

BINDURA UNIVERSITY OF SCIENCE EDUCATION



FACULTY OF COMMERCE

DEPARTMENT OF ECONOMICS

**THE EFFECTS OF BUYER-SUPPLIER RELATIONSHIPS ON ORGANIZATIONAL
PERFORMANCE IN THE MANUFACTURING INDUSTRY IN ZIMBABWE - A
CASE STUDY OF FOOD PROCESSING COMPANIES**

BY

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR BACHELOR OF COMMERCE HONORS DEGREE IN
PURCHASING AND SUPPLY - BINDURA UNIVERSITY OF SCIENCE EDUCATION**

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THE EFFECTS OF BUYER-SUPPLIER RELATIONSHIPS ON
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INDUSTRY IN ZIMBABWE- A CASE STUDY OF FOOD PROCESSING
COMPANIES

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DECLARATION FORM

I, Vimbai Grace Michelle Sande declare that this project is an original copy of my own work and has not been published before or submitted to any other institution/university.

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DEDICATION

This dissertation is dedicated to the Almighty for making this possible and giving me the strength to partake in writing this dissertation.

I would also want to dedicate this to every single individual who assisted financially and mostly emotionally in writing this dissertation.

God bless you!

ABSTRACT

The study aimed to determine the effects of buyer- supplier relationships on organizational performance in manufacturing firms in Zimbabwe. In the bid to achieve the objectives of the study, quantitative survey approach was adopted to quantify and explain how close and long-term buyer- supplier relationships affect organizational performance and how organizations are affected when the organization does not establish close and long- term relationships with their suppliers. A sample of 86 questionnaires were collected from employees of the procurement departments of the food processing companies and were used for data analysis. The model that was used to analyze data was the Statistical Package for Social Sciences (SPSS) version 22.0 and the results are presented using pie charts and tables. Tables shown have calculated the Analysis of Variance (ANOVA) and Coefficients of Determination illustrating the relationship between buyer-supplier relationships and organizational performance. The findings of the study were that the types of buyer-supplier relationships have positive and negative effects on organizational performance. The study concluded, that establishing close and long-term buyer-supplier relationships has a positive impact on organizational performance metrics that include profitability, production efficiency, increased market share and many others. The study recommends manufacturing firms in Zimbabwe to establish close and long-term buyer supplier relationships in order to enhance organizational performance.

Key words: buyer-supplier relationships, organizational performance metrics, organizational performance

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CHAPTER ONE

INTRODUCTION

1.1 Introduction

The significance of buyer-supplier relationships in the manufacturing industry has gained widespread recognition, particularly in the face of globalization and heightened competition. To maintain a competitive edge in this dynamic environment, manufacturing firms are continuously seeking ways to enhance the performance of their products, quality standards, and responsiveness to customer demands. In this context, buyer-supplier relationships have emerged as a critical factor influencing organizational performance. In this chapter I am going to explain the background of the study, the problem statement, objectives, research questions, significance of the study, state the delimitations and limitations of conducting this research, define the key terms, outline the structure of the dissertation and give a summary at the end of this chapter.

1.2 Background to the study

1.2.1 Evolution of Buyer- Supplier Relationships

Buyer- supplier relationships can be defined as the interaction between companies who purchase goods or services and the companies who provides those goods or services. The evolution of buyer-supplier relationships can be traced back to the Industrial Revolution, when the first modern corporations were established. Companies typically operated as vertical organizations, with little interaction between buyers and suppliers. This began to change in the 1950s and 1960s, as companies began to adopt a more horizontal structure, with greater interaction between different departments. In the 1980s and 1990s, the relationship between

buyers and suppliers became even more collaborative, as companies began to recognize the value of long-term relationships. The evolution of buyer-supplier relationships continued into the 21st century, with the emergence of new technologies and new ways of doing business. For example, the rise of e-commerce has allowed for more direct communication between buyers and suppliers, and has made it easier to track inventory and manage supply chains. Additionally, the rise of social media has given buyers and suppliers a platform to share information and to build relationships. This has led to a more collaborative, open, and transparent relationship between buyers and suppliers (Munyimi, 2020)

(Chen and Kitsi, 2022) agree that buyer-supplier relationships will become even more strategic in the future. Companies will seek to collaborate with their suppliers to create a shared vision and to achieve shared goals. Additionally, companies will seek to create more flexible and adaptable supply chains, which can respond quickly to changes in the market. . The use of technology will be a key part of this evolution, as companies seek to take advantage of new tools and techniques to optimize their operations. Also, market changes will play a significant role in shaping buyer-supplier relationships in the future. The rise of new technologies, such as artificial intelligence and robotics, will lead to changes in the way companies operate and the products they offer. This will in turn impact the way in which they interact with their suppliers. Furthermore, changes in the economy and global trade will also have an impact on buyer-supplier relationships. For example, tariffs and trade wars can have a significant impact on the way companies do business. In the future, it's likely that buyer-supplier relationships will become even more important, as companies seek to create strategic partnerships that can help them to achieve their goals. These relationships will become an integral part of companies' business strategies, as they seek to create value through collaboration and innovation. This will require companies to invest more time and resources into developing and nurturing these relationships.

Globally, the food processing industry relies heavily on strong buyer-supplier relationships. Food processing companies often have complex supply chains, with multiple tiers of suppliers. These relationships are vital to ensuring a consistent supply of raw materials and ingredients, as well as to maintaining quality and food safety standards. In recent years, there has been an increasing emphasis on transparency and traceability in the supply chain, as well as a focus on sustainability and ethical sourcing. This has put a greater focus on relationships between buyers and suppliers. For example, Nestlé has a network of more than 500,000 suppliers worldwide, and has implemented a supplier code of conduct to ensure high standards

throughout its supply chain. Mars, Inc. has a supplier code of conduct that focuses on human rights, labour practices, the environment, and ethical business conduct. PepsiCo's supplier code of conduct includes responsible sourcing, environmental sustainability, and human rights.

Moving on, the West African manufacturing sector is relatively small, but is growing rapidly. It is a home of a number of natural resources including oil, gas and minerals. This has attracted foreign investment which has helped to drive growth in the manufacturing sector. Due to the early stages of development the challenges faced include inadequate infrastructure, unstable political environment

1.2.2 Food processing companies in Zimbabwe

The history of the food processing industry in Zimbabwe dates back to the colonial era, when large-scale commercial farming and agricultural processing started to develop. One of the earliest examples of a food processing company was the Zimbabwe Sugar Refineries, which was established in 1924. After independence in 1980, the industry saw significant growth, with the government encouraging the development of the sector. In the 1990s, the industry saw further growth with the liberalization of the economy and the opening up of the market to foreign investment. It has been one of the fastest growing sector, with the total value of production increasing from US\$2.4 billion in 2016 to US\$4.8 billion in 2021. In Zimbabwe, the food processing industry is relatively small, but there are still some examples of strong buyer-supplier relationships. For example, Tongaat Hulett Sugar has a supplier code of conduct that focuses on environmental sustainability, health and safety, and ethical business practices. Additionally, Delta Corporation has a supplier code of conduct that includes ethical business practices and human rights. National Foods Limited is another good example of a food processing company with strong relationships with its suppliers. The company has a supplier code of conduct that covers areas such as health and safety, environmental sustainability, fair labour practices, and ethical business practices. National Foods Limited also works with its suppliers to develop long-term relationships and to support local communities. For example, the company has a program called the Farmer Development Program, which helps smallholder farmers improve their farming practices and increase their yields. One of the key benefits of National Foods Limited's approach to supplier relationships is the ability to ensure a consistent supply of raw materials. For example, the company has a long-term contract with Tongaat Hulett Sugar, which ensures a consistent supply of sugar for its products. This allows National

Foods Limited to better plan its production and to ensure a consistent supply of its products to customers. Additionally, the company's approach to supplier relationships has helped to build trust and loyalty among its suppliers.

1.2 Statement of the problem

For the past two decades, one of the biggest challenges is the power imbalance between buyers and suppliers. The buyers, who are often large manufacturing firms, often have more bargaining power than the suppliers, who are often smallholder farmers or SMEs. This power imbalance has led to unfair trading practices such as late payments, price discrimination, and contract cancellation which has led to the lack of trust between buyers and suppliers. This is often due to a history of non-payment and late payments. As a result, suppliers are often reluctant to invest in new technologies or to take on new contracts. The lack of trust has also led to an adversarial relationship, where buyers and suppliers are not working together to achieve common goals. This has had a negative impact on the industry as a whole, hence has limited innovation and productivity.

1.3 Objectives

This study aims to achieve the following objectives:

- i. To determine the effects of types of buyer-supplier relationships on organizational performance in food processing companies in Zimbabwe.
- ii. To recommend the suitable type of buyer-supplier relationship food processing companies should adapt in order to achieve organizational goals

1.4 Research questions

- i. What are the effects of buyer-supplier relationship types on organizational performance in food processing companies in Zimbabwe?

- ii. What is the recommended type of buyer- supplier relationship suitable for the food processing companies in order to achieve organizational goals?

1.6 Significance of the study

- i. The study will assist manufacturing firms in Zimbabwe to deduce the impact of buyer-supplier relationship on organizational performance
- ii. It will also assist non-manufacturing firms to be aware of the impacts of buyer-supplier relationship on organizational performance and have a clearer view of why it is important to establish and manage these relationship
- iii. The findings of this research will also assist another researcher to reference in order to achieve the objectives of their research

1.7 Assumptions

This study was carried out under the following assumptions:

- i. That the researcher will observe all ethical considerations throughout the course of this study.
- ii. That the participants will respond within a reasonable time period to allow the study to be carried out as scheduled.
- iii. That the participants will supply the researcher with true and accurate information.
- iv. That the selected sample will be a true representative of the population under study.

1.8 Scope of study

The study mostly focuses on the effects of buyer-supplier relationship in organizations in Zimbabwe where it investigated the effects of buyer-supplier relationships in the manufacturing industry. The study focused on a food processing manufacturing firm since it is considered to be one of the key areas that contribute greatly to the development of the economy of Zimbabwe and beneficial to the society at large.

1.9 Delimitations

The study only indicates a problem in small group of the sector which is the manufacturing sector which means that little attention is given to non-manufacturing firms. Solutions that assist the manufacturing sector might not be the exact solutions that will assist non-manufacturing firms which means these firms may benefit little or no information from the study.

1.10 Limitations

During the process of carrying out this study, the researcher faced these challenges:

To begin with, the researcher had challenges in collecting data in person because some companies still have the perspective that they still need to protect themselves from the covid virus. Also, some respondents were unwilling to answer some questions because they regarded the information to be very much confidential. In order to address the problem, the researcher has used emails to send questionnaires to case study organization and she encouraged the respondents to answer the questions as he assured them that the findings of the study will be treated with strictest confidentiality and the study is carried out for academic purposes only. This corroborates with (Walliman 2011) who opines that in the process of carrying out a research study, the researcher should clearly explain the purpose of the study to participants and how confidentiality the information will be maintained.

Also, the researcher had the challenge of financial resources and time limitations to carry out this study. To address the challenges, questionnaires were used to collect data from respondents

as they are cost effective (Hair et al., 2003). The researcher also distributed questionnaires to respondents using emails. Questionnaires were also returned to the researcher through emails. This agrees with (Sekeran 2003) who put forward that e-mails are used to distribute and receive completed questionnaires because they are cheap, almost instant, and have extra benefit of guaranteed delivery subject only to the correctness of the e-mail address.

1.11 Definition of terms

Buyer-supplier relationship -refer to the commercial transaction between organizations for the purchase and supply of goods and services

Organizational Performance- comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives) (Richard et al 2009)

Supply Chain Management- is the management of upstream and downstream value-added flows of materials, final goods, and related information among suppliers, company, resellers, and final consumers.

Manufacturing organization-The manufacturing sector, as defined by the U.S government, “comprises establishments engaged in the mechanical, physical, or chemical transformation of materials, substances, or components into new products, as well as those engaged in assembling of component parts of manufactured products for purposes other than construction.

1.12 Structure of the dissertation

The structure of this dissertation is split into five chapters and it is organized in this manner:

Chapter 1: Introduction: This chapter is the introduction to this research study and serves as a guide. It provides background information, statement of the problem, objectives of the study, research questions, significance of the study, assumptions, scope of the study, delimitations of the study, limitations, definition of terms, and lastly the chapter summary.

Chapter 2: Literature review: This chapter reviews literature on buyer-supplier relationships by exploring the impact of buyer-supplier relationship on organizational performance in firms in Zimbabwe. The chapter reviews the gap from previous researches on buyer-supplier relationship on organizational performance and thus gives direction to this research study.

Chapter 3: Research Methodology: The purpose of this chapter is to discuss the research methodology used in this study to collect data regarding this study. It covers aspects such as research design, sampling procedures, research instruments, data analysis and presentation procedures.

Chapter 4: Data presentation, analysis and discussion: This chapter presents data in the form of tables for information gathered through questionnaires. The researcher will discuss the information immediately below the tables. Qualitative data from interviews will be reported in narrative episode.

Chapter 5: Summary, conclusions, and recommendations: This chapter ends off the study with summary, conclusions and recommendations.

1.13 Summary

To sum up, this chapter has given an inside of what the study will review. The study will confirm how manufacturing companies in Zimbabwe have embraced the concept of buyer - supplier relationships. The research will also look into the challenges facing buyer - supplier relationships among large manufacturing firms in Zimbabwe among many other variables of this study. The next chapter is the Literature review that will explain the study in detail.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews literature related to the study and will be explained in sections which are the introduction, theories underpinning the study, theoretical framework empirical evidence, research gap analysis, conceptual framework and chapter summary.

2.2 Types of buyer-supplier relationships

2.2.1 Collaborative relationships

These are beyond simple transactions and involve working together to achieve a common goal. The following are the elements available in this type of relationship:

Commitment

Commitment is the belief that trading partners are willing to devote energy to sustaining the relationship . It is the desire to continue the relationship and to work to ensure its continuance. Commitment assumes that the relationship will bring future value or benefits to the partners. There is little doubt that commitment is a critical variable in measuring the future of a relationship.

Trust

Trust plays a crucial role in fostering successful buyer-supplier relationships(Inayat et al, 2012). It is a multi-dimensional construct that encompasses reliability, fairness and goodwill.

These three components work in tandem to create a foundation for mutually beneficial partnerships. Reliability refers to the consistency and dependability of a partner's actions. (Mugarura, 2010) urged that buyers need to be confident that their suppliers will consistently deliver high-quality products or services on time and within budget. Suppliers, in turn, rely on buyers to provide accurate forecasts and timely payments. Fairness involves treating each other with respect and equity. This includes being honest and transparent in communication, upholding agreements, and avoiding opportunistic behavior. Goodwill signifies a genuine interest in the well-being of the other party. It goes beyond mere transactional concerns and reflects a willingness to support each other's success. (Manoj et al., 2012) suggests that goodwill fosters a spirit of collaboration and encourages partners to share knowledge and resources. Building trust takes time and effort. It requires consistent demonstrations of reliability, fairness, and goodwill.

Cooperation

Cooperation is another crucial aspect of successful buyer-supplier relationships. It encompasses coordinated actions taken by firms in interdependent relationships to achieve common goals or objectives. Unlike coercive interactions, cooperation emphasizes a proactive approach where both parties willingly engage in collaborative activities to achieve mutually beneficial outcomes. The essence of cooperation lies in the interplay between cooperation and commitment, giving rise to cooperative behavior. This behavior manifests in various ways, such as joint problem-solving, knowledge sharing, resource sharing and alignment of goals, risk mitigation cooperative behavior, enhance innovation improved product quality and reduced costs. In essence, cooperation is the lifeblood of successful buyer-supplier relationships.

Communication

Communication is one of the essential components in the buyer-supplier relationship and may be related to product price, contractual agreements, technical specifications, organizational

strategy and market related know-how. Communication can only be effective if both parties understand the requirement of each other and in the same level of thinking & understanding. The relationship literature identifies three aspects of communication behavior that are important to successful relationships: communication quality, extent of information sharing between partners and participation in planning and goal setting. (Simatupang and Sridharan, 2002) defined information sharing as the access to private data between business partners thus enabling them to monitor the progress of products and orders as they pass through various processes in the supply chain.

Mutual goals

Mutual goals refers to the degree partners share goals that can only be accomplished through joint action and the maintenance of the relationship. These mutual goals provide a strong reason for relationship continuance. (Wilson, Soni and O'Keefe 1994) suggest that mutual goals influence performance satisfaction which in turn influences the level of commitment to the relationship. Individual goals create norms of competitive behavior whereas, relational exchange norms are based on the expectation of mutuality of interest, essentially prescribing stewardship behavior, and are designed to enhance the wellbeing of the relationship as a whole. Most likely, mutual goals encourage both mutuality of interest and stewardship behavior that will lead to achieving the mutual goals. It is easier to measure the degree to which the partners share the same goals than it is to measure values and norms.

2.2.2 Transactional relationships

These are based on a simple exchange of goods or services with no deeper connection or commitment and are mostly characterized by lack of trust, communication and mutual understanding. Usually companies tend to create these kind of relationships when there have a large supplier base or the supplier may be reactive one rather than a pro-active.

2.2.3 Strategic Alliance

Moving on, this type of buyer-supplier relationship is more like collaborative but these are more formal and involve a long- term commitment for instance both the supplier and buyer might agree to share resources, develop new products or work together on marketing campaigns. In a strategic alliance, both parties are committed to achieving shared goals and there's often a written agreement outlining the terms of the alliance.

2.3 Theories underpinning the study

The two theories that will assist in explaining the study are the Transaction Cost Economics theory, the Resource-based theory and the Institutional Theory which will be elaborated in detail below.

2.3.1 Transaction Cost Economics (TCE) Theory

Ronald Coase proposed this theory in 1937. The theory is built on the premise that optimal buyer-supplier relationship is one based on the lowest possible total cost, where internal operations costs are balanced with the costs of purchasing, planning, adapting and monitoring externally transacted operations (Williamson, 2010). Three dimensions of transaction relations, namely: transaction-specific investments, uncertainty and frequency. TCE perspective to buyer supplier relationship governance was particularly useful in connection to efficiency, flexibility and overall performance issues. The main critique of this theory is the need to shift from a narrow cost perspective to a wider transaction benefits-based analysis and also a question of actors being only opportunistic (Mateyz and Maja, 2013).

Therefore the (TCE) theory is significant to the study since a thin line will be indicated of the importance of buyer-supplier relationships on the performance of an organization since one of the major goal of an organization is to reduce costs as possible in order to achieve profitability. Since this theory is directed on lowest cost it will be a clear indicator of what this research is all about and support the notion 'the effects of buyer-supplier relationships on organizational performance.

2.3.2 Resource-Based Theory

Moving on, the resource-based theory is another theory in economics that was suggested by a number of economists. This theory analyses long-term relationships with a group of key suppliers on the basis of a win-win philosophy, which can result in a long lasting competitive advantage than provided by a system of competitive bidding (Harrison and St. John, 1996). This theory established unique organizational resources as the bedrock of organizational competitiveness. According to (Ni, 2006) viewing relationships as resources satisfies all four resource criteria in the resource-based perspective, namely (Barney, 1991): value; rareness; uniqueness (inimitability); and non-substitutability. Capabilities cannot be bought; rather, they must be built; with internal capabilities and combined with external partnerships (Su et al., 2009).

Therefore, this theory supports the significance of buyer-supplier relationships on organizational performance since it will gain competitive advantage among its market competitors since innovation is derived from creating long-term relationships with suppliers.

2.3.3 Institutional theory

The institutional theory is an essential theory to the understanding of organisational behaviour. It was developed by Oliver Williamson in 1975. The institutional theory has been helpful to understand how organisations respond to ever-increasing pressures for the better management of both the internal and external environment in which they function in. Business organisations do not operate in a vacuum (Berthod, 2017). (Chandler and Hwang, 2015) suggest that the institutional theory provides a clarification of how organisations respond to outside pressures in ways that promote standardisation across industries. The theory highlights the influence of the external environment on organisations, including the improvement of an organisation's formal structure, practices, systems and procedures put into action. In order to be regarded as lawful, organisations implement numerous practices, systems, as well as policies and social norms that have developed and become institutionalised in the external environment.

Therefore this, suggests that organizations should be aware of external factors in the business environment in order to maintain good organizational performance and ensure that the

organization moves with time. In this case organizations have to respond to the changes that happen between buyer-supplier relationships over the period.

2.4 Empirical Framework

The Industrial Marketing and Purchasing Group (IMP Group), using an ethnographic methodology, developed an “interaction approach” which is described in their relationship model. They interviewed 878 buyers and sellers from 318 firms within France, Italy, Western Germany, Sweden and the United Kingdom. They concluded that a model based upon buyer-seller cooperation rather than the traditional buyer-seller as adversaries was a more real representation of the data that they collected. The IMP Group model provides a rich view of buyer-supplier relationships which they have continued to sharpen and develop (Wilson and Clemens, 1995).

Inayat, Rakesh, and Amar, (2012) did a study on role of buyer-supplier relationship and trust in organizational performance. A survey of 54 Indian manufacturing companies was carried out. The findings were that face to face communication and fair treatment of supplier by buyer is positively related to development of trust. Development of trust has a positive influence on readiness of supplier to invest in the specific requirements of buyer, strong relationship between buyer and supplier positively affects supplier performance, and supplier performance is positively related to the organizational performance.

Hassan et al, (2014) did a study on role of buyer-supplier relationship on buying firm's performance in chemical sector of Pakistan and concluded that information sharing and being friends with firm's suppliers' leads to better organizational performance.

Kemunto and Ngugi ,(2014) carried out a study on influence of strategic buyer supplier alliance on procurement performance in private manufacturing organizations a case of Glaxo Smithkline. The conclusion of this study was that improvement of governance structure, technology, top management support and procurement policy and legal framework leads to better procurement performance. These findings echoed findings by (Eyaa and Oluka 2011) who found out that procurement performance of pharmaceuticals in many developing nations is greatly influenced by the same variables.

Mugarura,(2010) examined the relationship between buyer-supplier collaboration and relationship continuity of private manufacturing firms in Kampala. A quantitative cross-sectional survey was conducted using a sample of 260 private manufacturing firms from a population of 877. The results indicated a significant positive relationship between buyer-supplier collaboration and relationship continuity. The researcher also concluded that adaptation, trust and commitment are significant predictors of relationship continuity and collaboration also positively predicts adaptation, trust and commitment. The study failed to comment on whether business continuity which is derived from buyer-supplier collaboration has an impact on overall organizational performance.

Kamau, (2013) did research on buyer-supplier relationship and organizational performance among large manufacturing organizations in Nairobi-Kenya. Five variables which result to successful buyer-supplier relationships were identified and they include: trust, communication, commitment, cooperation and mutual goals. The study concluded that most large manufacturing companies in Kenya have been embracing buyer-supplier relationships for more than ten years. Buyer-supplier relationships have assisted the large manufacturing companies to enhance the performance of their organizations. The study failed to check the collaborative type of buyer-supplier relationships specifically. As has also been noted, 'For many of the world's most successful corporations, the very things that made them great were neither developed nor owned in-house. They have been achieved through collaborative relationships' (Spekman and Caraway, 2006).

Musonza,(2009) examined the relationship of buyers and suppliers and its impact on organizational performance among tobacco companies in Zimbabwe and the main objectives that were established that gave an insight of the importance of buyer-supplier relationships and concluded that the need to establish effective strategies is required to ensure the success of buyer supplier relationships.

2.5 Research Gap Analysis

Mugarura, (2010) did a research on the topic “Buyer supplier collaboration and relationship continuity of private manufacturing firms in Kampala”. The study concluded that good buyer-

supplier relationship has positive impact on relationship continuity. However the study failed to mention the impact of relationship continuity on organizational performance.

Inayat, Rakes and Amar, (2012) examined the same area with the topic “Role of buyer-supplier relationship and trust in organizational performance”. The researched showed that good buyer-supplier relationship leads to high levels of trust which in turn has a positive impact on supplier’s organizational performance. However it did not highlight the essence of these relationships on buyer’s organizational performance.

Kamau, (2013) also did a study in the same area “Buyer-supplier relationship and firm’s performance among large manufacturing firms in Nairobi-Kenya”. The study indicated the positive impact of these relationships on organizational performance. Lack specific focus on a particular line of trade of manufacturing firms for instance food manufacturing or pharmaceutical manufacturing firms in Kenya to show a distinct impact in those particular industries

Hassan, Habib and Khalid, (2014) studied “Role of buyer-supplier relationship on buying firm’s performance in chemical sector of Pakistan”. The research concluded that good buyer-supplier relationship led to better organizational performance. However data collected was not representative, only six companies filled questionnaires out of a total of thirty

Kemunto and Ngugi, (2014) investigated on the topic “Influence of strategic buyer-supplier alliance on procurement performance a case of Glaxo SmithKline (GSK)” and concluded that buyer-supplier alliance has positive impact on procurement performance at GSK. However it did not illustrate on the impact of buyer-supplier alliance on overall organizational performance.

2.6 Conceptual Framework

In this study, a conceptual framework was developed to indicate the relationship between the independent variable and dependent variable. (Charlesworth, 2022) defines conceptual framework as is likened to a roadmap that helps in visualizing the research and clearly identifying the variables of the study. Therefore, in this study, the dependent variable is

organizational performance and the independent variable is buyer-supplier relationship. The construct and relationship between the independent and dependent variables are illustrated on figure below;

INDEPENDENT VARIABLE

DEPENDENT VARIABLE

(BUYER-SUPPLIER RELATIONSHIP)

(ORGANIZATIONAL PERFORMANCE)

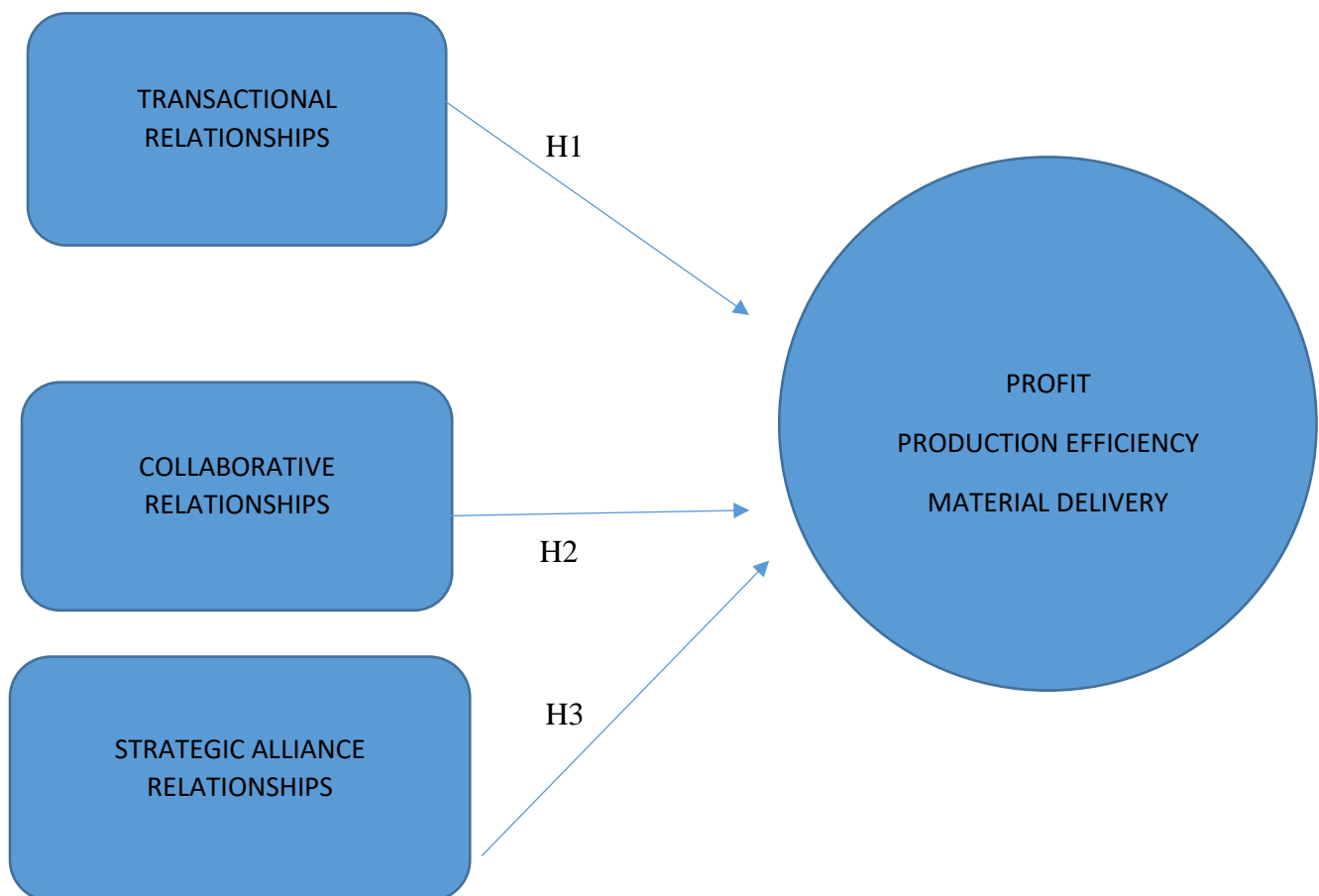


Figure 1- Conceptual Framework

2.7 Chapter Summary

The literature review confirms that vast researches among many more other have been done on buyer-supplier relationships but little on the effect of these relationships on organizational performance. There is even more limited research carried out on the same within the food processing manufacturing industry. This study therefore seeks to bridge this knowledge gap by studying buyer-supplier relationships and organizational performance among manufacturing firms in Zimbabwe majoring on the food industry which is a critical part of the society and country at large.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research methodology that was applied in conducting the study. It discusses the research design, research paradigm/philosophy, research approach, sample size, sampling methods, data sources, data collection method, data collection procedure, estimation procedure/ model used, data analysis and presentation, validity and reliability, ethical considerations and lastly the chapter summary.

3.1.1 Research paradigm/philosophy

This research study followed a pragmatic paradigm. The pragmatic paradigm was used because it granted the researcher the freedom to use both quantitative and qualitative research methods to gain meaningful, realistic insights into disaster risk reduction as it occurs in the real world (Creswell, 2014). The mixed methods approach enabled the researcher to choose an appropriate method to answer specific research questions than to align with a specific paradigm (Ritchie, Lewis, Nicholls and Ormston 2014). The mixed method approach enabled the researcher to answer a wide range of research questions because the researcher was not confined to a single approach as used by (Kamau 2013) while conducting the research on buyer- supplier relationship on organizational performance.

3.1.2 Research design

The study involved a descriptive research design of cross sectional type. (Akkermans, 2009) asserts that a survey is a means of collecting information about a large group of elements referred to as a population. A survey has three characteristics: to produce quantitative descriptions of some aspects of the study population in which case it is concerned either with relationships between variables, or with projecting findings descriptively to a predefined

population; data collection is done by asking people structured and predefined questions and data is collected from a fraction of the target population

3.2 Research approach

The study falls under inductive and deductive research approach. This enabled the researcher to use both qualitative and quantitative analysis, the use of quantitative survey approach enabled the researcher to quantify and explain the different types of buyer supplier relationships as well as to measure their impact on performance of firms in the manufacturing sector of Zimbabwe. Also, quantitative survey approach was used because it enables the study to accommodate a large sample size, use statistical analysis and tap into factors and relationships not directly measurable (Hair et al, 2003).

3.3 Target Population

The population of interest in this study consisted of large manufacturing companies that are in the food processing sector in Zimbabwe giving an insight into 20 food processing firms with an anticipated target population of about 100 procurement department employees. The main reason for this choice is that these firms are more likely to exhibit an elaborate SCM philosophy and make use of supplier - buyer relationships.

3.3.1 Sample size determination

The sample size of this study was derived using the (Krejcie and Morgan, 1970) model. The model simplified the sample size decision by providing a table that researchers use to determine a sample size when all the factors are taken into account. Therefore, the sample size in this study is 80 and is illustrated by the diagram below:

<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	100000	384

Note.—*N* is population size. *S* is sample size.

Source: Krejcie & Morgan, 1970

Figure 2- Sample Size Determination Table

3.3.1.2 Sampling Method

A sampling method which was used is named as simple random sampling and sample of 100 members was collected from the procurement department employees of the food processing companies.

3.4 Data collection method

The population of the study will be the food processing company`s employees. From this population, in the research, simple random sampling technique was used. Employee were randomly selected from the organization. It was easy to collect data from random sampling and it is much specific. In this sampling technique, each employee had an equal chance of probability of being selected.

3.5 Data Collection Sources, Instruments and Methods

3.5.1 Data Collection Source

Primary data was collected using semi-structured questionnaires. Primary data was collected to allow the researcher to control the amount of error for accuracy to be made (Kumar, 2005). However, the researcher experienced some challenges in using primary data as data gathering was time consuming and expensive.

3.5.2 Data Collection Instruments and Methods

3.5.2.1 Structure of the Questionnaire

A questionnaire was used to collect data from respondents. A questionnaire with open ended questions on age and work experience of respondents and closed ended questions on gender of respondents, level of education of respondents, position of respondents, the years of operation, components used to create strong relationships with suppliers and their effect on organizational

performance was constructed and distributed to collect data from selected sample of respondents.

Questionnaires were used because they are cost effective and they have standardized responses which make it easy for the researcher to interpret data (Hair et al., 2003). Structured questions on demographics were organized using a Likert scale ranging from 0 to 1 point (0 = female and 1 = male) and other variables were organized using a Likert scale ranging from 1 to 5 points (1 = strongly disagree, 2 = disagree, 3 = Uncertain, 4 = agree, 5 = strongly agree).

3.6 Data Analysis

Statistical Package for Social Sciences (SPSS) version 22.0 was used to analyse data. The results were presented using pie charts and tables.

3.7 Validity and Reliability

Reliability is the level to which results are consistent over time, Joppe cited in (Golafshani, 2003). The researcher tested the reliability of the questions using Cranach's Alpha. The researcher has also carried out content validity to ensure that the questions in the questionnaire were in line with the objectives of the research study.

3.8 Ethical considerations

Informed consent was made to respondents throughout the study. The researcher started by requesting for permission to carry out the study in manufacturing organisations and she informed the company about the purpose of the study. This was in line with (Walliman 2011) who suggests that when researchers want to carry out research studies in organisations, they must obtain consent from managers or other people with overall responsibilities and they must clarify the purpose of the study.

Also, the researcher instructed the respondents not to write their names on questionnaires in order to protect their identity. This was in line with (Morrison et al, 2011) who put forward that, when the information that is to be provided by participants is confidential, they should not

disclose their identities in order to make them participate freely without any fear of punishment and so helping the researcher to acquire more relevant data.

3.9 Chapter Summary

The chapter presented the methodology of the study specifically the research approach which was used in this study, the research strategy, design of the study, the population of the study, the sample of the study, the sampling method, the data collection sources, instruments and methods, how data analysis was carried out, the validity and reliability of the study, and the ethical and legal considerations. The following chapter will look at data presentation, analysis and discussion.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.1 Introduction

This chapter gives an insight of the following: data analysis, presentation, interpretation and discussion. The findings of the study were collected through questionnaires and analysed using the Statistical Package for Social Sciences (SPSS) which are interpreted and discussed. The findings of the study are presented in the form of pie charts and tables.

4.2 Questionnaire Response Rate

Table 4.1 Questionnaire Response Rate

Instrument	Expected	Actual	Percentage (%)
Questionnaire	100	89	89

Source: Primary Data

Table 1- Questionnaire Response Rate

The table above shows the results on the response rate of the questionnaires that were distributed at the 20 food processing companies. A total of 100 questionnaires were distributed by the researcher to targeted departments and 89 questionnaires were successfully completed and returned to the researcher on time. The response rate was 89% which is a good and adequate response rate. This agrees with (Ray 2012) who urges that a response rate of 75% and above is good and fortunate rate of return since most researchers get lower response rate. Therefore, the response rate was adequate to support the researcher to generate the results that provides answers to the objectives of the study.

4.3 The Demographic Data

The demographics were used as control variables in this study. Demographic data on gender, age, educational qualification, position held, and work experience of the targeted respondents was collected at the food processing firms. Table 4.2 below shows the summary statistics of the findings on age and work experience of respondents.

Table 4.2

		Age of Respondents	Work Experience of Respondents	Years Operated
n	Valid	36	36	36
Mean		36.2314	6.6446	10.3457
Sum		1195.67	219.27	372.4442

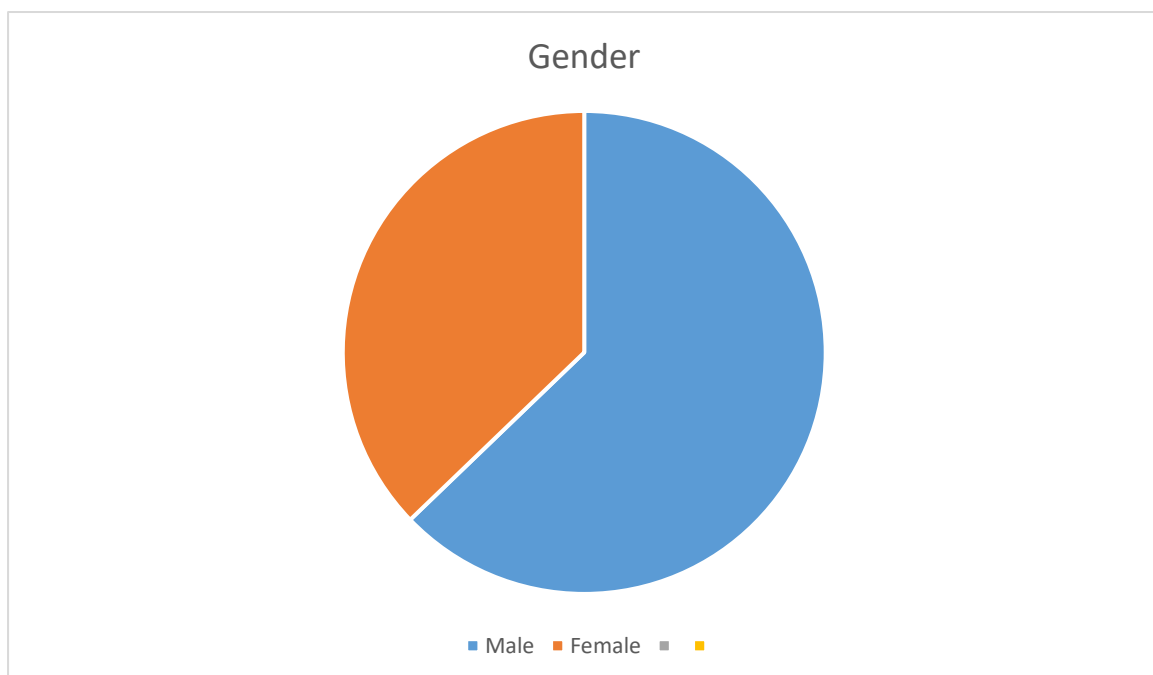
Source: Primary Data

Table 2- Demographic Summary Statistics

The table above shows the findings on age and work experience of respondents. Age of respondents had a mean with a score of 36.2314 which concludes that most respondents were 36 years old. Furthermore, the findings show that work experience of respondents had a mean with a score of 6.6446 which means that most respondents had 7 years of work experience. Therefore, the findings mean that most of the respondents are mature and fairly experienced to provide meaningful responses to the questions of the study. This collaborates well with (Braxton 2008) who opines that obtaining responses from mature and experienced respondents is very key since the study will benefit from reliable sources of data. Figure 4.1 below shows

the findings on gender of respondents. Moving on, the table shows the years the food processing companies have operated. The findings have a mean with a score of 10.3457 which means most of the companies have been operating for more than 10 years therefore are knowledgeable and experienced in the manufacturing industry hence collaborating with (Farris,2008).

Figure 4.1 Gender of Respondents

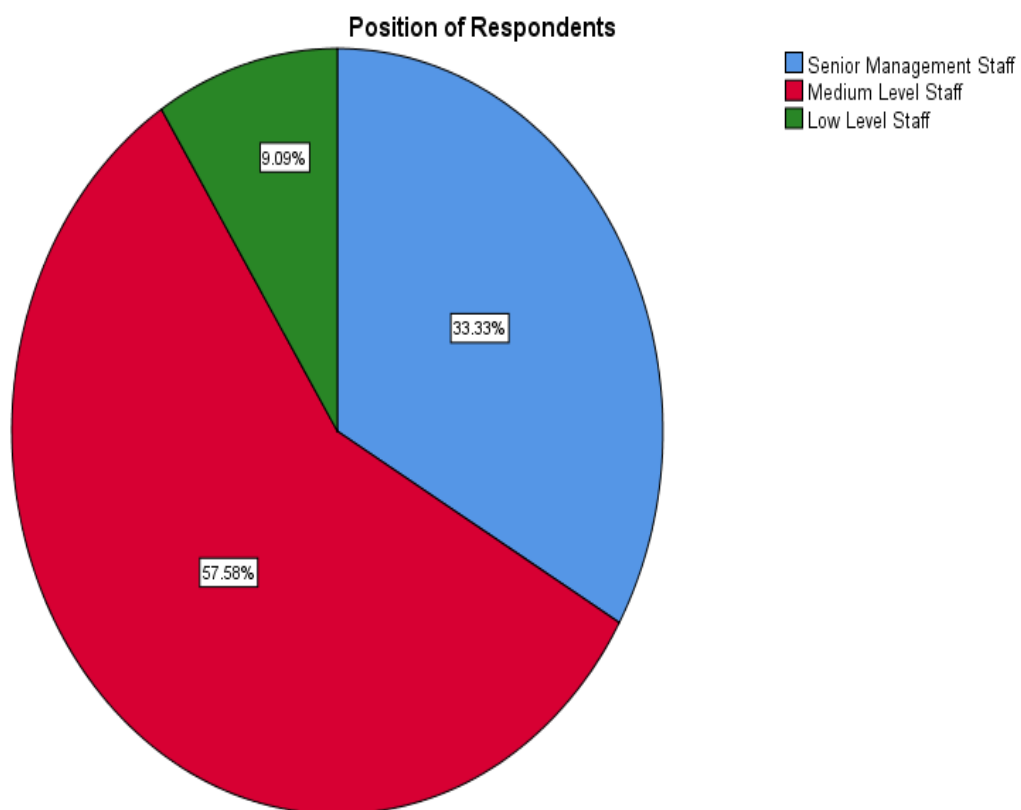


Source: Primary Data

Figure 3- Gender of Respondents

Figure 4.1 above shows that 62.84 % of the respondents were males and 36.16 % of the respondents were females. The findings on figure 4.1 shows an unbalanced distribution of gender of the respondents. The results mean that the food processing industry is dominated by male employees regardless of the fact that the population of Zimbabwe is dominated by women. Figure 4.2 below shows the findings on the departments of respondents.

Figure 4.2 **Position of Respondents**

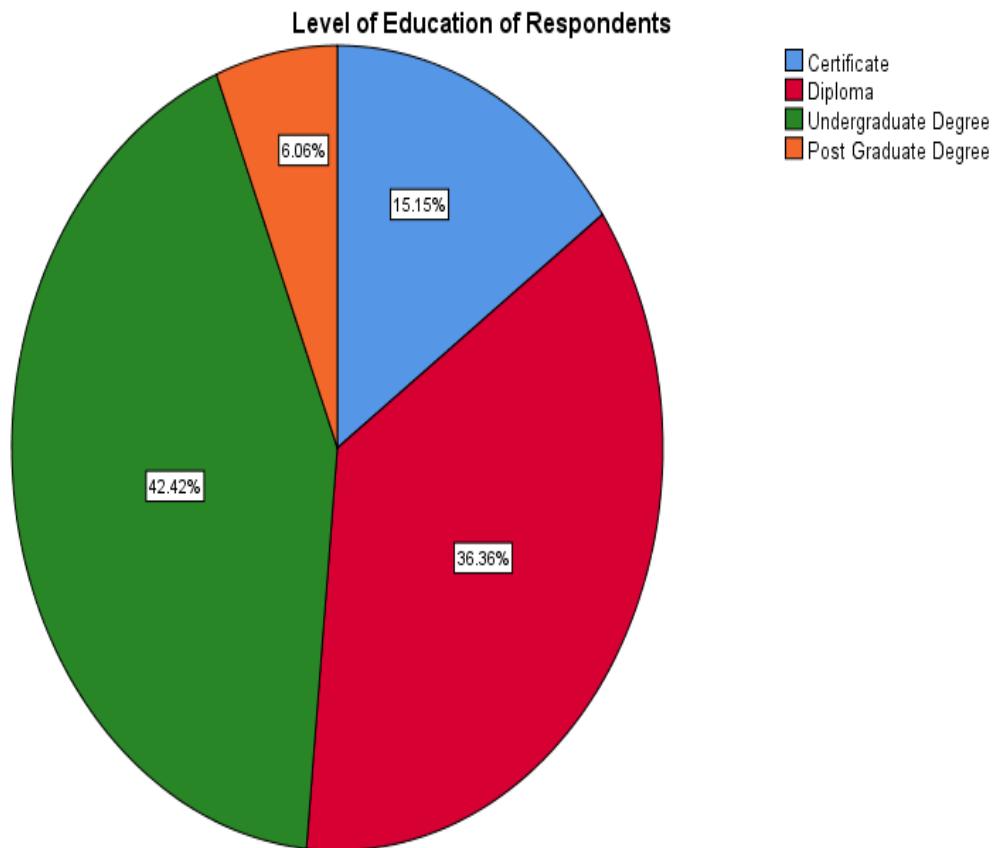


Source: Primary Data

Figure 4- Position of Respondents

Figure 4.3 above shows that many respondents 57.58% are medium level staff. 33.33% are senior management staff whilst 9.09% of the respondents are low level staff. The findings mean that the participation of respondents such as the senior and medium management staff in the study was good and that their responses were critical in providing the relevant information that was useful to meet the objectives of the study. Figure 4.4 below shows the findings on level of education of respondents.

Figure 4.3 Level of Education of Respondents



Source: Primary Data

Figure 5-Level of Education of Respondents

The findings on figure 4.4 above show that 15.15% of the respondents are holders of certificates, 36.36 % of the respondents are holders of diplomas, 42.42% are holders of undergraduate degrees and 6.06% of the respondents are holders of post graduate qualifications. These findings agree with the high literacy in Zimbabwe and this assisted the researcher to collect data from respondents with no challenges in understanding the questions of the study and who understood the purpose of the study. This was in line with (Joppe 2000) who put forward that when the researcher is collecting data, it is very helpful for the study

subjects to have an understanding of the subject matter and research questions as this will assist the researcher to collect reliable and accurate data.

4.4 Reliability Test

The researcher used the Cronbach's coefficient alpha to test the reliability of the measurement instrument. The content validity of the variables of the study were measured using the Cronbach's coefficient alpha in order to ensure the truthfulness of the findings of the study. Table 4.3 below shows the findings on the reliability test.

Table 4.3 Reliability Test

Variables	Cronbach's alpha value	No. of Items
Demographics	0.760	5
Types of Buyer-Supplier Relationships	0.850	4
Organizational performance	0.760	3

Source: Primary Data

Table 3- Reliability Test

The findings on table 4.3 results show that all variables have cronbach's alpha value above 0.70. The findings agree with (Nunnally and Bernstein 1994) who put forward that the accepted cronbach's alpha value for a measurement instrument should be above

Table 4.4 below shows the results on the types of buyer- supplier relationships at the food processing firms

Table 4.4**Descriptive Statistics**

	N	Sum	Mean	Std. Deviation
Transactional	40	110.30	3.3425	1.45424
Collaborative	40	166.06	4.0321	0.93567
Strategic-alliance	40	173.33	4.2525	1.48148
Valid n (leastwise)	40			

Source: Primary Data

Table 4- Descriptive Statistics

The table above shows that transactional buyer-supplier relationships have the mean with a score of 3.3425 and a standard deviation with a value of 1.45424. The findings mean that the respondents were certain that the buyer- supplier relationship affect performance in their organization.

Moving on, the findings show that, collaborative buyer-supplier relationships has a mean with a score of 4,0321 and standard deviation with a value of 0.93567. It therefore means that the respondent's agreed that the buyer- supplier relationship affect performance in their organization.

Furthermore, the findings show that strategic- alliance buyer supplier relationships have mean with a score of 4.2525 and standard deviation with a value of 1.48148 respectively. This mean that the respondents strongly agree that the buyer-supplier relationship affect performance in the organization.

The results below show the findings of the study on the effect of buyer-supplier relationships on organizational performance. The results specifically show the findings on the effect of buyer supplier relationships on profitability

4.5 The effect of buyer-supplier relationships on profitability

Table 4.5 **Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df 1	df2	Sig. F Change
1	.966	.769	.707	.84709	.7696	14.793	5	35	.000

a. Predictors: (Constant), Transactional, Collaborative and Strategic Alliance

b. Dependent Variable: Profitability

Source: Primary Data

Table 5- Model Summary: Effect on Profitability

Table 4.5 above shows the model summary which measures the strength and the direction of a linear relationship between two variables. The table shows $R = 0.966$. This shows that there is a strong linear relationship between buyer-supplier relationships and profitability. The multi linear regression (ANOVA) table is shown on table 4.6 below

Table 4.6:**ANOVA**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	28.896	5	5.960	14.793	.000 ^b
	Residual	16.576	35	.488		
	Total	45.472	40			

a. Dependent Variable: Profitability

b. Predictors: (Constant), Transactional, Collaborative and Strategic Alliance

Source: Fieldwork (2023)

Table 6- Anova: Profitability

Table 4.6 above shows the analysis of variance. Analysis of variance (ANOVA) was done to ascertain the appropriateness of the model used. The ANOVA table shows that the F-ratio (**F=14,793 p=.000**) was statistically significant. This means that the model used was appropriate and the relationship of the variables shown could not have occurred by chance. Table 4.7 below show the coefficients of determination.

Table 4.7**Coefficients of Determination**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.455	1.132		.302	.765
	Collaborative	.331	.213	.142	1.162	.255
	Transactional	-.234	.118	-.174	-1.498	.145
	Strategic- Alliance	.62	.135	.425	3.456	.003

a. Dependent Variable: Profitability

Source: Primary Data

Table 7- Coefficients of Determination: Profitability

Table 4.7 above shows the coefficients of determination. The estimated coefficients illustrate the input of the independent variables (types of buyer- supplier relationships) to the change in the dependent variable (Profitability).

The findings on table 4.7 also show that collaborative buyer-supplier relationships have a positive and significant effect on profitability. This is shown by a coefficient value of 0.331 and P-value of 0.309 which is significant at 5% level of significance. Therefore, this means that collaborative relationships are important in food processing companies and it has significant effect on profitability.

The findings also show that transactional buyer-supplier relationships has a negative and significant effect on profitability. This is shown by a coefficient value of – 0.234 and a P-value of 0.176 which is significant at 5% level of significance. The findings mean that transactional buyer-supplier relationships is significant as it has a negative effect in ensuring profitability. Furthermore, the findings on table 4.7 show that, strategic alliance has a positive significant effect on profitability. This is shown by a value of 0.62 and a P-value of 0.003 which is significant at 5% level of significance. This means that creating strategic alliance relationships between buyers and suppliers is very important to food processing firms as it assists to achieve profitability hence improving organizational performance.

By substituting the coefficient in the regression equation, we can predict the organizational performance in terms of profitability at food processing companies when independent variables are changed:

- $PP [\text{Profitability}] = 0.455 + 0.527 E_1 - 0.234 E_2 + 0.62 E_3$

4.5.1 The effect of buyer- supplier relationships on material delivery

Table 4.8 **Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df 1	df2	Sig. F Change
1	.896 ^a	.546	.481	.85923	.546	8.413	5	35	.000

a. Predictors: (Constant), Transactional, Collaborative and Strategic Alliance

b. Dependent Variable: Material Delivery

Source: Primary Data

Table 8- Model Summary: Effect on Material Delivery

Table 4.8 above shows the model summary which measures the strength and the direction of a linear relationship between two variables. The table shows R = 0.896. This shows that there is a strong linear relationship between buyer- supplier relationships and material delivery. The multilinear regression (ANOVA) table is shown on table 4.9 below

Table 4.9 **ANOVA**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	24.843	4	6.211	8.413	.000 ^b
	Residual	20.672	28	.738		
	Total	45.515	32			

a. Dependent Variable: Material Delivery

b. Predictors: (Constant), Transactional, Collaborative and Strategic Alliance

Source: Primary Data

Table 9- Anova: Material Delivery

Table 4.9 above shows the analysis of variance. Analysis of variance (ANOVA) was done to ascertain the appropriateness of the model used. The ANOVA table shows that the F-ratio (**F=8,413 p=.000**) was statistically significant. This means that the model used was appropriate and the relationship of the variables shown could not have occurred by chance. Table 4.10 below show the coefficients of determination.

Table 4.10 Coefficient of Determination

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.753	1.392		.541	.593
	Collaborative	.362	.141	.364	2.566	.016
	Transactional	-.274	.145	-.246	-1.894	.069
	Strategic Alliance	.466	.166	.387	2.818	.009

a. Dependent Variable: Material Delivery

Source: Primary Data

Table 10- Coefficient of Determination: Material Delivery

The findings on Table 4.10 above shows the coefficients of determination. The estimated coefficients illustrate the input of the independent variables (types of buyer-supplier relationships) to the change in the dependent variable (material delivery).

The results show a positive and significant relationship between collaborative buyer-supplier relationships and material delivery. This is shown by a coefficient value of 0.362 and a P-value of 0.016 which is significant at 5%. The results mean that when food processing companies establish collaborative relationships, this leads to effective material delivery by suppliers and this improves the organizational performance. This corroborates with the findings and the recommendations in a study by Kenya, Kamau (2013).

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Table 4.10 also shows that transactional relationships between buyers and suppliers have a negative and significant effect on material delivery. This is shown by a coefficient value of -0.274 and a P-value of 0.069 which is significant at 5% level of significance. The findings

mean that transactional relationships have a significant effect in achieving material delivery at food processing companies.

In addition, the findings on table 4.10 also show that, strategic-alliance relationships between buyers and suppliers have a positive and significant effect on material delivery. This is shown by a value of 0.466 and a P-value of 0.009 which is significant at 5% level of significance. This means that strategic alliance relationships is important as it helps to achieve material delivery and improve organizational performance at food processing companies. The findings agree with the findings in a study by (Inayat, Rakes and Amar 2012) that there is a positive and significant relationship between material delivery and organizational performance.

By substituting the coefficient in the regression equation, we can predict that organizational performance in terms of material delivery at food processing companies when independent variables are changed:

- $PP [\text{material delivery}] = 0.753 + 0.362 E_1 - 0.274 E_2 + 0.466 E_3$

4.5.2 The effect of buyer-supplier relationships on production efficiency.

Table 4.11 **Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.735 ^a	.540	.474	.90223	.540	8.207	4	28	.000

a. Predictors: (Constant), Transactional, Collaborative and Strategic Alliance

b. Dependent Variable: Production Efficiency

Source: Primary Data

Table 11-Model Summary: Production Efficiency

Table 4.11 above shows the model summary which measures the strength and the direction of a linear relationship between two variables. The table shows $R = 0.735$. This shows that there is a strong linear relationship between buyer-supplier relationships and organizational performance. The multilinear regression (ANOVA) table is shown on table 4.12 below.

Table 4.12**ANOVA**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	26.723	4	6.681	8.207	.000 ^b
	Residual	22.793	28	.814		
	Total	49.515	32			

a. Dependent Variable: Production Efficiency

b. Predictors: (Constant), Transactional, Collaborative and Strategic Alliance

Source: Primary Data

Table 12-Anova: Production Efficiency

Table 4.12 above shows the analysis of variance. Analysis of variance (ANOVA) was done to ascertain the appropriateness of the model used. The ANOVA table shows that the F-ratio (**F=8,207 p=.000**) was statistically significant. This means that the model used was appropriate and the relationship of the variables shown could not have occurred by chance. Table 4.13 below show the coefficients of determination.

Table 4.13**Coefficients of Determination**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.977	1.462		1.352	.187
	Collaborative	.349	.148	.337	2.357	.026
	Transactional	-.433	.152	-.373	-2.850	.008
	Strategic Alliance	.475	.174	.378	2.731	.011

a. Dependent Variable: Production Efficiency.

Source: Primary Data

Table 13- Coefficient of Determination: Production Efficiency

Table 4.13 above shows the coefficients of determination. The estimated coefficients illustrate the input of the independent variables (types of buyer-supplier relationships) to the change in the dependent variable (production efficiency).

The results show a positive and significant relationship between collaborative buyer-supplier relationships and production efficiency. This is shown by a coefficient value of 0.349 and a P-value of 0.026 which is significant at 5%. The results mean that when collaborative relationships between buyers and suppliers are adopted at food processing companies there is high level of efficiency in production activities hence improves organizational performance.

The findings also show that transactional buyer-supplier relationships have a negative and significant effect on production efficiency. This is shown by a coefficient value of - 0.433 and a P-value of 0.008 which is significant at 5% level of significance. The findings mean that transactional buyer-supplier relationships have a negative effect on achieving production efficiency at food processing firms. .

Moving on, table 4.10 also show that, strategic alliance buyer-supplier relationships have a positive and significant effect on production efficiency. This is shown by a value of 0.475 and a P-value of 0.011 which is significant at 5% level of significance. This means that creating strategic alliance buyer-supplier relationships is important as it helps the procurement functions at food processing firms to achieve production efficiency and this improves organizational performance.

By substituting the coefficient in the regression equation, we can predict the organizational performance in terms of production efficiency at food processing firms when independent variables are changed:

- $PP [\text{production efficiency}] = 1.977 + 0.349 E_1 - 0.433 E_2 + 0.475 E_3$

4.6 Discussion of results

The results above indicate that both collaborative and strategic alliance buyer-supplier relationships have a positive effect on organizational performance and transactional buyer-supplier relationships have a negative effect on organizational performance. Some potential reasons why transactional relationships might have a negative effect on performance is that these relationships are often based on short-term thinking, which can lead to missed opportunities for long-term growth, Also these relationships can be less trusting, which can lead to higher

transactional costs and less cooperation. In contrast , collaborative and strategic alliance relationships can lead to lower transaction costs, increased trust and more cooperation. Therefore , businesses should focus on developing collaborative and strategic alliance relationships with their suppliers rather thn transactional relationships. In addition, there should be focus on building trust and cooperation with their suppliers in order to maximize the benefits of these relationships and ensure to take a long-overview when managing these realtionships rather than focusing solely on short term goals.

4.7 Chapter Summary

The chapter has presented data on findings from the research instrument which is the questionnaire. Data has been presented in form of tables and pie charts while analysis was done to relate the research findings to the previous researches by others. The next chapter is going to focus on summarizing the findings, conclusions and to put forward some recommendations on the appropriate buyer-supplier relationships in manufacturing firms in Zimbabwe.

CHAPTER FIVE

SUMMARY CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The primary objective of this study was to investigate the effect of buyer-supplier relationships on organizational performance in manufacturing firms. The background of the study clearly outlined that although food processing companies have grasped the importance of buyer-supplier relationships the companies still consider to deal with suppliers in an adversarial manner hence relationships are not close and long-term leading to such low profitability, longer lead times taken to deliver materials and reduce production efficiency resulting in reduced capabilities of achieving organizational objectives. Based on the challenges which the manufacturing firms faced in establishing and enhancing buyer-supplier relationships, the study sought to establish the effects of buyer-supplier relationships on profitability, production efficiency and material delivery in order to improve organizational performance.

5.2 Summary of research findings

The study examined three different types of buyer-supplier relationships which are transactional, strategic alliance and collaborative. Transactional relationships were found to have a negative effect on performance because they were based on short-term thinking and did not allow for the development of trust or collaboration between buyers and suppliers. Strategic on the other hand were found to have a strong positive effect on performance because they allowed for development of long-term collaborative relationships that were based on trust and mutual benefit.

Objective 1: To determine the effects of types of buyer-supplier relationships on organizational performance in food processing companies in Zimbabwe.

The study aimed to investigate the effects of buyer-supplier relationships at food processing companies. Questionnaires were distributed to collect data on the types of buyer-supplier relationships that affect organizational performance and the findings from the data that was collected showed that the respondents were certain that transactional relationships had a negative effect on organisational performance. Moving on, the respondents agreed that collaborative and strategic alliance have a positive effect on organizational performance. Generally, the findings clearly outlined that manufacturing firms are aware and adopting to the establishment of buyer-supplier relationships to ensure good organizational performance.

Objective 2: To recommend the suitable type of buyer-supplier relationship food processing companies should adapt in order to achieve organizational goals.

According to the findings, strategic alliance buyer supplier relationships are most appropriate and should be adapted by food processing companies since it consists of a very essential component in the manufacturing industry which is innovation.

The regression analysis was carried out to determine the effect of types of buyer-supplier relationships on three metrics of organizational performance in this study as follows:

The effect of buyer-supplier relationships on profitability; a model summary, analysis of variance and the coefficient of determination were done to determine the effects of buyer-supplier relationships on profitability. The model summary showed that $R = 0.966$ which meant that there is a strong linear relationship between buyer-supplier relationships and profitability. The Analysis of variance (ANOVA) was done to ascertain the appropriateness of the model which was used and it showed that the F-ratio ($F=14,763$ $p=.000$) was statistically significant which meant that the model used was appropriate and the relationship of the variables shown could not have occurred by chance.

The table with the coefficient of determination was provided and the findings showed a positive and significant relationship between collaborative relationships and profitability and this was shown by a coefficient value of 0.331 and P-value of 0.309 which is significant at 5% level of significance. Furthermore, the findings showed that transactional relationship had a negative and significant effect on profitability and this was shown by a coefficient value of - 0.234 and a P-value of 0.176 which is significant at 5% level of significance. Lastly the coefficient of

determination table showed that strategic alliance had a positive significant effect on profitability and this was shown by a value of 0.62 and a P-value of 0.003 which is significant at 5% level of significance.

The effect of buyer-supplier relationships on material delivery; A model summary, analysis of variance and the coefficient of determination done to determine the effects of buyer-supplier on material delivery. The model summary showed that $R = 0.896$ which meant that there is a strong linear relationship between buyer-supplier components and material delivery. Also, the Analysis of variance (ANOVA) was done to ascertain the appropriateness of the model which was used and it showed that the F-ratio ($F=10,198$ $p=.000$) was statistically significant which meant that the model used was appropriate and the relationship of the variables shown could not have occurred by chance.

The table with the coefficient of determination was provided and the findings showed a positive and significant relationship between collaborative and material delivery. This was shown by a coefficient value of 0.343 and P-value of 0.350 which is significant at 5% level of significance. Transactional relationships had a negative and significant effect on material delivery. This was shown by a coefficient value of - 0.332 and a P-value of 0.084 which is significant at 5% level of significance. It was also showed that strategic alliance had a positive and significant effect on material delivery. This was shown by a value of 0.565 and a P-value of 0.012 which is significant at 5% level of significance.

The effect of buyer-supplier relationships on production efficiency; A model summary, analysis of variance and the coefficient of determination done to determine the effects on buyer-supplier relationships on production efficiency. The model summary showed that $R = 0.891$ which meant that there is a strong linear relationship between ethical procurement practices and procurement effectiveness. Also, the Analysis of variance (ANOVA) was done to ascertain the appropriateness of the model which was used and it showed that the F-ratio ($F=9,947$ $p=.000$) was statistically significant which meant that the model used was appropriate and the relationship of the variables shown could not have occurred by chance.

The table with the coefficient of determination was provided and the findings showed a positive and significant relationship between collaborative relationships and production efficiency. This was shown by a coefficient value of 0.141 and P-value of 0.819 which is significant at 5% level of significance. The findings also showed that transactional relationships had a negative and

significant effect on production efficiency. This was shown by a coefficient value of - 0.524 and a P-value of 0.010 which is significant at 5% level of significance. Lastly, the findings showed that strategic alliance had a positive and significant effect on production efficiency. This was shown by a value of 0.575 and a P-value of 0.013 which is significant at 5% level of significance.

5.3 Conclusions

The procurement departments in food processing companies are aware of how buyer-supplier relationships affect organizational performance as evidenced by the respondents who agreed on the results that showed the relationship between buyer-supplier components and metrics of organizational performance which are profitability, material delivery and production efficiency.

Objective 1:

Based on the findings of the study, it can be concluded that the three main types of buyer supplier relationships are Transactional relationships, collaborative relationships and Strategic Alliance relationships at food processing companies. These types of buyer-supplier relationships are critical in ensuring good organizational performance.

Objective 2:

It is concluded that Collaborative and Strategic Alliance relationships have a positive effect on profitability whilst transactional had a negative effect on profitability. Moving on, Collaborative and Strategic Alliance relationships have a positive effect on material delivery while Transactional relationship has a negative effect on material delivery. Furthermore, it can be concluded that Collaborative and Strategic Alliance relationships have a positive effect on production efficiency whereas Transactional relationships have a negative effect on production efficiency. Therefore, this means that Collaborative and Strategic Alliance relationships have positive influence organizational performance of food processing companies whilst Transactional relationships have a negative effect.

5.4 Recommendations

Based on the aforementioned findings, the following recommendations were made:

- Manufacturing firms, particularly food processing companies should consider establishing close and long-term buyer-supplier relationships on core raw materials used to produce products because there have a positive and significance profitability, material delivery and production efficiency. This is very important because it ensures a smooth flow of day to day operations of the organization tasks hence improving the organizational performance.
- Given the conclusions above, it is recommended that food processing companies establish strategic alliance buyer-supplier relationships especially on materials that are crucial for production. This allows production efficiency, prompt material delivery, innovation and many other benefits associated with maintaining strategic relationships
- Also, the firms should be ensure that there is trust, commitment and communication between the department and their suppliers in order to reduce product lead time, reduce costs, quality products and many other benefits that are enjoyed when there is a close and long-term relationship between the two parties. Overallly, the organizations will benefit through close and long-term buyer-supplier relationships as it will achieve profitability, production efficiency as well as increased market share.

5.5 Recommendations for further studies

The researcher recommends further studies to be carried out on the effects of buyer- supplier relationships on organizational performance in companies that are operating in sectors such as Tourism which also contribute immersenly to the economy of Zimbabwe. Studies can be done to find out the effects of buyer-supplier relationships on organizational performance using different buyer-supplier relationship components and metrics of organizational performance.

This will help to cover huge gaps that are existing on the effects of buyer-supplier relationships on organizational performance in other sectors particularly the Tourism sector.

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Appendix A: Introductory Letter



Bindura University of Science Education

P.Bag 1020

Bindura, Zimbabwe

10 November 2023

Dear Participant

This questionnaire has been conducted by Vimbai Grace Michelle Sande (B192073B), a student from Bindura University of Science and Education. The student wishes to do an assessment on the effects of buyer-supplier relationship on organizational performance in the manufacturing sector in Zimbabwe. The information gathered from this research will be utilized solely for academic purposes, and your response will be treated as private and confidential.

Yours sincerely

Vimbai Grace Michelle Sande

Contact Numbers: 0778837921/ 0786670486

Email address: yimbaisandel@gmail.com

Questionnaire number _____ Date of interview _____ / _____ /2023

Appendix B: Measurement Instrument

Instructions to the participant

- i. Please tick where appropriate.

SECTION A: Biographical Information

1. Gender

Male	01
Female	02

2. Age

How old are you? Years.

3. Work Experience

How many years have you been an employee in the firm?Years

4. Firm's operation

For how long has the firm operated?Years

5. Level of Education

Certificate	01
Diploma	02
Undergraduate Degree	03
Post Graduate Degree	04
Other	

6. Position

Low level Staff	01
Middle level staff	02
Senior Staff	03

7. How do you rate the effects of buyer-supplier relationships in your organization using a rate of (0-100 %)?%

SECTION B:

INSTRUCTIONS: Please rate how strongly you agree or disagree that the following list of items are being used in creating buyer and supplier relationships in your organization. {Strongly Disagree, Disagree, Uncertain, Agree, Strongly agree}

Question 7: The following components are used to ensure close and long- term buyer-supplier relationships in your organization

	STRONGLY DISAGREE	DISAGREE	UNCERTAIN	AGREE	STRONGLY AGREE
Commitment					
Trust					
Cooperation					
Communication					
Mutual goals					

Question 8: The effects of buyer- supplier relationships on organizational performance.

	STRONGLY DISAGREE	DISAGREE	UNCERTAIN	AGREE	STRONGLY AGREE
Buyer- Supplier Relationships have an effect on profitability					
Buyer- Supplier Relationships have an effect on material delivery time					
Buyer- Supplier Relationships have an effect on production efficiency					

Question 9: Challenges faced in strategizing the use of buyer-supplier relationships in the organization

	STRONGLY DISAGREE	DISAGREE	UNCERTAIN	AGREE	STRONGLY DISAGREE
Lack of commitment					
Lack of communication					
Lack of trust					
Lack of responsiveness of strategy by procurement staff					
Other					

THANK YOU FOR YOUR TIME!

P' Bag 1020
BINDURA, Zimbabwe
Tel: 271 - 7531-6, 7621-4, 6230
Fax: 263 - 271 - 7534
Cell No 0777603758



**BINDURA UNIVERSITY OF SCIENCE EDUCATION
FACULTY OF COMMERCE
ECONOMICS DEPARTMENT**

10 March 2023

To Whom It May Concern

Dear Sir/Madam,

RE: REQUEST FOR PERMISSION TO COLLECT DATA

This letter serves to inform you that Vimbai Grace Michelle (B192073B) is pursuing a Bachelor of Commerce in Purchasing and Supply (Honours) with our Department. Please assist her with data for her dissertation titled "An investigation on the impact of buyer- supplier relationship on organizational performance in the manufacturing sector in Zimbabwe".

The information gathered from this research will be used purely for academic purposes and your response will be classified as private and confidential.

Your cooperation will be greatly appreciated.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'S. Mutsvangwa'.

Dr. S. Mutsvangwa (Chairperson)

