier’s payment delays were noted to be the major driver of conflicts in supplier relationship management. Suppliers are operating in very unstable economic conditions and any delay in payments result as a loss to their business.

The study recommends that Delta builds long-term relationships with its suppliers and maintain good communications. It should benchmark with SRM models of companies that have succeeded on the concept. A supplier partnering relationship strategy is recommended to Delta Beverages and the strategy should be documented and distributed to all users to standardise their behavior towards suppliers.
ACKNOWLEDGEMENTS

The Completion of this dissertation could not have been possible without the assistance of my many friends and colleagues whose names may not be mentioned. Their contributions are greatly appreciated and acknowledged. May God bless you in abundance. My deep appreciation goes to the following people:

I would like to thank my supervisor, Dr Mushanyuri for his invaluable and significant support. I am grateful for his intellectual guidance, supervision and invaluable advice which cannot be exhaustively substantiated. To Bindura University of Science Education staff personnel, thank you for your contribution and support during my study period at Bindura University of Science Education. I also acknowledge the invaluable guidance provided by all Lecturers in the Economics Department.

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## TABLE OF CONTENTS

- RELEASE FORM ................................................................. i
- APPROVAL FORM ................................................................. ii
- DEDICATION ........................................................................ iii
- ABSTRACT ................................................................. iv
- ACKNOWLEDGEMENTS .......................................................... v

### CHAPTER 1 ........................................................................ 1

- 1.1 INTRODUCTION ............................................................. 1
- 1.2 BACKGROUND OF THE STUDY ........................................... 2
  - 1.2.1 SRM WORLD TRENDS ................................................. 3
  - 1.2.2 SRM REGIONAL TRENDS ............................................ 3
  - 1.2.3 SRM TRENDS IN ZIMBABWE ........................................ 3
- 1.3 PROBLEM STATEMENT .................................................. 4
- 1.4 RESEARCH OBJECTIVES ................................................ 4
- 1.5 RESEARCH QUESTIONS .................................................. 5
- 1.6 RESEARCH ASSUMPTIONS ............................................... 5
- 1.7 JUSTIFICATION OF THE STUDY ........................................ 5
- 1.8 DELIMITATION/SCOPE OF THE STUDY ................................. 6
- 1.9 LIMITATION OF THE STUDY ........................................... 6
- 1.10 DEFINATION OF KEY TERMS ........................................... 6
- 1.11 STRUCTURE OF THE STUDY ........................................... 7

### CHAPTER 2 ........................................................................ 8

- 2.1 INTRODUCTION ............................................................. 8
- 2.2 CONCEPTUAL FRAMEWORK ............................................. 8
- 2.3 THEORATICAL FRAMEWORK .......................................... 9
- 2.4 SUPPLIER RELATIONSHIP MANAGEMENT (SRM) ................. 10
- 2.5 WHY SUPPLIER RELATIONSHIP MANAGEMENT? ............... 11
- 2.6 COMPETITIVENESS AND SRM ......................................... 12
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.15 BENEFITS OF SRM</td>
<td>36</td>
</tr>
<tr>
<td>2.16 CHAPTER SUMMARY</td>
<td>37</td>
</tr>
<tr>
<td>Chapter 3</td>
<td>48</td>
</tr>
<tr>
<td>3.1 INTRODUCTION</td>
<td>38</td>
</tr>
<tr>
<td>3.2 RESEARCH DESIGN</td>
<td>38</td>
</tr>
<tr>
<td>3.2.1 CASE STUDY</td>
<td>39</td>
</tr>
<tr>
<td>3.3 RESEARCH PHILOSOPHY</td>
<td>40</td>
</tr>
<tr>
<td>3.4 RESEARCH TRADITION</td>
<td>42</td>
</tr>
<tr>
<td>3.5 POPULATION AND SAMPLING</td>
<td>43</td>
</tr>
<tr>
<td>3.5.1 SAMPLING</td>
<td>44</td>
</tr>
<tr>
<td>3.5.2 SAMPLING TECHNICS</td>
<td>44</td>
</tr>
<tr>
<td>3.6 DATA COLLECTION METHODS</td>
<td>44</td>
</tr>
<tr>
<td>3.7 SURVEY QUESTIONNAIRE</td>
<td>45</td>
</tr>
<tr>
<td>3.8 INTERVIEWS</td>
<td>46</td>
</tr>
<tr>
<td>3.9 SECONDARY SOURCES OF DATA</td>
<td>47</td>
</tr>
<tr>
<td>3.10 VALIDITY AND RELIABILITY</td>
<td>47</td>
</tr>
<tr>
<td>3.11 DATA PRESENTATION AND ANALYSIS</td>
<td>48</td>
</tr>
<tr>
<td>3.12 LIMITATIONS OF THE STUDY</td>
<td>48</td>
</tr>
<tr>
<td>3.13 CHAPTER SUMMARY</td>
<td>48</td>
</tr>
<tr>
<td>Chapter 4</td>
<td>49</td>
</tr>
<tr>
<td>4.1 INTRODUCTION</td>
<td>49</td>
</tr>
<tr>
<td>4.2 RESPONSE RATE</td>
<td>49</td>
</tr>
<tr>
<td>4.2 LENGTH OF THE RELATIONSHIP</td>
<td>51</td>
</tr>
<tr>
<td>4.3 ESSENTIALS OF SRM</td>
<td>52</td>
</tr>
<tr>
<td>4.3.1 TRUST</td>
<td>52</td>
</tr>
<tr>
<td>4.3.2 IMPORTANCE OF TRUST</td>
<td>53</td>
</tr>
<tr>
<td>4.3.3 COMMITMENT AS AN SRM ESSENTIAL</td>
<td>55</td>
</tr>
<tr>
<td>4.3.4 COMPETITIVENESS AND SRM</td>
<td>56</td>
</tr>
<tr>
<td>4.3.5 COMMUNICATION AS AN SRM ESSENTIAL</td>
<td>57</td>
</tr>
<tr>
<td>9</td>
<td>9</td>
</tr>
</tbody>
</table>
CHAPTER 1

1.1 INTRODUCTION
According to Lysons and Farrington, (2018), “supplier relationship management (SRM) is a strategy, which focuses on managing the enterprise’s relations with those of organisations that supply it with goods and services”. SRM is an important strategy, especially in the manufacturing sector where suppliers’ activities directly affect business profitability (Steele and Court, 1996). Various authors (Lysons and Farrington, 2017; Kearney, 2008; Buttle, 2009; Burnet, 2004) concur that the procurement depart is responsible for operationalising the SRM strategy. The Zimbabwean manufacturing sector has not been spared by economic challenges over the years. Besides competition, a hostile economic environment characterized by foreign currency shortages and raw material shortages has also besieged the manufacturing sector. SRM is a strategy that can be exploited to enhance a company’s competitiveness.

Business organisations are seeking innovative ways to improve effectiveness and efficiency as the world is becoming increasingly competitive. Wachira, (2013) asserts that “internal processes have been the firm’s main focus that is being replaced with ways to create value so as to improve levels of effectiveness and efficiency”. Relationship management importance and visibility has been increased over the years as the firms think about managing their internal and external organisational processes (Wachira, 2013). Therefore, this chapter will start by outlining the background to the study. The background to the study will look at world trend in supplier relationship management, then examine the Zimbabwean situation and end with a look on Delta Beverage. The statement of the problem and research objectives will also be presented.
1.2 BACKGROUND OF THE STUDY
The background section looks at three perspectives namely world trends, regional and Zimbabwean situation. These are presented in detail in the following sections.

1.2.1 SRM WORLD TRENDS
All over the world Toyota has a solid reputation in supplier relationship management, (www.stateofflux.co.uk) as accessed on 29.03.19. Toyota, the biggest world auto maker has developed collaborative, long-term close partnerships with its key suppliers over long periods. In its European operations, and also North America, supplier relationship management (SRM) is a fundamental focus area of the company (www.stateofflux.co.uk) as accessed on 29.03.19.

Toyota considers all their suppliers as strategic and approaches them with the same core beliefs (Steele and Court, 1996). According to (www.stateofflux.co.uk) “senior level management holds review meetings with critical suppliers classified as strategic or actual co-developer. Toyota also invest in technical Research and Development (R and D) shows, where discussions on the latest thinking and ideas are done, and participate in conferences for their own suppliers”. SRM at Toyota is held highly in their priority list in order to prepare future activities and future projects.

According to (www.stateofflux.co.uk) “at Toyota, purchasing leads the overall relationship with strategic suppliers. The company sets the pace and measures the strength of the relationship. Senior managers are the main contact points for key supplier and are responsible for making sure that good relations are upheld (toyotauk.com). Toyota believes that top-to-top regular, transparent connections are key” in fostering strong relations. Even bad news or difficult decisions can be accepted most of the time, if enough time is taken to explain honestly the background and impacts (toyotauk.com) as accessed on 29.03.19.

Supplier Relationship Management has helped Toyota executives, buyers and procurement personnel to develop meaningful strong supplier relationships (toyotauk.com). The focus is mainly on the relationships and management of the supply base. According to (toyotauk.com) “Toyota has earned suppliers trust with honest communication. Listening to suppliers concerns is key to them and involving suppliers in their processes makes them feel as vested partner in your business (toyotauk.com) as accessed on 29.03.19. They let the supplier feel that he/she belongs to the
business so that they keep supporting with quality suppliers and in time at the right price. This has helped Toyota meet production targets at a low cost and reduce stock outs”.

1.2.2 SRM REGIONAL TRENDS
There is not much that has been written about SRM failed and success stories in the African continent. The lessons from Toyota and African companies are fundamental in order to reach phenomenal production levels and produce at low costs. In Southern Africa, breweries partner with suppliers of critical raw materials for a smooth flow of business.

ABInBev once called South African Breweries in South Africa (SABS) believes that relationships with suppliers are imperative to their operations (www.ab-inbev.com) as accessed on 29.03.19. SABS believe that supplier collaboration create a resilient supply chain that delivers value and contributes toward sustainability goals. According to SABS supplier selection is a fundamental aspect that help the company deliver the products and service to the consumers effectively. Suppliers provide access to high-quality raw materials, products and services, and also to innovation. They are committed to selecting suppliers who work with them to achieve sustainability goals and uphold their principles of fair working conditions, environmental protection, and ethical conduct (www.ab-inbev.com) as accessed on 29.03.19.

SABS believes that working collaboratively with strategic suppliers is vital platform to identify sources of innovation and value. In many of its strategic supplier relationships SABS focuses on the development of technology and value creation. The company finds it essential to understand the performance of its strategic suppliers. SRM approach has helped SABS to deliver long-term sustainable value together with their suppliers (www.ab-inbev.com) as accessed on 29.03.19.

1.2.3 SRM TRENDS IN ZIMBABWE
Delta Corporation Limited (DCL) is a beverages manufacturing company with a diverse portfolio of local and international brands that includes lager beer, traditional beer, Coca-Cola franchised and other non-alcoholic beverages. DCL has investments in a number of other companies whose activities are in juice drinks, wines and spirits.

DCL has enjoyed alliances and partnership relationships with it critical local and international suppliers for a very long time. These alliances and partnerships have been instrumental to DCL’s dominance in the beverages industry. Delta Beverages used to be the most preferred buyer by
suppliers because it was the most popular company in the country. Most suppliers wanted to be associated with the big name Delta.

This trend has since changed, with most suppliers of raw materials and engineering spares preferring to take their materials to competitors such as Varun Beverages and Innscor. This could be as a result of other players having been flexible to meet new trading demands such as up-front payments and payments of goods in foreign currency. The fallout between Delta Beverages and the suppliers could have been caused by the company’s failure to pay off its outstanding accounts to suppliers among other reasons. Also, Delta has not been swift to respond to trading terms such as upfront payments.

Compared with other competitors, prices at Delta are generally high, a symptom of problems in the supply chain. This brings to the fore the subject of SRM and how Delta must reconsider its relations with strategic suppliers to remain competitive in the market. Supplier cooperation is fundamental to Delta Beverages to remain relevant in the market. The Chartered institute of Purchasing and Supply put it aptly; “suppliers are the first line of defense in the fast moving goods retail sector,” (www.cips.org) as accessed on 28/03/19. This implies that without the support of the suppliers, the company is vulnerable to competition. In its annual report of 2018, Delta Beverages acknowledges that trading terms have adversely changed and most suppliers are demanding upfront payments. These demands from suppliers resulted in Delta Beverages failing to get packaging material.

1.3 PROBLEM STATEMENT
Delta beverages operations have been adversely affected by shortages of critical raw materials. The prevailing macroeconomic environment characterized by acute foreign currency shortages has resulted in Delta beverages failing to meet its financial obligations with its suppliers. This has resulted in the breakdown of relationships with critical suppliers hence failure to supply its products on the markets. It is against this background that the study aims to investigate on the impact of supplier relationship on the competitiveness of Delta Beverages.

1.4 RESEARCH OBJECTIVES
1. To critically analyse how supplier relationship management can contribute to company competitiveness.
2. To explore the SRM strategies being applied at Delta Beverages.
3. To examine the barriers to effective SRM implementation.

1.5 RESEARCH QUESTIONS
1. How does SRM contribute to company’s competitiveness?
2. What are the SRM strategies being applied at Delta Beverages?
3. What are the barriers to effective SRM implementation?

1.6 RESEARCH ASSUMPTIONS
The study makes the following important assumptions:
   i. That the Southerton Plant as a case study will give a reflection of other Delta manufacturing Plants and that the methodology opted for is reliable.
   ii. That the current key purchasing members will not change during the course of the study. All responses provided by the interviewees and questionnaire respondents are a true reflection of the facts about SRM.
   iii. That the respondents will give unbiased information. Also that the records given to the researcher will reveal relevant information to the study.

1.7 JUSTIFICATION OF THE STUDY
Delta Beverages has experienced deteriorating relations with its suppliers, to the extent that suppliers no longer prefer to trade with Delta. On the other hand its competitors have found preference with suppliers as evidenced with stock outs of its products in the market. It is also envisaged that the findings will help organisation to reposition itself as the most preferred customer by suppliers. The researcher has been motivated by the desire to encourage SRM strategies application by manufacturing organisations in their quest to be competitive and profitable. The researcher has a strong belief that indeed, suppliers are the first line of defense in the manufacturing sector. What can a firm do without the support of the suppliers especially in terms of favourable terms of trade and availability of raw materials? A firm cannot survive the competition if its competitors are getting favourable terms while they are receiving none.

This research is expected to enhance the competitiveness of Delta Beverages. This will be achieved not only by focus on improving internal processes, but also by identifying relationships with suppliers that fortify Delta Beverage’s competitive edge. This should result in more product lines
being offered on the shelves. Favourable trading terms should result in the company offering affordable prices to the customers, hence increasing the rate of stock turnover. This should result in Delta Beverages reclaiming its leadership position in the beverages market.

This research is also expected to benefit other players in the manufacturing sector. The research is not only relevant to the Delta Beverages situation, but can be useful to all beverages producing organisations. By establishing good relations with suppliers, an organisation may have created competitive advantage, as it will likely to get preferential treatment from suppliers. This will be possible due to the fact that in the beverages industry, product variety, prices and service, are the major considerations in the beverages market. The right product mix coupled by right prices and the right service to customers, an organisation can achieve competitiveness.

Also expected to benefit from this research, is the world of academia. The research is also expected to contribute immensely to the body of knowledge regarding the concept of SRM. Also, it is anticipated that the researcher will have gained in-depth understanding of the SRM phenomenon. The study is vital to the university as it will be used by other students during their studies as the document will be available in the University library.

1.8 DELIMITATION/SCOPE OF THE STUDY
Delta Corporation has two lager beer brewing and packaging Plants, 9 traditional beer Plants and 3 sparkling beverages Plants. The study will focus on the lager beer Plant in Southerton. The study will consider all the purchasing function activities from April 2011 to date. The study will only focus on how the current SRM contributes to Delta competitiveness.

1.9 LIMITATION OF THE STUDY
The researcher encountered a number of limitations that included time constraint. The time constraint was overcoming by delimiting the study to the Southerton plant only. Also financial constraint was another limitation which was overcome by using emailed questionnaires.

1.10 DEFINATION OF KEY TERMS
In this study Supplier Relationship Management or Buyer-Supplier Relationship Management or Vendor Relationship management shall construed to mean the same.

Competitiveness-the quality of being as good as or better than others of comparable nature.
1.11 STRUCTURE OF THE STUDY

Chapter 1

This chapter gave an introduction to the research study. It also gave a detailed background of the study utilizing the world, regional and Zimbabwean trends. The statement of the problem and research objective was articulated.

Chapter 2

This chapter will give detailed theoretical literature review, conceptual framework, empirical literature and the research gap. The chapter explores various strands of literature with regards SRM. Finally, the roles of various constructs will be explained along with their effect on relationship satisfaction.

Chapter 3

This chapter will deal with the research methodology used for the study. The research design, philosophies and strategies will be discussed. The application of various research instruments will be explained in detail and justifies.

Chapter 4

The chapter will present, analyse and discuss the findings of the study. Results will be presented in different forms and detailed discussions supported with relevant literature outlined.

Chapter 5

Chapter 5 provides the summary to the study. Conclusions and recommendations will be drawn and recommendations for further research made. Conclusions and recommendations will be drawn based on the data analysis, linking them to the problem statement and objectives.

1.12 CHAPTER SUMMARY

This chapter presented an introduction to the research. It gave a detailed background to the study. The statement of the problem and research objectives was also outlined.
CHAPTER 2
LITERATURE REVIEW

2.1 INTRODUCTION
This chapter is going to discuss literature behind Supplier Relationship Management as it relates to the manufacturing business. A lot of theories have been proposed and a number of scholars have also been looked at in an endeavour to come up with a comprehensive approach to SRM. In this research Supplier Relationship Management, Enterprise Relationship Management, Vendor Relationship Management and Buyer-Supplier Relationship Management will be used to mean the same.

2.2 CONCEPTUAL FRAMEWORK
The conceptual framework describes the link between independent and dependent variables in the study. Procurement performance was the independent variable since its success depends on individual outcomes of SRM strategies which were independent variables.

Figure 2.1 Conceptual Model

![Conceptual Model Diagram]

Independent variables
- SRM strategies
  - Supplier segmentation strategy
  - SRM governance strategy
  - Supplier performance management strategy
  - Supplier development strategy

Dependant variables
- Procurement Performance
  - Price, Cost, Quality, Time

(Journal 2016 by Fredrick Muema)
2.3 THEORATICAL FRAMEWORK
This research is underpinned on the following theories; Resource Dependency Theory (RDT), Social Exchange Theory (SET), as well as Theory of Dual Economies (TDE) as postulated by (Homans, 1958).

The Resource Dependency Theory (RDT) suggests that no particular firm has all the capital to operate successful, hence, the need to enter into exchange relationships with others. Organizations, in their exchange relations, strive for competitive advantage thus becoming somewhat dependent on the other partner. RDT advocates that some firms have additional power than counterparts due to their interdependency features and their social situations (Muema 2016). Establishments survive centered on their effectiveness to manage the demand of associates that they depend on. Thus, firms survive centered on their capabilities to acquire and maintain wealth. While procuring power impacts the choice of what procuring strategy to practice, less-powerful purchasers should be able to increase their procuring power by practicing strategies that constructively change the level of sources of power (Muema 2016)

SET tries to investigate inter-organisational associations from the dyadic viewpoint, focusing on the social structure of the association reasonably than the transaction (Muema, 2016). SET conjectures that all social interactions are shaped by the use of a cost-benefit examination and the appraisal of substitutes. Actors resolve to remain in a relationship as long as it’s beneficial to them (Cropanzano & Mitchell, 2005). SET is precisely pertinent in choosing of supplier strategies and arriving at decisions on how to deal with suppliers (Kingshott, 2006). Acquiring status of a preferred customer, instead of simply being a regular customer or even an exit customer, is the dominant objective, as it leads to privileged treatment and guaranteed supply, which then reduces doubt (Narasimhan, Nair, Griffith, Arlbjørn & Bendoly, 2009).

Theory of dual economies advances that the twofold economy would aid large companies survive uncertainty and fluctuation through transferring most of the production hence also transferring certain risks to the secondary player (Muema 2016). The principle of a dual economy is that, commercial sectors situated in different subdivisions of the economy are treated inequitably, leaving their objective worth out of consideration (Muema 2016). The following sections deals with all the Supplier relationship management phenomenon.
2.4 SUPPLIER RELATIONSHIP MANAGMENT (SRM)
The Chartered Institute of Purchasing defines SRM as a comprehensive approach to managing an enterprise’s relations with the organisations that supply the goods and services it uses (www.cips.org) as accessed on 04.03/2019. Also Galbreath & Rogers (1999), in their research, suggests that Enterprise Relationship Management is a process or approach to harmonise and synergise the different types of relationships that a firm engages in order to realise targeted business benefits.

Supplier Relationship Management is the collaborative management of suppliers or working very closely with suppliers. Marks and Spencer have for many years worked closely with their suppliers, and this has resulted in visibility, compliance, operational and cost efficiencies across and beyond the procurement life cycle (Kearney, 2008).

Supplier relationship is an expression that indicates that a relationship between buyer and supplier exists and that it is such that both sides derive benefit from it (Burnet, 2004). From focusing only on core competencies, the companies are now also shifting towards outsourcing and identifying the importance of supply base (Prahalad & Hamel, 1990). Thus, research on buyer supplier relationships has been booming over time. Global competitions have made business too complex and hence collaboration between buyer and supplier has become inevitable for both to succeed (Jap, 1999). Specialised supplier networks are considered of great competitive advantage (Carter and Narsimhan, 1994).

The goal of SRM is to streamline and make more effective the processes between a company and its suppliers. SRM includes both business practices and software and is part of the information flow component of supply chain management (SCM). SRM practices create a common frame of reference to enable effective communication between an enterprise and suppliers. SRM solutions help manage and optimize the many facets of supplier strategy and interaction, from product design, to spending analysis, to strategic sourcing to procurement execution. These solutions help companies not only determine the best supply base for their business, but also maintain strategic relationships via the creation of a truly collaborative planning environment (Dwyer, 1987).

During the 1970s and 1980s, western economies had adversarial relationships between buyers and suppliers. The buyer and supplier relationships were more formal, with communications through formal paperwork (Saunders, 1997). The negating relationship often featured power games, with
each side trying to gain maximum advantage and leverage over the other (Burnett, 2004). Lack of trust among the parties was also a common feature (Saunders, 1997).

In today’s rapidly changing business environments, creative and flexible means for meeting competition are being discovered. The collaboration between buyers and suppliers is growing as a result (Doney and Cannon, 1997). Such a relationship benefits both parties as it provides a competitive advantage to them, enhances their quality, improves their cycle period (Smeltzer, 1997), increases profits, helps in better resource management and introduction of new technologies through risk sharing (Jap, 1999).

2.5 WHY SUPPLIER RELATIONSHIP MANAGEMENT?

Rapidly changing competitive environments are forcing business-marketing firms to seek more creative and flexible means for meeting competition. Many firms have responded to these challenges by building collaborative relationships with buyers and suppliers (Dertouzos, Lester, & Solow, 1989). Such collaborative relationships rely on relational forms of exchange, characterized by high levels of trust (Dwyer, Schurr, and Oh 1987; Morgan and Hunt, 1994). The high levels of trust characteristics of relational exchange enable parties to focus on the long-term benefits of the relationship (Ganesan, 1994), ultimately enhancing competitiveness and reducing transaction costs (Noordewier, John, & Nevin 1990).

The Institute of Purchasing and Supply identifies Market collaboration, Operational collaboration and Strategic collaboration as relationships that can bring phenomenal benefits to both parties. Operational collaboration strategy focuses on the automation of customer-facing processes such as selling, marketing and customer service (Buttle 2009). Market collaborations are concerned with tactics such as shared merchandising, co-branding, joint selling and management of distribution channels (www.cips.org) accessed on 04/04/19. Strategic collaborations is a core customer-centric business strategy that aims at winning and keeping profitable customers which may lead to new product development activities (Buttle 2009).

Supplier Relationship Management (SRM) involves leveraging the cost and efficiency related benefits mutually through consolidation of the supply base, strategic sourcing, centralized procurement, strategic collaboration, contracts management and managing the supplier performance. These supplier facing business practices are enabled by the SRM system, which
allows an organization to reduce overall spending, select the most appropriate and cost effective supplier, promote product development, minimize risks and streamline supply chain.

2.6 COMPETITIVENESS AND SRM
Supplier relationships are critical to any organisation. Suppliers can directly impact the financial performance and profitability of a buying enterprise, as they influence product development costs, inventory levels, manufacturing schedules and the timeliness of delivery of goods and services. Many leading companies have realised that it is worthwhile investing to make sure these relationships are managed effectively and efficiently. Not only do suppliers account for as much as 50% to 80% of manufacturing costs, suppliers also impact on company performance in new product development cycle time, order fulfillment time, production lead-time, product quality and product costs. Therein lays the potential to gain a significant competitive advantage through effective supplier management www.supplierforce.com as accessed on 02/04/19.

2.6.1 VENDOR MANAGED INVENTORY (VMI)
In a supplier-managed inventory agreement, the supplier sells inventory to the customer, provides some sort of storage unit, handles the receiving function, performs the physical counts required, and fills the storage before all units are consumed. To make this successful, the supplier has to understand customer’s consumption pattern and maintain accurate details of inventory levels. The company enjoys several advantages from this arrangement. When inventory levels are low, the company does not worry about going out of stock, and increased overheads related to receiving and physical counts www.supplierforce.com as accessed on 02.04.19.

2.6.2 COLLABORATION IN PLANNING, NEW PRODUCT DEVELOPMENT, AND MANUFACTURING
Companies that can effectively integrate their supplier base with production planning, design, product development, materials management, manufacturing and purchasing operations benefit from reduced costs, shorter lead times, simpler designs, shorter time-to-market, and reduced costs. Companies as diverse as Motorola, Toyota and Xerox have initiated several programs for their internal functions to work closely with suppliers. Some of these companies have achieved up to 35% reduction in purchased material costs, increased inventory turnover by over 50, and reduced new product development time by 40%. www.supplierforce.com as accessed on 02./04/19.
Supplier Collaboration leads to: www.supplierforce.com as accessed on 02/04/19

- reduced material costs
- shorter time-to-market
- reduced inventory costs
- shorter lead times simpler designs

2.7 TYPES OF SRM

The Institute of Purchasing and Supply identifies Partnering, Market collaboration, Operational collaboration and Strategic collaboration as relationships that can bring phenomenal benefits to both parties. Also Steele & Court (1996) identify five types of SRM as follows:

- Self-sustaining supplier partnerships (SSSPs)
- Risk sharing relationship
- Operational linkage
- Continued contact
- Arm’s length relationships

The Chartered institute of purchasing and supply are in agreement with Steele & Court (1996) regarding partnerships and operational collaboration or linkages. A closer look at Continued contact by Steele & Court (1996) and strategic collaboration by CIPS shows that both are talking about the same thing but differ on the titles.

Table. 2.1 Supplier relationship spectrums

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<tr>
<th>Type</th>
<th>Characteristic</th>
<th>Compatibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-sustaining supplier partnerships</td>
<td>Synergy</td>
<td>Attitude and performance fit</td>
</tr>
<tr>
<td>Risk sharing relationships</td>
<td>Enforcement</td>
<td></td>
</tr>
<tr>
<td>Operational linkage</td>
<td>Open and authentic</td>
<td></td>
</tr>
<tr>
<td>Continued contact</td>
<td>Competitive games</td>
<td>Performance fit</td>
</tr>
</tbody>
</table>
2.7.1 PARTNERING AS A RELATIONSHIP OPTION
Partnering arrangement may be defined as a long term and tailored relationship based on trust, honesty, commitment, and transparency, information sharing and mutual objectives (Lyson & Farrington). Self-sustaining supplier partnership, allow freedom to look around, simply because it is part of the deal. In commitment terms, SSSPs can be short term, but continuously excellent supplier performance earns a corresponding extension of the commitment (Steele & Court, 1996).

CIPS views, opinions and beliefs pose some broad practice statements, which underpin the aspect of partnering (www.cips.org) accessed on 04/04/19. The institute believes that partnering is a beneficial approach to managing relationships with some suppliers. It can be effective if undertaken professionally, selectively and strategically.

There is a clear distinction between partnering and partnerships. A partnership is a legal entity, a form of business. Partnering is a method of running the business (smallbusiness.chron.com) accessed on 04/04/19 by Perez D. Partnering agreements should be supported by professionally drafted contract. Partnering comes to play when groups or individuals work together to reach a goal or accomplish a project. It may also be set up as a formal agreement that outlines what each party is responsible for. It is a vital tool in Purchasing and Supply Management. Partnering is a supply chain process which should be led by the purchasing and supply management professional and include colleagues in the organisations entering into the partnering arrangement (Lysons & Farrington 2012).

2.7.1.1 WHEN IS PARTNERING SUITABLE?
The purchasing and supply management professional determines which projects, goods and services would be most suitable for a partnering arrangement (Perez D). Although partnering is most useful in longer-term, strategic and high value contracts, the principles of partnering may also be applied to contracts of relatively short duration. It is a question of balancing the resources required, perhaps by means of a cost-benefit analysis, to establish and manage a partnering arrangement (Lysons & Farrington 2012).
Partnering have been successfully implemented for a broad spectrum of supplies, services and works contracts. Hotel services, supplies of business critical items for manufacturing, and construction projects are some of the examples in partnering projects. Partnering is increasingly common in the outsourcing of those services, which support an organisation's core business (Lysons & Farrington 2012).

2.7.1.2 PARTNERING ARRANGEMENT DEVELOPMENT
The partnering arrangements are developed once the supplier/ buyer relationship has been established. Competitive process such as tendering can be used to identify the suitable partner (Lyson & Gilligham, 2003). Partnering is based on the principles of trust and collaboration, with the two parties working very closely in specific areas (www.cips.org) accessed on 04/04/19. It is good practice to establish an audit trail so that close business relationships remain at a professional level.

2.7.2 OPERATIONAL COLLABORATION
Operational collaboration strategy focuses on the automation of customer-facing processes such as selling, marketing and customer service (Buttle 2009).

2.7.3 MARKET COLLABORATION
Market collaborations are concerned with tactics such as shared merchandising, co-branding, joint selling and management of distribution channels (www.cips.org) accessed on 04/04/19.

2.7.4 STRATEGIC COLLABORATION
Strategic collaborations is a core customer-centric business strategy that aims at winning and keeping profitable customers which may lead to new product development activities (Buttle 2009).

2.7.5 RISK SHARING
One of the problems with long-term relationships is the concern that the buyer will lose touch with what is competitive and that both sides thus become complacent. Risk-sharing relationships go some way towards solving this anxiety by scrutinizing and approving the supplier’s costings but this may lead to acrimony than to reassurance.
2.7.6 OPERATIONAL LINKAGE
This is a relationship characterized by open and authentic behaviour. Authenticity means the absence of game playing or manipulative behaviour. Having chosen the supplier, there is a continuing contact, which is focused on achieving a cost-effective and reliable operational link between the companies because the supplies (but not necessarily that particular supplier) are important to the business. However, the buyer does not feel commercially vulnerable because purchase costs are not the first consideration, and alternative suppliers can be found if necessary. If the relationship is reflected in a long term contract, then again this is more for convenience or operational reasons than to capture the supply source (Steele & Court 1996).

2.7.7 CONTINUED CONTACT RELATIONSHIP
It indicates continued contact with supply-market sector (for example to keep in touch with price trends) and close awareness of different suppliers’ offerings in order to pick on the best when the need to purchase arises. Whether there are continuous or spot dealings with a supplier will depend on what the market forces are motivating them to offer the buyer. The point is, it is the market that is driving the supplier’s motivation; the buyer does not have to win it. Indeed game playing and posturing may characterize the relationship between buying and selling parties but the high level of competitiveness should not be confused with adversarial or aggressive behaviour (Steele & Court, 1996).

2.7.8 ARM’S LENGTH RELATIONSHIP
Due to low cost, and relative unimportance to the company, it is not necessary to get close, either to the supplier or the market place. It is acceptable simply to get a reasonable deal and some competition will ensure that the supplier offers it. The desire for operational efficiency may well indicate that a continuing association with the supplier would be appropriate but important to differentiate between an operational linkage required in this case and a deeper relationship, which may be specifically targeted to obtain a competitive edge by working more closely with the supplier (Steele & Court 1996).

Arms length transactions are characterized by a minimal amount of interaction between the buyer and supplier. These transactions are generally rights based agreements, which are strictly governed by a document setting forth the rights of all the parties (Macaraeg 2018 available at www.fitsmallbusiness.com) accessed on 06.04.19. Occasionally, one party has more power than the other and is in a position to dictate the terms of the agreement. The buyer and supplier both
have a short-term perspective of the transaction. Both parties are primarily interested in meeting business obligations at the lowest possible cost and with the least amount of interference from the other party. In this type of transaction, only essential information is shared between the parties \(^{(www.fitsmallbusiness.com)}\) accessed on 06.04.19. The limited amount of communication that does exist between the parties is often used to determine if the other party is in compliance with the purchase order contractual obligations.

Trust is generally low in arm’s length transactions and there is little interest or incentive by the supplier to invest in specific assets that could serve the needs of both parties. There is little interdependence between the buyer and supplier except that which results from any power imbalance. Competition among suppliers is seen as the best way to achieve lower prices, which is also the primary aim of buyers in these transactions. Frequent multiple bidding by buyers is the norm in the quest for the lowest price \(^{(www.fitsmallbusiness.com)}\) accessed on 06.04.19.

Conflict resolution in arm’s length transactions is a combination of rights and power based strategies \(^{(www.mindtools.com)}\) accessed on 06.04.19. The rights stem from the purchase agreement itself, which clearly states the responsibilities and obligations of each party. If there is a breach of the agreement, the other party seeks compliance by coercion, which often takes the form of threats related to future business and adjudication of disputes. There is little incentive in rights based agreements for collaboration. If one supplier fails to perform, another will usually be waiting for the opportunity of additional business.

In alliance relationships there is more information sharing and communication. The parties are not as independent as before as each sees the other as important and necessary if it is to meet its own strategic and competitive goals. A longer-term perspective replaces the short-term outlook and power becomes less of a factor in dictating the terms of the agreement. All of these factors serve to build the trust and confidence necessary for the development of a cooperative buyer-supplier alliance. Alliance relationships are characterized by open communication, information sharing, and joint risk taking. Buyers and suppliers are dependent on one another to meet individual and collective goals \(^{(Steele & Court 1996)}\).

Dependence is the result of having made an investment in the working relationship. The buyer and supplier are moving toward a longer-term perspective of their relationship and a strategic perspective regarding the goods being exchanged. Both parties understand that identifying,
assessing, and managing conflicts are long-term interests shared by each party. Success is a product of information sharing, shared expectations, and trust. According to Patterson (1999) as cited by Alewin “a collaborative orientation within an alliance is representative of the party’s common interests and joint goals and objectives”. The ability to properly manage conflict in an alliance will greatly increase the likelihood of its future success and the contribution to its stakeholders. Therefore, mechanisms must be developed and implemented to identify, assess, and manage conflict within the alliance.

2.8 BUILDING BUYER-SUPPLIER RELATIONS-THE PHASES
According to Dwyer (1987), relationships evolve through five different phases: (1) awareness, (2) exploration, (3) expansion, (4) commitment, and (5) dissolution. Though not much literature is available on the entry modes into a relationship development, awareness and exploration stages explain the process in the best manner.

The awareness stage is when both parties recognise each other as potential business partners. The parties may portray themselves as an attractive partner for the other firm’s research about the skills and competencies the potential partner may possess (Iyer, 2002). Reputation for fair dealing and honesty plays a major role in establishing such a relationship (Terawatanavong et al, 2007). The next stage begins with any type of mutual interaction between the parties (Dwyer et al, 1987).

The exploration phase is referred to as the trial phase where tryout exchanges take place in order to assess the requirement, benefits, difficulty and the possibility of future exchanges. The relationship in this phase is very fragile and minimal investment and interdependence makes it easier for either party to exit. The following characteristics can be highlighted within the exploration phase, which assist both parties to test the compatibility, reliability and performance of the other.

(1) Attraction: the higher the benefit, that is, reward-cost outcome, the higher will be the attraction of the parties to get involved in a relationship. Rewards can be in many forms. The direct rewards include a fair payment by the buyer and the worth provided by the supplier’s product. Rewards which provide an edge over the respective competitors to either of the parties involved are highly acknowledged.
(2) Communication and bargaining: Dwyer (1987) defines bargaining as “the process whereby in the face of resistance, parties rearrange their mutual distributions of obligations, benefits, and burdens”. Bargaining begins with parties stating or indicating their preferences, goals, strategies and policies. Negotiation, if not carried out efficiently, and if it shows selfish expectations of wants, issues, inputs and priorities, might lead the transaction into a discrete one, hence reducing the expectation of either party for a future exchange. Power plays a major role in bargaining. The return from a proposed investment in a relationship forms the basis of nature and extent of bargaining.

(3) Power and justice: dependence of one party on the other provides power to the other to have an upper hand in the relationship. For example, a manufacturer is dependent on a retailer as he can provide worth to his product. Hence the retailer has the power to either use it in a just or an unjust manner for the benefit of both or fulfill his selfish interests. In this case the unavailability of alternative retailers to provide similar or better benefits, forces the manufacturer to be dependent. When power is exercised in a fruitful manner for both parties, the relationship can move to the next stage.

(4) Norm development: norms are guidelines set by the parties to carry out the transactions which do not exist prior to the exchange. It is the anticipated behavior from both parties for present and future exchange. As the relationship develops further, norms are established as per mutual decision. Norms depend on the experience of the parties with the exchange over time.

(5) Expectations development: trust is very vital in the earlier phases of a relationship as it forms the basis on which a buyer and supplier continue the relationship (Wilson, 1995). It helps in understanding expectations of both the parties for cooperation and achievement of personal and mutual goals. A lower level of trust indicates a negative attitude towards the relation forcing the relationship to terminate.

Ireton (2007), as cited on the www.logisticsit.com accessed on 03/04/19, identifies compliance, conduct and strategic financing as important requirements to successful SRM strategies. The relationship between a supplier and buyer can be a complex one. Each party wants to maximize its time, resources, and cash investment; these may be competing priorities that can strain the relationship.
For such relationships to succeed, it is of paramount importance that there exists a mutual business understanding underscored with respect and a sincere wish for each party to prosper. Creating this balance does not mean driving for the lowest possible price, with no regard for the true expense incurred, but rather recognizing that the success of one partner helps the success of the other. The relationship is complicated, but the best partnerships, alliances or collaborations can be attained by focusing on three critical and intertwined business tenets:

1. Compliance with local and international regulations;
2. Conduct that breeds honesty, respect and open dialogue; and
3. Strategic financing that benefits both parties.

(6) Strategic Finance: The third critical part of the relationship revolves around the financial aspect (Lysons & Farrington, 2012). While the buyer is looking to get a fair price, the supplier has to ensure he is covering costs and, of course, making a profit. It is not always in the buyer's interest to negotiate down to the very lowest price; the result can be less trust or loyalty from the vendor. Many buyers and importers happily report that price is just one factor in the negotiation; quality is huge, and they appreciate knowing they can demand a lot from their supplier and it will be delivered (Lysons & Farrington, 2012). A real world example is high-end apparel retailers whose merchandise buyers expect quality goods and have very high expectations. These buyers also have wonderful, long-term relationships with their suppliers. The result is that both parties are grateful for the other partner and recognize that in order to succeed, they need to help each other.

This relationship extends to the payment terms. Especially in Manufacturing, the payment terms are often very favorable to the supplier. These may include payment at sight of documents, payment at FOB port, or sight plus 15 days. Alternative payment methods could include changing from a traditional letter of credit to a Private Label Letter of Credit, or Open Account payment process, and payment terms of 30, 45 or 60 days. As with other aspects of the buyer-supplier relationship, changing payment terms leads to tradeoffs (Lysons & Farrington 2012).

One benefit of moving away from letters of credit is lower transaction fees from the banking channel and less paperwork; tradeoffs include reduced access to financing for the supplier, as well as increased transactional risk to both parties. There are typically many options available for a
business with good credit and also for those with less-than-ideal credit. This is a conversation for the treasury department to have with the company's financial service providers.

Another option is to reduce the risk of currency fluctuation by buying the goods in local currency (Mishler & White article available on www.fm-magazine.com) accessed on 05.04.19. Typically most buyers in North America purchase their goods in U.S. dollars. The recent decline of the dollar's strength has resulted in suppliers getting less 'real money' for their goods by the time they are paid. Contracts and prices are negotiated months in advance; in some cases a negative fluctuation could spell the difference between profit and loss for a supplier. Some importers are choosing to manage the currency risk through their own bank and remove the risk for the supplier/exporter. An additional benefit is, it gives the importer more control over their capital and allows currency risk to be built into the product from the start, instead of seeing the costs gradually creep up over subsequent seasons while the supplier is trying to hedge risk (www.fm-magazine.com) accessed on 05.04.19.

(7) Compliance: A critical first step of any new relationship is simply to know with whom you are conducting business (ZIDERA amendment bill, 2018). As we are constantly reminded in the post-9/11 world, the international trade community is under much tighter scrutiny than ever before. This includes knowing customer, supplier, and suppliers and customers. To quote an 8th grade civics manual, "ignorance of the law is no excuse". One cannot plead ignorance if found conducting business with a restricted party. The U.S. government, and many other governments around the world, have various lists of parties with whom one cannot conduct business (ZIDERA amendment bill, 2018). It is incumbent upon the importer or exporter to take necessary steps to ensure that all parties in the supply chain are approved and are not restricted in any way.

There are multiple methods to accomplish the screening of restricted parties, including subscribing to the issued lists and their corresponding updates directly, or increasingly common, utilizing a third party provider to perform this service. As many businesses outsource pieces of the supply chain, outsourcing the screening function is a logical step. While many suppliers, especially those of sensitive goods, have long been aware of the responsibility to know the identity of the final recipient and intended use of the goods, more importers are also adopting the "best practice" of screening all their suppliers, both domestically and internationally. It is an important step in the
logistics program of any organization looking to adopt best practice procedures. In addition, by adopting such procedures, a company is sending the message to its partners (and the government) that it is serious about compliance and taking responsibility for supply chain security (ZIDERAmendment bill, 2018). It.

(8) Conduct: Once the potential new partner has been given security and legal clearance, an organization can move on to the next level of approval. Today, suppliers for larger organizations are subject to more rigorous review than ever. Less-than-ethical labor practices have had severe impacts at major brands in the past 15 years (www.unicef.org) accessed on 05.04.19. Just recently, the by-products found in dog food and other consumer goods from China have again highlighted the need to know and trust suppliers. As companies are more in tune with social responsibility, they are cognisant of its (code of conduct) presence (or lack thereof) throughout the supply chain, and need to ensure goods are sourced from suppliers that are fulfilling their codes of conduct and maintaining their own level of financial, environmental and social responsibility.

To protect its interest, a company should scrutinise potential suppliers' general and financial operational practices. Such a review could start with a questionnaire concerning the company's business practices, employee benefit information and facility information. Insight also can be gained through a site visit and by interviewing a selection of the company's employees. The chosen supplier could then be placed on probation for a given time frame until they have proven themselves to be an ethical, conscientious and compliant member of the organization's global supply chain (Child Labour Amendment Act, 2016). From there, periodic physical audits are recommended to ensure conduct remains at a consistently high level while giving the other party the opportunity to further develop the relationship. By having a supplier code of conduct in place, businesses demonstrate their commitment to maintaining high ethical standards and this resonates with their conscientious end customers.

2.9 ESSENTIALS OF SUPPLIER RELATIONSHIP MANAGEMENT
Several authors have identified trust, communication, cooperation and buyer-supplier commitment as very important in establishing a strong buyer-supplier relationship.

2.9.1 TRUST
Trust is one of the most vital relationship model constructs and is visibly included in most relationship models. It is essentially a qualitative factor without any established definition. Thus,
the difficulty to define it even makes its measurement a problem (Smeltzer, 1997). Most definitions of trust involve a belief that one partner will act in the best interests of the other partner (Wilson, 1995). It is the expectancy of reliability of the other party in the relationship and the belief that the other party will show utmost honesty and benevolence (Andaleeb, 1995). Ring VanDeVen (1997) states that two views on trust can be found in management and sociology literature:

(a) A business view based on confidence or risk in the predictability of one’s expectations. According to this, parties hedge against uncertain states of nature, adverse selection, and ethical hazard, through formal contractual means such as guarantees, insurance mechanisms, and laws.

(b) A view based on confidence in another’s goodwill. This emphasises faith in the moral integrity of others’ goodwill (Smeltzer, 1997). Using these definitions and perspectives, it is possible to say that a trustworthy buyer or supplier is one that displays the following characteristics:

- Does not act in a purely self-serving manner
- Accurately discloses relevant information when requested
- Does not change supply specifications, standards, or costs to take advantage of other parties
- Generally acts according to normally accepted ethical standards

Trust has its obvious and visible benefits. However, apart from those, it also helps in reducing transaction costs as it facilitates the formation of a network of firms to adapt to unanticipated situations, which are common in a world of risk and uncertainty (Sako & Helper, 1998). However, debate on its value in organizational exchange continues to persist (Jap, 1999). The economics literature suggests that trust primarily involves a calculative process, in which an individual or organization calculates the costs and/or rewards of another party cheating or staying in the relationship. The party concerned can be confident about trusting the other party in the situation where the benefits of cheating do not exceed the cost of being caught (factoring in the likelihood of being caught), for the other party. In such a case, one can easily infer that it would be contrary to the other party's best interest to cheat and therefore the party can be trusted. For example, buying firms do pay premium prices to suppliers to ensure high levels of quality. Essentially, buyers raise the costs of cheating because suppliers caught acting "untrustworthy" lose a stream of premium rents from future purchases (Doney &Cannon, 1997).
It is generally believed that the parties in the relationship look for constant opportunities to create an influence over the other (Sako & Helper, 1998). However, studies show that the greater the level of trust shown by the buyer in the supplier, the lesser is the influence enforced by the buyer on the supplier. The reason being, if the trusted party does not have expectations of a fair return, it would not give the best results and hence the influence of a strong bargaining position acts the other way.

When the partner is trusted, exerting high levels of control should not be necessary since trust provides reasonable assurances of expected resource flows and outcomes (Andaleeb, 1995). Retailers who are the buyers, tend to trust those suppliers more whom they think possess a reputation for fairness by all means. Suppliers with a reputation of selfish intentions of seeking high profits and overlooking the others’ welfare are trusted less by the buyers and vice versa (Ganesan, 1994). Trust also increases the likelihood of a commitment from both parties (Moorman, Zaltman & Dehpandé 1992).

According to Sullivan & Peterson (1982:30), the essence of trust is described as “…where the parties have trust in one another, then there will be ways by which the two parties can work out difficulties such as power conflict, low profitability, and other supply chain challenges.” Trust leads retail buyers and sellers to focus on long-term benefits of the relationship (Ganesan 1994), and eventually enhance the performance outcomes in buyer-supplier relationships, including firm competitiveness and transaction costs reduction (Noordewier et al 1990). Doney &Cannon (1997) indicate that trust influences long-term relationships, while Morgan & Hunt (1994) found trust has the strongest effect on achieving cooperation in relationships.

Anderson & Weitz (1989) demonstrate the evidence that trust is key to maintaining continuity in conventional channel relationships. Furthermore, Siguaw, Simpson, & Baker, (1998) concludes distributor trust is related significantly and positively to both cooperative norms and distributor satisfaction with financial performance. Two major aspects of trust are personal trust and organizational trust which will be focused on to give more insights on how trust plays an important role in retail buyer-supplier relationship.

Personal trust: The emphasis on trust has prevailed among business industries not only in Western countries, but also in Chinese business communities. Trust was the crucial factor in upholding the complex network of trading relations (Wong, 1996). Chinese business relationships appear to be
highly personalized based on personal trust (Kiong & Kee 1998). Kao’s (1996), in his research of “personal trust” in large businesses in Taiwan, indicated that personal trust plays a prominent role in the establishment of partnerships. Chinese business practices are based on personal trust, with less formally defined rights and obligations (Mavondo & Rodrigo, 2001). The formal contracts are just as a backup of legal commitment. Therefore, Kiong & Kee (1998) conclude that the non-use of written contracts characterize the mutual trust between the channel members.

Organizational trust: Western business companies usually check their first-time customer’s credit history before business transactions and credit status can be granted. If a supplier has a good reputation in his history of dealing with other firms, trust and credibility are easily built. “Xingyong” in Chinese or “credibility” in the West, implies the words or written statement that can be relied on between the supplier and the retailer (Doney & Cannon 1997). Trust generally refers to the “integrity, credibility, trustworthiness, or the reputation and character of a person,” and “a person’s credit rating” in business circles (Kiong & Kee 1998).

Some studies conducted in China, Taiwan, and other Asian countries have also revealed the importance of Trust in Chinese business transactions and the positive impact of credibility on the trust-based exchange relationships (Barton 1983; Kiong & Kee 1998; Lui 1998). DeGlopper’s (1978) study of Lukang in Taiwan also addresses the importance of credibility in business and explains further that credibility is evaluated upon one’s business performance. If a firm does not keep its word or cheats, it will lose its credibility. In a word, based on mutual trust, credibility further ensures the security and reliability in business deals. Additionally, Ganesan (1994) asserted, credibility has a significant effect on long-term relationship.

In conclusion, the benefits and impact of trust, along with the background of different aspects of trust in Chinese relationships, explain the critical role of trust as a key success factor in buyer-supplier relationships.

2.9.1.1 ANTECEDENTS AND CONSEQUENCES OF TRUST
Commitment and trust are the foundation of relationship marketing as it encourages buyers and sellers to make investment into a relationship, to resist taking advantage of alternatives which provide short-term benefits, and not to behave opportunistically with regard to the relationship.
(Morgan & Hunt, 1994). It is argued that trust has assumed a central role in the development of marketing theory as business marketers placed greater emphasis on building long-term relationships (Dwyer, Schurr & Oh, 1987; and Morgan & Hunt, 1994 cited by Doney & Cannon, 1997).

Developing trust in a supplier firm is not only based on the size, but also the reputation, willingness to customize, confidential information sharing of the supplier firm, and length of relationship with the supplier firm and salespeople (Doney & Conoon, 1997). For instance, Singapore home furnishing and customer electronics retailers build trust with supplier firms primarily relying on the supplier firm's size and reputation. It is worthy to note that the supplier firms' willingness to make idiosyncratic investments and share confidential information provided evidence that they can be believed, they cared for the relationship and willing to make sacrifices. These investments contribute to forging strong buyer trust in the selling firm and they can be expected to pay off in the long run (Ford, 2002).

2.9.1.2 THE ROLE OF TRUST IN BUILDING BUYER-SUPPLIER RELATIONS
Doney & Canoon (1997) argue that a company sales representative who proves to be dishonest and unreliable could jeopardize a long-term relationship between the buyer and seller, but trusted salespeople help to preserve customer commitment during difficult times. A close interpersonal relationship helps to reduce customer firm's costs in the long run and that can be a source of competitive advantage for the supplier's firm (Wathne, Biong & Heide, 2001). This can be done with emphasis on the supplier flexibility, product/service quality and relationship-specific adaptation stated by Cannon & Homburg (2001).

Relationship marketing strategies are often based on account management programs, in which buyers are assigned a designated sales person who acts as an intermediary between the buyer and supplier (Lovelock & Wright, 1999). As the supplier's salespeople play an important role in developing customer relationship value, the supplier firm should recognize the potential vulnerability if the key contact person were to leave, be transferred or promoted and thus be unable to serve the customer (Bendapudi & Leone, 2002). Because turnover is bound to occur, there
should be efforts to capture the employees' knowledge about their customers and to transfer this information to a replacement. Doney & Canoon (1997), and Cannon and Homburg (2001) suggest that supplier firms should emphasize customer satisfaction and note that the interpersonal trust engendered by salespeople and transferred to the supplier firm plays a key role in developing and maintaining enduring buyer-seller relationship.

2.9.1.3 BENEFITS OF BUILDING TRUST
Ganesan (1994) and Noordewier et al. (1990) concur that trust between buyer and supplier decrease transaction costs in an exchange relationship. Trust reduces the risk of opportunistic behaviour and also compels both parties to make idiosyncratic investments (Ganesan, 1994). Doney & Cannon (1997); Ganesan (1994); Lui & Wang (2000) are in agreement that trust increases long-term orientation and also encourages the parties to engage in future business opportunities. Lastly Lui (1998) points out that trust facilitates cooperative transactions.

2.9.2 COMMUNICATION
Communication, the second essential element of SRM, can be defined broadly as the formal, as well as informal sharing of meaningful and timely information between firms” (Anderson & Narus, 1990). Exchange of information has been suggested by many studies as an important construct in traditional selling and modern relationship-oriented businesses (Dwyer, 1987, Anderson & Narus, 1990). Communication is not only restricted to exchange or sharing of information, but also includes informal and personal level communication, which are an integral part in strengthening the buyer-supplier relationship, as per relationship marketing (Dwyer, 1987).

Anderson & Narus (1990) found a positive correlation between communication and trust. Better sharing of information provides a sense of concern to both the parties, hence increasing the trust between them. The communication about the changing trends, requirements, performance and regular feedback also enhances satisfaction in the relationship (Selnes, 1998). Valuable information sharing helps in improving the performance. A well-established communication network helps in getting inputs about development of new products (Cannon & Perreault Jr, 1999).

Communication should be of superior quality so that it can help in the success of the relationship. The information must be timely, relevant and accurate, in order to achieve the benefit of the partnership. There must be openness and honesty in the communication (Mohr & Spekman, 1994).
The amount and type of information shared is an important part of the relationship. Though the exchange of internal and vital information helps in improving each other’s growth, it has its disadvantage as well. It increases the possibility of misusing the information for personal gains (Baiman & Rajan, 2002).

Like almost all the constructs, the level and content of communication changes as the stage of the relationship changes (Wilson, 1995). Regular feedback from the buyers about the performance of the product is also very important (Smith & Greenwood, 1998). As mentioned above, Anderson & Narus (1990) define communication as “the formal, as well as informal sharing of meaningful and timely information between firms.” Cannon & Perreault (1999) suggest that more open sharing of information is indicated by the willingness of both parties to share important information. However, lack of trust can be attributed to unwillingness to share information (Fawcett & Marnan 2001), and can make it difficult to share sensitive information such as financial data, especially in Asian business (MOEA, 1999). Mavondo & Rodrigo (2001) bring up the issue of difficulties in cross-cultural communication and information sharing, as they can be a significant obstacle to business.

Effective communication in channel relationships can enhance levels of channel member coordination, satisfaction, commitment levels, and performance (Goodman & Dion, 2001; Mohr & Nevin, 1990). Frequent communication between retailers and suppliers can expedite quick and accurate response and reduce the costs and impact of inaccurate forecasts (Fisher et al. 1994). With the presence of trust and support, channel members are more willing to pass information upward and promote bi-directional communication (Blair 1985). Consequently, it will help to better match supply with demand and increase profitability for channel members. On the other hand, under unequal power relationship, a less powerful channel party has a tendency not to provide information and feedback to more powerful ones (Blair 1985). Thus, the restricted information flow will impede the channel relationships and affect the supply chain performance as well. Effective communication is crucial to maintain a long-term buyer-supplier relationship and achieve high performance (Mohr & Nevin 1990; Morgan & Hunt 1994).
2.9.3 COOPERATION
Cooperation is also one of those elements that are essential in building successful buyer-supplier relations. Cooperative norms can be defined as “the belief that the supplier and buyer are working jointly to achieve mutual and individual goals, while avoiding opportunistic actions” (Baker, 1999; Terawatanavong, 2007). Like trust, there is a positive relationship between commitment and cooperation (Wilson, 1995). Heide & Miner (1992) suggest that an expectation of a long term relationship gives the incentive for each party to cooperate, and also that the higher frequencies of contact would lead to higher interactions and hence higher cooperation is visible. The higher the ambiguity in evaluation of the quality and satisfaction with the product, the lower will be the cooperation shown from the other party.

Anderson & Narus (1990) define cooperation as “similar or complementary coordinated actions taken by firms in an interdependent relationship to achieve mutual or singular outcomes with expected reciprocation over time. Cooperation between the exchange parties reflects the expectations of working together to achieve mutual and individual goals jointly (Cannon & Perreault 1999). The cooperative inter-business relationship is primarily based upon personal trust between business parties. Most businessmen say that the most reliable sources of information come from close relationships within and among business organizations. Without close relationships, the suppliers or buyers are not willing to share information, and have less intention to cooperate. Previous research on channel distribution has suggested that there is a positive relationship between cooperation and satisfaction (Anderson & Narus 1990; Skinner, 1992). Cooperation between channel members will increase channel efficiency and help members attain their mutual goals. The traditional transactional relationship had very limited or nil cooperation from each other. It was merely restricted to exchange of goods. However, the present form of relationship marketing is strongly governed by joint efforts from both sides in terms of performance and planning (Dwyer, 1987). A certain level of interdependence exists between the parties, thus they cooperate for each other’s growth as well (Kumar & Dissel, 1996).

Higher power to influence and negotiate also effects cooperation among the buyer-supplier relationship. Despite the fact that the positive outcomes of cooperation are known and established, it is difficult to maintain cooperation in such cases. In situations where the buyer has a higher negotiating and dominance power, he might force the supplier to work on his terms with respect
to quality requirements, delivery period, and margins. Hence in such situations the level of cooperation is low (Pittaway & Morrissey, 2005).

2.9.4 BUYER-SUPPLIER COMMITMENT
Commitment is defined as the desire to continue and maintain a valued relationship. It is one of the most vital determinants in a long-term relationship between a buyer and a seller (Moorman, 1992). It refers to that component in a relationship that characterizes the longevity of the relation. For commitment to be sustained in a relationship, genuine economic, communicative and emotional inputs should be exchanged regularly. The relationship should be supported by strong durability and consistency to reinforce the commitment further (Dwyer, 1987).

Commitment from either side is directly related to the benefits of being in the relationship. Broadly there are two types of commitment namely, affective commitment and calculative commitment (Wetzels, 1998, Geyskens, 1996). Affective commitment refers to the commitment based on a sense of liking, positive regard (Geyskens, 1996) and emotional attachment to the partnership (Wetzels, 1998). Calculative commitment is more of a behavioural concept where commitment pertains to the level at which maximum benefit is received. Either party will be committed till it receives benefits more than the costs or else it will look forward to another partner (Marjolein Caniëls & Gelderman, 2004). The satisfaction that the buyer is not on the outlook for other suppliers strengthens the commitment from the supplier (Geyskens 1996).

2.9.5 BUYER-SUPPLIER DEPENDENCE
Dependence is another element that has a bearing on buyer-supplier relationships. The issue of power is closely associated with the nature of dependency in business relationships. Gaski (1984) pinpoints the roles of power and dependence in channels of distribution by noting that “channel member dependence and sources of power in marketing channels are conceptually inseparable,” and “dependence is a component or dimension of these power sources rather than a separate phenomenon.” Brown (1995) defines marketing channel power as the ability of one channel member (for example, supplier) to control the decision variable in the marketing strategy of another member at a different level of distribution (for example, retailer).
To bring out the concept of exclusivity we can apply a local example of Delta beverages and OK Zimbabwe. There are products that are produced exclusively by Delta, which OK Zimbabwe cannot get from any other supplier. This scenario causes dependence to exist between OK and Delta. Another scenario will be where a supplier produces products bearing house brand of OK, for example Pot “O” Gold or OK value. The supplier is obliged to supply exclusively to OK Zimbabwe hence causing the organisations to depend on each other.

As explained in the example above the symmetry of the relationship is an important factor determining the levels of dependence. Each party has its own resources/products. It is the degree to which the other party values it, which decides the symmetry. In a symmetric relationship, the resources of the two parties are valued equally by each other. The level of dependence ranges from low to high. The relationship is asymmetric if the resources of one party are valued more than those of the other. Here, the less dependent partner dominates the exchange.

In the situation where both trade partners value one another's resources; they both have an incentive to make investments in specific programs that are mutually beneficial. Furthermore, they are unlikely to act opportunistically. However, if neither partner values the other's resources, there is no incentive to invest in specific programs with one another. To do so would only increase the cost of the exchange and further reduce the value of the relationship for both parties (Buchanan, 1992). The levels of dependency change with the different phases of relationship and are correlated with trust and commitment constructs (Marjolein et al 2004).

Power and dependence may be unbalanced with regard to individual dimensions and varies with the general state of the economy (Gadde & Snehota, 2000). The buyer-seller relationship may be more important to the buyer than the seller, or vice versa. Gadde & Snehota (2000) argue that there is no best strategy in any individual case of imbalanced power and dependence relationship. However, the awareness of the problem, regular and systematic discussions, are the first step to learn and handle the questions better, and to build a trustworthy relationship.

2.10 CONFLICT IN BUYER-SUPPLIER RELATIONSHIPS
In the channel context, conflict can be defined “as a state or situation in which there is a social relationship between two or more parties (persons, groups, or empirically distinguishable entities)
in which at least one of the parties perceives the other as an adversary engaging in behaviours
designed to destroy, injure, thwart, or gain scarce resources at the expense of the perceiver”
(Rosenberg & Stem, 1970). Conflict has a negative relation with trust, and commitment. Vertically
linked firms often have goals between and among themselves that are diverse. These goals may be
incompatible and even mutually exclusive. In a situation where these firms are in an interdependent
arrangement within the channel system, one firm's goals may comprise another firm's constraints,
so that conflict results. In the channel system, role interdependence exists, where one firm depends
on another for work inputs and decision premises. Decisions are made on the basis of the various
subjective ways in which the information or abstractions of reality are interpreted.

These decisions may cause a conflict of attitudes or behaviour to arise (Gross et al., 1958). We
measure the level of conflict in terms of the degree to which a high level of conflict characterises
the relationship (Kumar, 1992). Business decisions, being situational, have no fixed results of the
conflict. Conflict can lead to a positive, negative or a null effect. Apart from these results it might
result in a situation where, up to a level, there is no effect, thereafter a positive effect and gradually
a negative effect (Rosenbloom, 1973).

2.11 CONFLICT HANDLING
Despite all the essentials of SRM being satisfied, conflict may arise in the course of doing business.
It is therefore important that parties to a buyer-supplier relationship formulate a conflict handling
mechanism to deal with potential conflict situations. Buyer-seller mutual goals can only be
accomplished through joint action and the maintenance of the relationship. Conflict may arise if
there is no goal and interest sharing. Hence, reciprocal trust is a prerequisite for long-term
relationships (Gadde & Hankansson, 1993). It is also argued by Michel, Naude, Salle & Valla
(2003) that buyer-seller relationship is built up through human effort and human contacts and in
order for them to survive, they must be under continual development.

2.12 MODEL OF BUYER SUPPLIER CONFLICT (ALEWINE, 2007)
The model of buyer-supplier conflict presented herein consists of seven distinct types of conflict.
These are issue-specific, relational, task, process, structural, systemic, and environmental. The
typology in this model is based on the work of Karen (1997) and Dugan (1996). Buyer-supplier
conflict has five general characteristics. Each particular type of conflict originates from a different
source. The source of each conflict generally remains constant. It is relatively straightforward to ascertain the source of the conflict within certain parameters. With this knowledge, the conflict is more readily diagnosed, assessed and resolved or managed. If the likely source of a particular conflict is known and constant, a conflict resolution system can be used as both a prevention and resolution tool. Advanced knowledge of potential conflict sources provides the alliance implementation team with an opportunity to identify potential problem areas and create awareness among the stakeholders.

The second attribute of buyer-supplier conflict is duration. It is believed that each conflict type will have a different duration from its inception to resolution or management. In the buyer-supplier conflict model, it is important to note that not all conflict is resolved in the sense that it will no longer exist. The alliance must learn to manage this type of conflict until its associated risks can be mitigated. The goal is to minimize the negative effects of the conflict until it can be addressed by the conflict management system. As the complexity of a conflict increases, it is expected to have increasingly longer conflict durations. Resolution or management of the conflict is expected to increase in difficulty as the duration increases.

Interrelatedness is the third major attribute of buyer-supplier conflict. It is believed that any one type of conflict in the buyer-supplier model can be interrelated with any other conflict regardless of the complexity of the conflict. Buyer-supplier conflict can also be characterized by the impact it has on the alliance. Not all conflict affects the alliance in the same manner. Issue-specific conflict has very little effect on the alliance, while systemic and environmental conflict can have major impacts. This effect is measured by the degree of disruption to the alliance’s operational ability in the short run and its survival in the long run.

Ease of resolution is the fifth characteristic of buyer-supplier conflict. Less complex conflict is easier to resolve. As would be expected, issue specific conflict is less complex and therefore the easiest type of conflict to develop. Environmental conflict is the most difficult to resolve because its causes are outside the influence of the alliance. Several variables, such as the parties’ relationship, the intensity of the conflict and the number of parties, also affect the ease of resolution. The degree of alignment attained between the buyer and supplier during the alliance implementation will affect the amount and severity of any conflict that results. A high level of
alignment and continued involvement by each party will yield more positive benefits. It would be expected that alliances between organizations in emerging industries experience more conflict because of the uncertainty of the environment.

2.13 RELATIONSHIP SATISFACTION
Satisfaction is one of the major factors on which a relationship’s continuation depends. The buyer has to be satisfied with the products and services provided by the supplier. Similarly, the supplier has to be satisfied with the worth provided by the buyer for the products. From their respective basis, each party decides whether each one of them is interested in further continuing the relationship (Selnes, 1998).

There is a very close link between all the constructs of a relationship development. Of all these, trust lies as the central construct linked to all the others. Satisfaction is the result of all the constructs. The greater the level of communication, commitment, cooperation and conflict handling, the greater will be the trust in the relationship and vice versa. And the greater the level of trust in the relationship, the greater will be the satisfaction in the relationship (Andaleeb, 1995).

Depending on the levels of trust in the relationship, interdependence also plays a part in the relationship satisfaction. In situations where either of the parties is not crucial to the other and easily replaceable, either of the parties is not dependent on each other. Thus, the level of trust among them plays very little role in the relationship satisfaction. Easy exit from the relationship makes them feel less at risk. In situations where there is a strong dependence on each other, it’s the opposite (Andaleeb, 1995).

Geyskens (1999) points out that satisfaction may be classified as economic and non-economic. A buyer could build his satisfaction based on the financial returns on the products of the supplier, the quality of the product and the supplier’s sales representative. Here the financial returns determine the buyer’s economic satisfaction and the quality of the product and supplier’s sales representative determine the non-economic satisfaction. A balanced combination of both is required for satisfaction in the relationship (Terawatanavong, 2007).
2.14 IDENTIFYING CHARACTERISTICS OF BUYER-SELLER RELATIONSHIP

Buyer-seller relations operate within a highly complex organizational environment bordering on a partnership where trust and respect for each other prevails (Eckels, 1990). It is argued that companies and relationships in the business markets are inter-dependent and that the interaction is a series of short-term social interactions that are influenced by the long-term business process that bind the firms together. Ford (2002) argues that it would not make sense if companies look at themselves in isolation, but should look at themselves in relation to each other. The buyer-supplier relationship can be analysed based on the general characteristics of buyer-seller relationships identified by Gadde & Hakansson (1993) as below:

A) COMPLEXITY

Gadde & Hakansson (1993) state that the complexity of the relationship depends on the number of people involved. In general, the buying process involves buyers, supplier's salespeople, buyer's and supplier's marketing department with extensive contacts to discuss and solve more or less advanced problems. However, the complexity of the entire buyer-supplier interface system lies in the fact that the ultimate actions may be controlled by some individuals who are not involved in the original transaction. This may include the supplier's operation planning, transportation, and inventory control people and on the buyer's side, the budgetary committee, that could hole the ultimate authority over the dispensation of the organisation's finances.

B) RELATIONSHIPS AS INVESTMENTS – THEIR LONG-TERM NATURE

Ford (2002) argues that every action in a relationship should be seen in a time perspective that the investment, which may involve costs, will be paid off in the long run. Based on their arguments, the cost involves contact/information costs and adaptation costs especially during the beginning stage. The costs will fall later when the buyer is getting to know the suppliers and their abilities and expertise through marketing and sales promotion activities. It is worthy to note that it is more effective to retain and maintain existing relationships than to seek out new ones that may pose an obstacle to implementing changes. Hence, buyers and suppliers should note that day-to-day activities should remain at a relatively high level to maintain a long-term relationship.
C) ADAPTATION

Adaptation occurs when one party in a relationship alters its processes or the item exchanged to accommodate the other party (Gadde & Snehota 2000). Ford (2002) discusses that adaptation behaviour would vary over the life of the relationship. In the early stages, it will be a means to develop trust, and in the mature state, it will expand and solidify the relationship. There are many types of adaptations stated by Gadde & Snehota 2000), some of which are: technical, administrative routines and knowledge-based adaptations. Besides, administrative routines such as planning, supply and communications systems need to be adapted by both parties for effective working relationships. Hallen, Seyed-Mohamed& Johanson (1988), cited by Jagdish Sheth & Sharma 1997 (2000), argue that adaptation tend to bond the buyer and seller in a tighter relationship and create barriers to entry for competing suppliers.

2.15 BENEFITS OF SRM

According to the www.cip.org/supply-management magazine, the goal of SRM is to improve the relationship between the demand-side and the supply-side of markets by providing new and better ways for the former to relate to the latter. In a broader sense, SRM has the potential to improve markets and their mechanisms by equipping customers to be independent leaders and not just captive followers in their relationships with vendors and other parties on the supply side of the marketplace.

Harbison (2000) did some research on the performance of alliances and came up with the following statistics.

1) Strategic alliances have consistently produced a return on investment of nearly 17 percent among the top 2,000 companies in the world for nearly a decade. This return is 50 percent more than the average return on investment that the companies produced overall

2) The 25 companies most active in alliances achieved a 17.2 percent return on equity - 40 percent more than the average return on equity of the Fortune 500.

3) The 25 companies least active in alliances lagged the Fortune 500 with an average return on equity of only 10.1 percent.

4) Successful alliances recognised 20 percent profitability improvements as compared to only 11 percent for the less successful companies.
5) Revenue generation from highly successful alliances equates to 21 percent of overall firm sales as compared to 14 percent for less successful alliances.

In a similar study conducted for the supplier side (results of efficiently run supply chains based on electronic integration and quality processes) by Solomon Smith Barney Analyst Report, Teagarden (2000) presents the following statistics for suppliers:

- Inventory levels reduced by as much as 50 percent.
- Inventory turnover doubled.
- Stock outs reduced nine fold.
- On-time deliveries increased by as much as 40 percent.
- Cycle times decreased by as much as 27 percent overall.
- Supply chain costs reduced by as much as 20 percent.

Revenues increased by as much as 17 percent.

A retailer will experience different degrees of satisfaction with suppliers. Some will be reliable, others will not, some helpful and cooperative, others disdainful and rigid, some will have better and more consistent quality than others. The supplier-retailer relationship functions most smoothly when each is important to the other. This accounts for the powerful position of a large retailer (Hertley 1984). Levy and Weltz (2001), also state that by developing strong relations with vendors, retailers may gain exclusive rights to;

a) Sell merchandise in a region or particular market.

b) Buy merchandise at lower prices or with better terms than competitors who lack such relations.

c) To receive popular merchandise in short supply.

These findings support the justification of the and also show that SRM can bring phenomenal benefits to companies pursuing the strategy.

2.16 Chapter Summary

This chapter has looked at the introduction, the definition of SRM, why SRM, building SRM, the essentials of SRM, the benefits of SRM and the types of SRM.
CHAPTER 3

RESEARCH METHODOLOGY

3.1 INTRODUCTION
This chapter will expound the research methodology applied in the gathering of data and information used in this study. It will also discuss the research philosophy on which it is based and the research approaches that has been followed. Desk research and field research were carried out to achieve the goals and objectives of the study. The population is defined and sampling procedures and data collection analysis techniques presented. This chapter will outline how the study was conducted, giving an overview of the research design and instruments. The research design and data collection techniques were adopted, mindful of the objectives of the study.

3.2 RESEARCH DESIGN
This study used the exploratory research design as it explored the impact of SRM on business competitiveness in the beverages manufacturing sector. According to Cooper and Schindler, (2008) a research design can be defined as “a blueprint for the collection, measurement and analysis of data”. This research adopted an exploratory research design as it explored the impact of supplier relationship management on the business competitiveness in the beverages manufacturing sector. Sekaran and Bougie (2010) defined exploratory research as “a research study where very little knowledge or information is available on the subject under investigation”.

An exploratory approach was used because it utilises primary and secondary data gathering techniques (Sekaran and Bougie 2010). Primary data was obtained through questionnaires and interviews. Secondary data was obtained by examining Delta supplier contract documents and reports from organisations such the ABInBev, TOYOTA and other organisations that have adopted SRM as their procurement strategy. The merit of the exploratory strategy is that it is flexible and can easily adapt as new data appears (Sekaran, 2010; Stake, 1995; Saunders, 2003).

The case study research strategy was employed. The case study approach was used so that the study focused on Delta Beverages rather than on all Zimbabwe beverages manufacturers which are also keen on SRM strategy. The case study was clearly advantageous as it focused on a
phenomenon in its natural setting (Saunders, 2003). The study utilised qualitative research procedures in addressing the aims and research questions of the study. The reason a qualitative approach was chosen was due to the fact that the research is of an exploratory nature hence the study requires access to profound expert information on the topic of impact of supplier relationship management on the business competitiveness in the beverages manufacturing sector.

3.2.1 CASE STUDY

In the above section it was indicated that the Case study approach was selected for this research study. The study focused on Delta Beverages. The case study as a research design methodology has been researched by several of authors (Cavaye, 1996; Darke et al., 1998; Gillham, 2000; Jensen and Rodgers, 2001; Perry, 2001; Stake, 1995; Tellis, 1997; Welman and Kruger, 1999; Yin, 1994). Yin (2003:13), defines a case study as “an empirical inquiry that investigates a contemporary phenomenon within its real-life context” using a variety of sources of evidence.

According to Walliman (2011) the important features of a case study are as follows;

- The study of the case is carried out in its natural context;
- It allows for the collection of data through a wide range of data collection methods such as observation, interviews or document analyses; and
- That it is a systematic and flexible research strategy which provides detailed prescriptions for data analyses and theory generation.

The above features of a case study make it suitable for this research. Stake (1995), a strong proponent of the case study approach states that, “a case study is intended to capture the complexity of a single case.” The author also pointed out that, “case study is the study of the particularity and complexity of single cases, coming to understand their activity within important circumstances,” and that, “the time spend concentrating on the one may be a day or a year, but while we so concentrate we are engaged in case study” (Stake 1995).

The case study strategy was helped to study because it generated rich understanding of the context of the research and was a viable approach for three reasons namely; it allowed for the study of the phenomenon in its natural setting, as such the researcher was able to ask questions relating to the phenomenon under study, so as to understand the nature and complexity of the process taking
place, and the research was conducted in an area where few, if any, previous studies have been undertaken.

Sekaran (2010), observed the major weakness of a case study approach as that it targets the study of a particular group, the selection of which is based on unique characteristics of the group. Generalisation of results may not be possible for other groups due to differences in situations and characteristics. This study however was not weighed down by this weakness as the researcher utilized a case study approach, using self-administered questionnaires and personal interviews to gather data because of the specialized or sophisticated nature of the manufacturing industry and the complexity of the phenomenon under study.

3.3 RESEARCH PHILOSOPHY

There are two major research philosophies namely positivist, which is also known as scientific investigation and interpretivist, which is also known as phenomenologist (Walliman, 2011; Galliers, 1991). A research philosophy is “a belief about the way in which data about a phenomenon should be collected, analysed and used” (Saunders, Lewis and Thornhill, 2009). In essence, positivism is concerned with quantitative researches and interpretivism is about qualitative researches. The study borrowed from both research philosophies. As aptly put by Walliman (2011), critical reasoning “can be seen as a reconciliatory approach, which recognises, like positivists, furthermore the existence of a natural order in social events and discourse, but claims that this order cannot be detected by merely observing a pattern of events. The underlying order must be discovered through the process of interpretation while doing theoretical and practical work particularly in the social sciences”. The best research outcomes can be obtained where the two philosophies complement each other. Easterby-Smith, Thorpe and Lowe (2004) also argue that it is not possible to identify any philosopher who subscribes to all aspects of both extreme positions. Easterby-Smith et al (2004) also emphasized that the importance of understanding the philosophical issues is in clarifying research design.

According to Walliman (2011), positivist theorists assume that reality is fixed, measurable, and knowable and that there is just one truth and one external reality. They argue that the physical sciences only deal with objects which are external ‘us’, whereas the social sciences deal with actions and behaviour which is generated from within ‘us’, the human mind (Collis and Hussey,
The post-positivist stance became known as phenomenology or interpretivism, which is the science of phenomena. According to Galliers (1991) interpretivist assume that reality changes and can only be known indirectly, through the interpretations and study of people. They accept that there is a possibility that there are multiple versions of reality.

The opinions of Interpretivists are that only through the subjective interpretation of, and intervention, only then reality can be fully understood. The study of phenomena in natural environment is key to the interpretivist philosophy, and together with the acknowledgement that scientists cannot avoid affecting those phenomena they study. The phenomenologists also argue that social reality is dependent on the mind and that there is no reality independent of the mind, unlike the positivist stance (Walliman, 2011:25). In this respect, the phenomenological philosophy attempt to understand social reality as it has been grounded in people’s experiences throughout the years of their life and employment within organisations and nations. Therefore, phenomenology generally attempts to understand specific phenomena by establishing the meanings that people assign to them (Walsham, 1993) and, as a result, unlike positivism, does not view ‘reality’ as objective, measurable and external.

Walliman (2011:22) summarised the distinction between positivist and phenomenological philosophies as shown in Table 3.1 below. It is very clear from the table that the two philosophies are distinct and on extremes.

**Table 3.1 Comparison of positivist and interpretivist approaches**

<table>
<thead>
<tr>
<th>Issue</th>
<th>Positivist</th>
<th>Interpretivist/ phenomenologist</th>
</tr>
</thead>
<tbody>
<tr>
<td>Philosophical basis</td>
<td>Realism: the world exists and is knowable as it really is.</td>
<td>Idealism: the world exists but different people construe it in very different ways.</td>
</tr>
<tr>
<td>The role of research</td>
<td>To discover universal laws and generalizations</td>
<td>To reveal different interpretations of the world as made by people.</td>
</tr>
<tr>
<td>Theoretical approach</td>
<td>Rational, using inductive and scientific methods and value free data.</td>
<td>Subjective, using inductive methods and value laden data.</td>
</tr>
<tr>
<td>----------------------</td>
<td>---------------------------------------------------------------------</td>
<td>-----------------------------------------------------------</td>
</tr>
<tr>
<td>Methods</td>
<td>Experiments or mathematical models and quantitative analysis to validate, reject or refine hypotheses.</td>
<td>Surveys and observations with qualitative analysis to seek meaningful relationships and the consequences of their interactions. Analysis of language and meaning.</td>
</tr>
<tr>
<td>Role of researcher</td>
<td>Neutral observer.</td>
<td>Part of the research process.</td>
</tr>
<tr>
<td>Analysis of society</td>
<td>Search for order. Society is governed by a uniform set of values and made possible only by acceptance of these values.</td>
<td>Search for dynamics. Multitude of values leading to complex interactions. Society made possible by negotiation.</td>
</tr>
</tbody>
</table>

Source: Research Methods: the basics (Walliman, 2011)

As mentioned earlier, and in view of the extremist position of positivist and interpretivist philosophies as revealed in table 3.1, it is very clear that by combining good aspects of both worlds yielded the best results for this study (Easterby-Smith et al., 2004).

3.4 RESEARCH TRADITION

A research tradition is the extent to which one is clear about the theory at the early stages of a research project. According to Walliman, (2011) research tradition is “the reasoning behind the empirical and rationalist approaches to gaining knowledge”. There are two extreme reasoning approaches, namely deductive and inductive reasoning (Walliman, 2011; Sekaran, 2003). The two reasoning approaches support the two philosophies discussed in earlier sections. This study used both deductive and inductive reasoning. Deductive reasoning was applied to give meaning to quantitative data. Inductive reasoning was applied on qualitative data to generate descriptive insights. Walliman (2011) conceded that it is impossible to use one of the two reasoning on its own. This view led to the development of the middle of the two extreme reasoning traditions known as the hypothetico-deductive approach (Walliman, 2011; Sekaran 2003).
According to Walliman (2011), hypothetico-deductive method is a practical approach that goes a long way to address the shortcomings of the deductive and inductive methods. Deduction is the process by which researchers arrive at a reasoned conclusion by logical generalization of a known fact where as Induction, is a process where researchers observe certain phenomena and on this basis arrive at conclusions (Walliman, 2011; Sekaran, 2003). In other words, in induction reasoning a researcher logically established a general proposition based on observed facts. The methodology of starting with a theoretical framework, formulating hypotheses, and logically deducing from the results of the study is the hypothetico-deductive method (Walliman, 2011). This study, however, did not make use of hypothesis formulation but used research questions.

3. 5 POPULATION AND SAMPLING

The population for this study was framed as follows;

<table>
<thead>
<tr>
<th>Key Stakeholders</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Production departments</strong></td>
<td></td>
</tr>
<tr>
<td>• Lagers</td>
<td>50</td>
</tr>
<tr>
<td>• Sparkling</td>
<td>20</td>
</tr>
<tr>
<td>• Sorghum</td>
<td>30</td>
</tr>
<tr>
<td>Procurement</td>
<td>30</td>
</tr>
<tr>
<td>Engineering</td>
<td>20</td>
</tr>
<tr>
<td>User Department</td>
<td>25</td>
</tr>
<tr>
<td>Critical Suppliers</td>
<td>15</td>
</tr>
</tbody>
</table>
3.5.1 SAMPLING

The sample for this is based on judgemental sampling technique. The sample of 190 and its elements are presented as follows;

Table 3.2 Sample Elements

<table>
<thead>
<tr>
<th>Detail</th>
<th>Population</th>
<th>Sample</th>
<th>% Representation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production departments</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Procurement</td>
<td>30</td>
<td>30</td>
<td>100</td>
</tr>
<tr>
<td>Engineering</td>
<td>20</td>
<td>20</td>
<td>100</td>
</tr>
<tr>
<td>User departments</td>
<td>25</td>
<td>25</td>
<td>100</td>
</tr>
<tr>
<td>Critical suppliers</td>
<td>15</td>
<td>15</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>190</strong></td>
<td><strong>190</strong></td>
<td><strong>190</strong></td>
</tr>
</tbody>
</table>

Table 3.2 above depicts the elements of the population. The sample size of 190 was deemed sufficient as it exceeds the sample size of 132 prescribed by Krejcie and Morgan (1970:607-610) for a population size of 200. Because of the nature of the phenomenon under study, the sampling procedures that were employed are explained in the following sections.

3.5.2 SAMPLING TECHNICS

This study utilised the convenience and Judgmental sampling were used to identify the intended participants. The study targeted respondents that are considered to have the required information such as purchasing staff, accounting staff and the relevant departments and suppliers.

3.6 DATA COLLECTION METHODS

The study made use of primary and secondary data to address the research aim and research questions. Collis and Hussey (2007:160) defined data as “known facts or things used as a basis for interference of reckoning”. Primary data is the information collected at source such as survey data, or experimental data, interviews or focus groups, whereas secondary data is data which already exists such as reports, archives, laws, annual reports, etc. Primary data was collected using questionnaires and in-depth interviews. Secondary data was obtained from journals and articles published on SRM. Both sets of data can either be quantitative or qualitative in nature (Collis and
Hussey, 2007; Saunders et al., 2003). The following sub-sections explain the data collection techniques in detail.

### 3.7 SURVEY QUESTIONNAIRE

Quantitative research was carried out through a questionnaire survey. A survey questionnaire was used to collect the majority of primary data that was used in this study.

The questionnaires were distributed as highlighted in table 3.2. As a technique for data collection, self-administered questionnaires and personal interviews were chosen. The aim of the survey was to find out to what extent and how successful, and the effects of SRM strategies to the achievement of sustainable competitive advantage. As discussed earlier convenience and judgment sampling were used to select the participants for the survey. Contacts were made by visit, and e-mail. Two different and comprehensive questionnaires were designed. One was sent to Delta Beverages staff and the other to suppliers.

A total of 190 Survey questionnaires were sent out to the targeted respondents. According to Marshall and Rossman (2006), questionnaires typically entail several questions that have structured response categories. Sekaran (2003:236) defines a survey questionnaire as “a preformulated written set of questions to which respondents record their answers, usually within rather closely defined alternatives”. Questionnaires are an efficient data collection mechanism when the researcher knows exactly what is required and how to measure the variables of interest. For this study personally administered questionnaires were used for all the respondents. The questionnaire was structured as follows;

The questions were structured in such a manner that some of the questions were open ended while others were closed. The closed questions were likert scaled to allow for the application of quantitative data procedures. Open ended questions provided an opportunity for the respondents to express their views in detail. The questionnaire provided spaces for respondents to write detailed responses. The responses obtained from open ended questions formed the majority of descriptive findings of the study.
A hand delivered questionnaire survey and e-mailed questionnaire survey was used as the primary data collection method because of the following advantages.

- It allowed contact with respondents around Harare.
- It was the most cost effective approach in that the researcher did not need to expend on traveling or engage field officers or research assistants.
- It gave all the respondents time to think about the questions and offer appropriate responses.
- The method is perceived as confidential by respondents that did not want to be identified with their responses.
- It facilitated the obtaining of opinion and attitudes.
- They are more economical and efficient than observation in that a few, well-chosen questions can yield information that would take more time and effort to gather by observation.

During the administering of the questionnaires the following disadvantages were noted:

- Low response rate is unavoidable
- Method does not allow for the interviewer intervention of probing or clarifying the questions
- Skewed responses are highly likely as often respondents return surveys representing extremes of the population.

**3.8 INTERVIEWS**

An interview is a ‘purposeful discussion between two or more people’ (Kahn and Canell, 1958 as cited by Saunders et al., 2009). There are three categories of interviews namely structured, semi-structured and unstructured (Walliman 2011:99; Saunders et al., 2007). According to Walliman (2011), structured interviews use standardised questions read out by the interviewer according to an interview schedule. This study used a structured interview to gather primary data.

This method was only used on the Procurement Executive for Delta Beverages. This was designed to enable the procurement executive to respond to some issues which were raised for questionnaire
respondents. Interviews help in gathering data by listening and asking questions which help to unravel some unclear points. Such a feature to ease out the research subject is not possible when conducting surveys (Saunders, et al., 2009). Interviews can be highly formal, structured, semi-structured or unstructured, with free end conversations, each having its own merits and purpose (Easterby et. al., 2001).

3.9 SECONDARY SOURCES OF DATA

Secondary data is one that is gathered and recorded by someone else prior to the current project. It is vital because it substantiates the authority of the study as it enhances the findings of the research. The secondary data include the use of information from the journals, books, magazines, research papers and Internet.

Desk research focused on examining the literature and covered the areas of competitive advantage and SRM strategies. Literature research has been used to identify the key concepts of SRM and their impact to overall company performance. The following advantages were noted for Secondary data during the research: data was already available; data was highly accessible and less expensive to obtain.

3.10 VALIDITY AND RELIABILITY

A pilot test was carried out to test for validity of each of the research instruments that were used (Saunders, Lewis and Thornhill 2009:). Saunders et al. (2012) defines a pilot test as:

‘A small-scale study to test a questionnaire, interview checklist or direct observation schedule, to minimise the likelihood of respondents having problems in answering the questions and of data recording problems as well as to allow some assessment of the questions’ validity and the reliability of the data that will be collected’ (Saunders et al., 2012). This was done to ensure that the questionnaire captured as much data required to address the research questions as well as testing the perceived validity and reliability of the questionnaire. The Cronbach Alpha Test was applied to test the reliability of the questionnaire. Cronbach Alpha is a reliability test conducted in order to measure internal consistency of the measuring instrument. The test was most suitable on multiple likert questions in the questionnaire. The results of the test were 0.856 and satisfied the
minimum required reliability threshold at $\alpha \geq 0.8$. The internal consistency of the questionnaire that was used was, therefore, regarded as good. According to Sekaran, (2009) the higher the alpha coefficient, the reliable the research instrument is. Robson (2002) states that, validity and reliability are two factors that should concern a qualitative researcher when designing a research and analysing the results.

3.11 DATA PRESENTATION AND ANALYSIS
The coding of the questions was done after administering the questionnaires. All responses were noted and classified into categories to enable the researcher to make the necessary deductions. The data was analysed using statistical methods such as frequency tables and also Microsoft Excel. Data was presented in the form of pie charts, bar graphs, as well as in tabular form.

3.12 LIMITATIONS OF THE STUDY
The study in no way represents an exhaustive search and analysis of all the possible information sources.

(i) The study was completed in accordance with a tight timeframe.
(ii) Delta suppliers outside of Harare were not considered. This was because the researcher did not have adequate resources in the form of money and time to travel to out of Harare
(iii) Securing interviews with high ranking officials was an intricate affair due to their busy schedules. The researcher only managed to interview the Procurement executive only. The researcher also wanted to interview the Chief Operating officer and the Chief executive Officer without success.

3.13 CHAPTER SUMMARY
This chapter has discussed the research design that was adopted in this study. It explained pertinent issues relating to research philosophy, type of study, and sampling design.
CHAPTER 4

RESEARCH FINDINGS AND ANALYSIS

4.1 INTRODUCTION
This chapter provides for the presentation and an analytical interpretation of raw data gathered from the field solicited through research instructions such as questionnaires. The analysis tables, pie charts and graphs were used so as to reveal the message in the data and thus facilitate interpretation. The respondents of questionnaires included various departments and suppliers. The interview process focused on spotting the importance of SRM in the manufacturing industry. The interview further moved on to recognizing the supplier’s perspective on the various relationship constructs based on the literature and survey responses. However it should be noted that a strong relationship alone is not a panacea to the overall competitiveness of the business, other aspects of the value chain also need to be attended to.

4.2 RESPONSE RATE
The overall response rate of 83.7% was achieved as shown in table 4.1. This response rate was therefore deemed sufficient to progress with the use of the survey findings for this study.

Table 4.1 Response data

<table>
<thead>
<tr>
<th>Respondents by category</th>
<th>Questionnaires sent</th>
<th>Questionnaires received</th>
<th>Category response rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production departments</td>
<td>100</td>
<td>84</td>
<td>84%</td>
</tr>
<tr>
<td>Procurement</td>
<td>30</td>
<td>30</td>
<td>100%</td>
</tr>
<tr>
<td>Engineering</td>
<td>20</td>
<td>10</td>
<td>50%</td>
</tr>
<tr>
<td>User departments</td>
<td>25</td>
<td>20</td>
<td>80%</td>
</tr>
<tr>
<td>Critical suppliers</td>
<td>15</td>
<td>15</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>190</strong></td>
<td><strong>159</strong></td>
<td><strong>83.7%</strong></td>
</tr>
</tbody>
</table>
For the purposes of this research all Delta respondents will all be referred to as buyers, treating them separately will not bring any additional insights because they work together when dealing with the suppliers. Only the Procurement executive was interviewed. The interview questions were formulated after taking into account the various responses given by the buyers and the suppliers. Below, the findings are reported, discussed, analysed and reinforced with information extracted from company documents and literature review.
4.2 LENGTH OF THE RELATIONSHIP

Figure 4.2 relationship length with delta beverages

Figure 4.2 shows that 30% of the suppliers have a two-year relationship with Delta, 15% have a three-year relationship, and 20% have a four-year relationship and the other 20% having more than five years. The research findings also show that 15% of the suppliers have only one year doing business with Delta. Figure 4.2 show that 45% of the suppliers have a relationship, which is less than two years. This is a fairly large number, which may be pointing out to the fact that the rate of supplier turnover is very high. The rate of supplier turnover in this research means that Delta Beverages is losing a lot of its traditional suppliers as evidenced by the increasing number of new suppliers. The findings also show that there are 55% suppliers who have a relationship of three years and above. The loyalty by these suppliers may be attributed to anticipated business growth due to stabilising political and economic environments. The company’s strategic priorities include building sustaining alliances with business partners.
4.3 ESSENTIALS OF SRM
Chapter two alluded to the importance of essentials of SRM and how they can also act as barriers to the successful implementation of SRM strategies. The impacts of some of the essential elements on SRM are presented below.

4.3.1 TRUST

![Figure 4.3 Supplier Trust](image)

Figure 4.3 Supplier Trust
Figure 4.3 shows that 70% of the suppliers believed that the buyers do not keep their promises, think about the welfare of both, or keep the interests of both sides. Most of the suppliers agreed that buyers were at fault when questions such as buyer’s loyalty, issues regarding payment and credit terms, fairness of negotiations and transparency of the relationship were asked. They also believed that buyers are always looking for new suppliers. Although 20% of them were neutral on the issue of buyers keeping their promises and honouring agreements, it was probably due to the fact that these suppliers fall in the 30% category of two years-and-below relationships as discussed in section 4.3. The two years-and-below relationships may be too short for these suppliers to objectively elect to trust or not to trust Delta Beverages. Only 10% of them believed that Delta Beverages buyers were trustworthy. This could be because of the fact that they have been in a relationship with Delta for many years. There have been specific events were buyers did not honour agreements. Delays in supplier payments is a major concern. The country is undergoing an
economic problem and there are foreign currency shortages resulting in suppliers sourcing for foreign currency in the black market at very high rates. Delays in payments affect the supplier in retaining the value of the money. Each day that goes by is money value lost.

4.3.2 IMPORTANCE OF TRUST

Figure 4.4 Buyer Trust
Figure 4.4 shows 70% of the buyers believe that suppliers do think about the welfare of both, have assurance of benefiting from the relationship, honour the agreements, have a positive attitude, are loyal and according to them the negotiations are fair, hence trust is commonly evident in the relationship. As can be seen figure 4.3, about 70% of the buyers believe suppliers are trustworthy. The reason for this can be possibly because most suppliers are pursuing customer relationship management strategies. Most suppliers correctly defined customer relationship management as it pertains to their business

Pittaway & Morrissey (2005) believe that all the above factors greatly determine the level of trust in a relationship. Both results contradict each other and show lack of trust in most buyer supplier relationships. Trust is one of the primary factors required to start an exchange, based on which the
future relational exchange can be established (Doney & Cannon, 1997). Only on the basis of trust, reputation and the products offered by the supplier, an initial exchange can take place. Honesty is also one of the foremost requirements for any relationship (Kannan & Tan, 2002).

In the context of the market, almost all the suppliers believe the buyers are not honest. The reason could be buyers’ lack of acting upon their words, which is evident from the response of the suppliers. Hence it is very important to act upon one’s words and be honest to gain trust. Although mentioned in the literature, the study reflects that most of the suppliers believe that buyers do not comply with the credit and payment terms and hence the negotiations are not fair. This ultimately reduces the trust levels from the supplier’s side. Thus, to have trust on verbal promises is very important. Suppliers often relax their margins and credit and payment terms in order to work with the bigger customers.
4.3.3 COMMITMENT AS AN SRM ESSENTIAL

Figure 4.5 Buyer-Supplier Commitments

Figure 4.5 show that 70% of suppliers are in a committed relationship with Delta Beverages, while only 30% of the buyers showed that they are committed to the relationship with their suppliers. Geyskens (1996) found out that if the buyer is faithful to a supplier, the commitment from that supplier increases and vice versa. Findings suggest that majority of the suppliers believe that buyers are in constant search for other suppliers.

The high levels of commitment could be attributed to the fact that suppliers do not want to lose their customers and try to retain them. The reason for this could be because the buyers can easily find alternative suppliers. The other reason could be because of the level of dependence of the buyer on the supplier. Where supplier is powerful than the buyer, the buyer will be more committed to the relationship. For example in transactions involving Delta beverages and BOC, Delta will be more committed than BOC if they want to be supplied with gases. BOC is the local sole suppliers for nitrogen, acetylene and carbon dioxide gases.
4.3.4 COMPETITIVENESS AND SRM

Figure 4.6 SRM contributes to company competitiveness

Figure 4.6 shows below that 45% of the buyers and 40% of the suppliers believe that a relationship based on trust can result in both parties making financial gains from their transactions. All seem to believe that relationships will reduce costs as business becomes more predictable. The suppliers seemed to prefer offering trade discounts and longer payment periods to a customer they have a long history of trading with.

Supplier relationships are critical to any organisation. Suppliers can directly impact the financial performance and competitiveness of a buying enterprise, as they influence product development costs, inventory levels, manufacturing schedules and the timeliness of delivery of goods and services. Many leading companies have realised that it is worthwhile investing to make sure these relationships are managed effectively and efficiently. On the other hand Delta Beverages will become competitive as a result of reduced cost of production due to huge trade discounts, reduced stock outs and better payment terms.

Supplier Relationship Management has helped Toyota executives, buyers and procurement personnel’s to cultivate meaningful supplier relationships. Their focus is on the relationships and
manage their supplier base. They have earned suppliers trust with honest communication. Listening to suppliers concerns is key to them and involving suppliers in their processes makes them feel as vested partner in their business (toyotauk.com) as accessed on 29.03.19. They let the supplier feel that he/she belongs to the business so that they keep supporting with quality suppliers and in time at the right price. This has helped Toyota meet production targets at a low cost and reduce stock outs.

4.3.5 COMMUNICATION AS AN SRM ESSENTIAL

![Bar chart showing buyer to supplier information exchange](image)

**Figure 4.7 Buyer to Supplier information exchange.**

High information exchange related to planning, products, production and logistics which forms an important part of buyer-supplier relationship success. Figure 4.7 show that 75% of suppliers denied the existence of a well-established information-sharing programme between themselves and Delta Beverages. This could be attributed to lack of formal meetings with Delta to discuss issues of mutual interest. Figure 4.8 show that 85% of the buyers believe that there was high information exchange with the suppliers. This could be because most suppliers are very quick to communicate about their new offerings through
This can also be attributed to lack of trust as discussed paragraph 4.3.1. Suppliers believe buyers are always looking for new suppliers, which can explain the reason why the buyers are not keen to share information. Suppliers also indicated that, apart from transaction specific meetings, they however acknowledge that from time to time buyers give suggestions on product development. According to Nielson (1998), in order to attract buyer involvement in their activities, suppliers can allocate their personnel at the buyer’s factory and build up personal relations with them. Building personal relations will always lead to a better sharing of information and hence a closer relationship.

![Figure 4.8 Supplier to Buyer information exchange](image)

**Figure 4.8 Supplier to Buyer information exchange**

As has been alluded to in chapter two, communication is very important in building and sustaining a strong relationship between Delta Beverages and its suppliers. When information is communicated freely and transparently, this will build trust between the parties, which is one of the fundamental elements of SRM.
4.4 BUYER-SUPPLIER COOPERATION

Figure 4.9 Supplier Cooperation

Figure 4.9 shows that 75% of the suppliers showed unwillingness to cooperate with the buyers. As has been alluded to in paragraph 4.3.1, high lack of trust diminishes cooperation levels from the suppliers’ side. Delay in payments has been cited as the major cause for suppliers’ low cooperation with the buyers. This is however in sharp contrast with paragraph 4.3.2 which looks at supplier commitment. It revealed that suppliers are highly committed to the relationships with Delta Beverages. The reason for this could be that suppliers remain committed with the hope that the buyers will also be more committed to the relationship. However, low cooperation may be a strategy by the suppliers to compel Delta Beverages to treat them in a manner they deem to be fair for example the buyer should help to expedite the processing of payments.

Cooperation between the exchange parties reflects the expectations of working together to achieve mutual and individual goals jointly (Cannon & Perreault 1999). The cooperative inter-business relationship is primarily based upon personal trust between business parties. Most businessmen say that the most reliable sources of information come from close relationships within and among business organizations. Without close relationships, the suppliers or buyers are not willing to share information, and have less intention to cooperate.
Figure 4.10 Buyer Cooperation

On the other hand, figure 4.10 shows that 60% of the buyers cooperate in the relationship. The possible reason for this is probably because some of the suppliers are powerful as a result of the uniqueness of the products they supply. Companies such as BOC, CMB, MEGA Pak, and many others (this is also discussed in section 4.9) belong to the category of powerful suppliers. Where the supplier is more powerful, the buyer is bound to follow the terms as dictated by the supplier. It is also important to note that powerful suppliers offer products with no close substitutes.

The above discussion is also in line with Pittaway and Morrissey (2005), who suggests that cooperation is highly affected in relationships where one party has a higher power to influence and negotiate. In a state where the buyer has a higher dominance he might force the supplier to work on his terms with respect to quality requirements, delivery period, and margins. Hence in such circumstances the cooperation is bound to be low from the suppliers. Another finding, which supports the low cooperation level from the suppliers, is disagreement on buyers showing a concern for their profitability. This is because the buyers bargain for huge discounts that leave the suppliers with very small profit margins.

Anderson & Narus (1990) found a close relation between cooperation and trust. A series of meetings held at regular intervals can also strengthen the cooperation. Anderson & Narus (1990) also say the existence of a repetitious process of cooperation leads to trust, followed by trust, leading to cooperation. Hence, as discussed in section 4.3.1, the lack of trust leads to a lower
cooperation from the suppliers’ side. Increased efforts from both parties to strengthen the trust between the parties should result in higher cooperation.

4.5 CONFLICT IN SRM

![Source of Conflict supplier point of view](image)

**Figure 4.11 Source of Conflict supplier point of view**

Figure 4.11 shows that 40% of the suppliers are not happy with the way Delta Beverages handle payment issues. They have highlighted that Delta Beverages unilaterally take longer periods to effect payments for the products/materials delivered to them. They have also complained that some suppliers seemed to be preferred when payments are made, as they have the privilege of not joining the waiting queue.

Buyer-supplier conflict can also be characterized by the impact it has on the alliance. Not all conflict affects the alliance in the same manner. Issue-specific conflict has very little effect on the alliance, while systemic and environmental conflict can have major impacts. This effect is measured by the degree of disruption to the alliance’s operational ability in the short run and its survival in the long run (Alewine, 2007).
Figure 4.12 Source of conflict buyer point of view

On the other hand, 30% of the buyers believe that conflict is mainly caused by the suppliers’ persistent demands for shorter payment settlement periods (figure 4.12). This aspect was also noted in paragraph 4.3 as a source of mistrust between the buyer and the supplier. Buyers seemed to be frustrated by suppliers who make payment demands soon after order confirmation. Most suppliers seem to be asking for prepayments citing currencies instability. Buyers on the other hand prefer paying after delivery to reduce risks of non-deliveries. Figure 4.12 shows the causes of conflict from the point of view of the buyer.

“Zimbabwe’s economy has become a public discourse. At the heart of the economic crisis is an unstable political environment. There is lack of confidence in the market, driven by high currency exchange rates, consumers resorting to hoarding and business viability has remained low” retrieved from (Newsday 8Feb 2019).

Suppliers find it difficult to find foreign money because local banks don’t have access to it, and there are forced to end up buying cash in the streets (on the black market) at a rate. This is pushing suppliers to ask for prepayments before they supply Delta s as to retain the value of their money.
4.6 BUYER-SUPPLIER DEPENDENCE

Figure 4.13 Buyer-Supplier dependence

Figure 4.13 shows that 45% of the suppliers and 45% of the buyers seemed to be in agreement that dependence is equally balanced. Suppliers seemed not keen to lose their customers as it is costly to identify new customers. Also, Delta Beverages is particularly important to the suppliers because of its size in the market. A lot of supplier’s would like to be associated with Delta. Buyers also felt that switching from one supplier to another is very costly because trading terms take long to negotiate. Also, they felt that it might take long for the new supplier to fully appreciate the demands of the buyer such as quality and prompt deliveries. Brown (1995), defines channel power as the ability of one channel member to control the decision variable in the marketing strategy of another member at a different level of distribution.
According to figure 4.14, 50% of the suppliers believe that they have an arm’s length relationship with Delta Beverages. This has been largely because Delta Beverages shows very little concern about the welfare of the suppliers, especially when it comes to payments.

Arms length transactions are characterized by a minimal amount of interaction between the buyer and supplier. These transactions are generally rights based agreements, which are strictly governed by a document setting forth the rights of all the parties (Macaraeg 2018 available at www.fitsmallbusiness.com) accessed on 06.04.19. Occasionally, one party has more power than the other and is in a position to dictate the terms of the agreement.
Figure 4.15 SRM type according to buyers

Figure 4.15 shows that 60% of the buyers believed the SRM strategy the company is pursuing with its suppliers is partnering. However in answering the question relating to whether the strategy is formally written most buyers showed ignorance of the existence of such strategy. This is despite that the SRM concept is encapsulated in the mission statement of the company.

It is quite interesting to note that 50% of suppliers have singled out arm’s length as the relationship that exists between them and Delta Beverages. This is in sharp contrast with Delta buyers’ views about the relationships. Delta buyers singled out Partnering as the existing relationship. The difference can be explained by the experiences of each party to the relationship. Suppliers believe the relationship is arm’s length because they feel Delta is not concerned about their welfare especially regarding payments. Buyers believe the relationship is partnering because of the overwhelming support Delta has been getting from the suppliers during peak seasons.

Partnering arrangement may be defined as a long term and tailored relationship based on trust, honesty, commitment, and transparency, information sharing and mutual objectives (Lyson & Farrington).

4.7 CHAPTER SUMMARY
This chapter reported on the findings of research. It went further to analyse these results and discussed them in relation to the literary works on the various concepts presented in the results. On the basis of the results, discussions and analysis, conclusions will be given in chapter five.
CHAPTER 5

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION
This chapter will draw conclusions from the results and discussions in chapter four. It will address the objectives of this research, which were; to establish how supplier relationship management could contribute to company competitiveness and profitability, to identify barriers to effective SRM implementation and to recommend SRM strategies that Delta Beverages can adopt to be competitive. The chapter is therefore structured into summary of findings, conclusions, recommendations and area for further research.

5.2 SUMMARY OF THE STUDY
The study found out that Delta has a partnering relationship with its major suppliers, despite the fact that suppliers believe its arm’s length. Lack of communication is causing havoc and a lot of mistrust. Suppliers have lost trust in Delta. They do not enjoy the loyalty of their customer as they think Delta is always looking for alternative suppliers to fulfil its needs. The study reveals that suppliers are more committed in this relationship than the buyers. There no mutual commitment in the relationship.

It was established that there is lack of formal meetings between Delta and its major suppliers to discuss issues of mutual interests. This was attributed to lack of trust as suppliers believe buyers are always looking for new suppliers. There was acknowledgement from suppliers that, apart from transaction specific meetings, buyers give suggestions on product development.

Supplier’s payment delays were noted to be the major driver of conflicts in supplier relationship management. Suppliers are operating in very unstable economic conditions and any delay in payments result as a loss to their business.

5.3 CONCLUSIONS
Having addressed the objectives of this study in the foregoing chapters, this chapter presents conclusions and recommendations of this study. Suggestions for future research will also be explained. The following conclusion are therefore made:
1. There is no trust between Delta Beverages and its suppliers as evidenced by the disagreement between both parties on whether trust exist in the relationship. In a relationship based on trust, there are less stringent requirements such as payment ultimatums before deliveries.

2. Commitment is very important for any relationship to succeed. The research findings showed that suppliers were committed to have successful relationships, whereas buyers showed little commitment. The mismatch on the parties’ commitment means there is no commitment at all. Such one-sided commitments give rise to unhealthy buyer-supplier relationships.

3. Information exchange, especially from the buyers to the suppliers is very little. This confirms the reason why there is no trust between the two parties. Lack of information exchange results in lack of transparency, which in turn results in an unhealthy buyer-supplier relationship.

4. A strong buyer-supplier relationship can contribute to significant company profitability and competitiveness. A strong relationship results in low transaction costs, low production cost, and reduced stock outs. There is no evidence in the industry that Delta’s products are the cheapest hence defeating the point of competitiveness.

5. Incidents of conflict are very high as a result of delayed payments and delayed or non-deliveries. There is also no conflict handling mechanism, which enables the parties to resolve areas of conflict in an amicable manner. In many cases the resolution of conflict has depended on the party who has power with respect to the transaction in dispute. Conflict cannot be avoided; however the ability of the parties to deal with cases of conflict saves as a good test of the strength of the relationship.

6. The SRM relationship that exists between Delta and its suppliers is Partnering, this is despite the fact that suppliers believe its arm’s length.

7. There is a strong buyer-supplier dependence between Delta and its suppliers which forms the foundation for a buyer-supplier relationship.

8. The research has revealed the following as barriers to SRM
   - Lack of trust
   - Lack of commitment
   - Lack of information exchange
➢ Lack of a comprehensive conflict handling mechanism.

5.4 RECOMMENDATIONS
Based on the conclusions made, the following recommendations have been put forward.

1. Long-term relationships: The mission statement of Delta Corporation makes it very clear that the company strategic priorities include building sustainable alliances with business partners. The Company values include people as their enduring advantage and working and winning in teams. It is important that all the buyers and the departmental supervisors/managers be educated about Supplier Relationship Management. This can be achieved by carrying out team building exercises where each buyer’s role will be clarified. These exercises may be extended to include supplier representatives so that the suppliers also get to appreciate the importance of the relationship. The inclusion of suppliers will also help to reduce organizational culture gaps between Delta Beverages and its suppliers. Delta needs to establish long term relationships with its suppliers. Contracts can be signed giving assurance to suppliers that Delta is committed in the relationship. Delta can also invest in supplier development programs and maintain long relationships with the developed suppliers. Suppliers should enjoy the partnerships and never view them as arm’s length relationships.

2. Communication: Lack of communication has been highlighted as one of the barriers to SRM. This barrier should be taken care of by holding joint meetings with suppliers for the main purpose of reviewing the performance of the relationship. These meetings should be mandatory and diarised by both parties. These meetings should save to address any issues of concern and also the sharing of important information, which should result in the parties benefiting.

3. Conflict handling mechanism: This should save as follow up on the communication as discussed above. Conflict handling is very important to deal with areas of conflict. This can be achieved by identifying a mediator or arbitrators to whom issues that threaten to destroy the relationship could be referred for resolutions. Possibly, the parties can set-up a joint monitoring committee to handle issues or concerns raised by the parties. Delays in payments which are an attitude problem from creditors should be dealt with in-house. Delta
has the money to pay its suppliers in time. The paying officers should be taken to task and encouraged to do their work.

4. Benchmarking: Delta Beverages should benchmark with SRM models of companies that have succeeded on the concept. Benchmarking is where organisations search for and study organisations that are high performers in particular areas of interest. The process should begin with identifying organisations that have done well in implementing a successful SRM strategy. By studying such an organisation and how the organisation implemented the strategy, the company will be able to copy aspects that will help to successfully implement an SRM strategy.

5. The SRM strategy for Delta Beverages: The Partnering supplier relationship strategy is recommended for Delta Beverages. Partnering arrangement may be defined as a long term and tailored relationship based on trust, honesty, commitment, and transparency, information sharing and mutual objectives (Lyson & Farrington). This strategy must be documented and distributed to all the buyers and departmental supervisors/ managers so that their behaviours towards the suppliers are standardized.

5.5 AREA OF FURTHER RESEARCH
Further research on the impact and supplier relationship management strategies can be carried out on other firms and in different sectors in Zimbabwe. It will be important to undertake a study on the benefits of implementing supplier relationship management strategies with view to capture any significant changes in the businesses operating environment in the country.

5.6 CHAPTER SUMMARY
This chapter has outlined the conclusions and recommendations based on the results of the findings made in chapter four. It also identified areas for further research.
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APPENDIX 1
Survey Questionnaire

BINDURA UNIVERSITY OF SCIENCE EDUCATION

Economics Department

Topic- The Impact of supplier relationship management on business competitiveness in the beverages manufacturing sector: Case of Delta Beverages.

Delta Beverages Personnel

1. What do you understand by the concept of supplier relationship management?
   ...........................................................................................................................................
   ...........................................................................................................................................

2. What Supplier relationship strategy is Delta Beverages pursuing with its Suppliers?
   ...........................................................................................................................................
   ...........................................................................................................................................
   ...........................................................................................................................................

3. Why are you into relationships with suppliers?
   Marketing  Financial  Competitive capabilities  Other
   [ ]  [ ]  [ ]  [ ]
   If other specify.........................................................................................................................

4. Supplier relationship management is a means to breach competitive gaps
   True  False
   [ ]

5. What effect does the relationship have on company costs?
   Positive  Negative  No effect
6. What effect does the relationship have on company competitiveness?

Positive  Negative  No effect

7. How do you rate the importance of your relationships with suppliers?

High  Low  Other

If Other please specify………………………………………………………………………

8. Is there a formalised Supplier relationship management strategy?

Yes  No

If yes please specify aspects of the strategy………………………………………………

………………………………………………………………………………………………………

9. What Kind of relationship exists between Delta and its suppliers?

Partnering  Market Collaboration  Arm’s length  Other

Strategic Collaboration
If Other please specify…………………………………………………………………………………………

…………………………………………………………………………………………………………………

…………………………………………………………………………………………………………………

Notes on the above:

**Partnering:** Partnering arrangement may be defined as a long term and tailored relationship based on trust, honesty, commitment, and transparency, information sharing and mutual objectives (Lyson & Farrington).

Market collaboration: Market collaborations are concerned with tactics such as shared merchandising, co-branding, joint selling and management of distribution channels (www.cips.org) accessed on 04/04/19.

**Strategic collaboration:** Strategic collaborations is a core customer-centric business strategy that aims at winning and keeping profitable customers which may lead to new product development activities (Buttle 2009).

**Arm’s Length:** Arm’s length transactions are characterized by a minimal amount of interaction between the buyer and supplier. These transactions are generally rights based agreements, which are strictly governed by a document setting forth the rights of all the parties.

10. What is the level of your dependence on the supplier?

Low          Medium          Strong

[ ]  [ ]  [ ]

Comment………………………………………………………………………………………………………………

…………………………………………………………………………………………………………………

11. What risks have you encountered with your suppliers?

Underperformance  Sabotage  Mistrust  High dependence  Other

[ ]  [ ]  [ ]  [ ]  [ ]
If other please specify…………………………………………………………………………………………

………………………………………………………………………………………………………………

12. What benefits is Delta Beverages deriving from the relationships? Please state.
………………………………………………………………………………………………………………

………………………………………………………………………………………………………………

13. What challenges is Delta Beverages encountering in the relationship with the suppliers? Please state.
………………………………………………………………………………………………………………

………………………………………………………………………………………………………………

14. How important is the element of trust rated in the relationship?
Low  Medium  Strong

☐  ☐  ☐

15. How often do you hold meetings with your suppliers?

Monthly  Quarterly  Yearly  Other

☐  ☐  ☐
If Other please specify…………………………………………………………………………………………
………………………………………………………………………………………………………………

16. How open is the exchange of sensitive information with suppliers? Please specify.
………………………………………………………………………………………………………………
………………………………………………………………………………………………………………

17. What do you recommend should be done to improve your relationship with suppliers?
………………………………………………………………………………………………………………
………………………………………………………………………………………………………………
APPENDIX 2
Survey Questionnaire

BINDURA UNIVERSITY F SCIENCE EDUCATION
Economics Department
Questionnaire for Delta Beverages Suppliers

Subject- The Impact of supplier relationship management on business competitiveness in the beverages manufacturing sector: Case of Delta Beverages.

1. What do you understand by the concept of Customer relationship management?

2. What type of relationship do you have with Delta Beverages
   Partnering  Market Collaboration  Arm’s length  Other

   Strategic Collaboration

Notes on the above:

Partnering: Partnering arrangement may be defined as a long term and tailored relationship based on trust, honesty, commitment, and transparency, information sharing and mutual objectives (Lyson & Farrington).

Market collaboration: Market collaborations are concerned with tactics such as shared merchandising, co-branding, joint selling and management of distribution channels (www.cips.org) accessed on 04/04/19.
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**Arm’s Length:** Arm’s length transactions are characterized by a minimal amount of interaction between the buyer and supplier. These transactions are generally rights based agreements, which are strictly governed by a document setting forth the rights of all the parties.

If other please specify………………………………………………………………………………
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3. What are your reasons for entering into a relationship with Delta Beverages?…………
……………………………………………………………………………………………………
……………………………………………………………………………………………………
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4. For how long has the relationship been in existence?

<table>
<thead>
<tr>
<th>1year</th>
<th>2years</th>
<th>3years</th>
<th>4years</th>
<th>5years+</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tbody>
</table>

5. What is the level of interdependence with Delta Beverages?

Low     Medium     Strong
6 Are there any benefits deriving from the relationship?
Yes  No

6. (b) If yes, to the above question, list the benefits

........................................................................................................................................
........................................................................................................................................
........................................................................................................................................

7. Does Delta Beverages offer any services beyond the buyer supplier relationship?
Yes  No

8. If yes state what is being offered?

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........................................................................................................................................
........................................................................................................................................

9. What are the potential risks in the relationship with Delta Beverages?
........................................................................................................................................

10. What challenges are you encountering in your relationship with Delta Beverages?
........................................................................................................................................
........................................................................................................................................
........................................................................................................................................

11. What do you recommend should be done to improve your relationship with Delta Beverages?