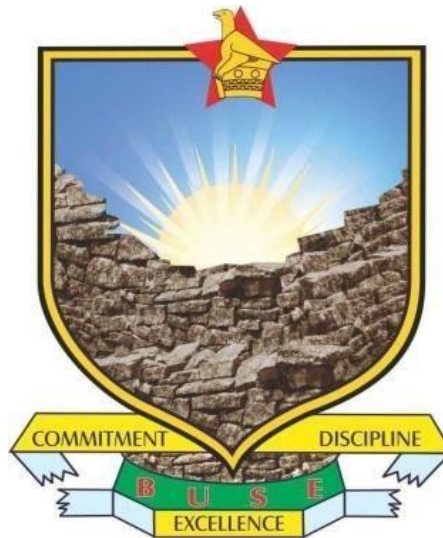


BINDURA UNIVERSITY OF SCIENCE EDUCATION

FACULTY OF COMMERCE

DEPARTMENT OF ECONOMICS



Examining how supplier relationship management affect the organisational performance of a manufacturing business. A case of AUREX (LTD) PVT.

BY

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B1850082

A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE BACHELOR OF COMMERCE (HONOURS) DEGREE IN PURCHASING AND SUPPLY OF BINDURA UNIVERSITY OF SCIENCE EDUCATION.

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DECLARATION

I hereby declare that this research study project is an original copy of my own work and has not been published before to any other university or institution.

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Chairperson..... Date.....

DEDICATION.

This research study is dedicated to the Mighty God. To my Mother Patience Chikuhuhu, my Father Chemunorwa Nyanzou, my sister Natasha, my Cousin Justice and my supervisor Mr P Magura thank you all.

ABSTACT

The major drive of the research study was on assessing **Examining how supplier relationship management affect the organisation performance of a manufacturing business. A case of Aurex (ltd) Pvt** was used covering the period 2020 to 2021. The student was inspired to carry out the research study due to the poor product quality, late deliveries of raw materials coupled with increasing production costs at Aurex Company. These situations showed poor relationships with suppliers and prompted the student to carry out this study. Relevant literature was reviewed in chapter 2. Data was collected from sample from selected employees using the extreme or deviant case purposive sampling techniques. The sampled comprise of managers,

supervisors, and lower level employees from all the departments of Aurex at the company's head office in Ruwa. Data was collected from primary and secondary data sources through questionnaires, interviews and documentary investigation. Findings showed that there was a low level of trust and commitment among the buying and supplying companies, there are no mutual goals among the trading organisations, communication was poor, there was a very low rate of response to one another's needs. The student concluded that buyer and supplier relationship management had a great effect on the performance of the organisation. The researcher also concluded that Aurex Company had adopted supplier relationship management practice to a very low extent and lack of trust, lack of cooperation, lack of mutual goals and poor communication were the challenges delaying effective supplier relationship management at the Aurex organisation. In short the above conclusions, the student recommended that the Aurex Company should communicate regularly and effectively with suppliers.

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Special mention goes to my supervisor Mr P Magura for his committed guidance and assistance throughout the entire project. A special acknowledgement to Mom Patience Chikuhuhu) for their endless love, support and encouragement during the entire research study project. To all my friends and relatives whom I cannot mention due to time, I say thank you and God bless you all.

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CHAPTER I

INTRODUCTION

1.0 Introduction

This chapter is the first chapter of the research project on examining how supplier relationship management affect the organisational performance of a manufacturing business. A case of AUREX (LTD) PVT. It focuses on background of the study, statement of the problem, aim of study, also the research objective and research questions of research study, significance of the research, delimitations and limitations. Also the chapter will end by defining of key words

1.1 Background to the study

Supplier Relationship Management has been attached paramount importance with a view to maintaining a sustainable organisational performance. Both academic and corporate are striving hard to create a long term understanding relationship with the manufacturer and supplier as this will pave the way for a superior success in an organisational performance. Manufacturing industry plays a vital role in the growth of the world's economies, but on the other hand it is highly affected by the rise on the global market and supply chains (Tangus, Oyuyi and Rambo 2015). New challenges are encountered in a manufacturing organizations in result to globalization and variations in business practices are pushing organisation under pressure to continuously improve product quality, delivery index and performance along with reducing costs. (Tangus *et al.* 2015). However, many organisations have found it advantageous to engage in mutually valuable supplier relationships in order to remain competitive and vibrant in a very competitive business environment. Strategic supplier relationship management improve the buying organisation and a lot of benefits which consist of better use of capitals and a rapid response to the variations in the market place.

The essential importance of strategic supplier relationships management. Caeldries, (2008) state that supplier relationship management plays a vital part in the reducing costs and the good

health performance of an organisation such as the operational efficiency, brand presence, market performance and profit. Supplier Relationship Management (SRM) is an all-inclusive approach for handling an establishment's interfaces with the suppliers of goods and services it uses in its day to day operations. Kleinbaum, (2008) explains SRM as the sourcing policy based design of planned and operative supply chain processes as well as the formation of the supplier relationship management.

Stanley, (2001) defined organizational performance as how well an organization reaches its objectives and its financial goals. The downturn of economic in Zimbabwe today demands for execution of strategic relationship with suppliers in order to secure stability of supplies. The manufacturing organization in Zimbabwe has been a hard struggle to function at full capacity in effect to multiple challenges counting high production costs, underperforming economy, outdated equipment and low disposable income. This has seen the AUREX manufacturing industry failing to meet the target production of 4000 karats gold chains and rings per month, managing only to produce 1500 karats. This is a result of scarce resources such copper, gold and silver from the suppliers as they not only supply AUREX jewellery. So as to improve organizational performance AUREX had to focus on supplier relationship management so as to secure the stability of supply of all critical raw materials.

However, a little has been done on observing the impacts of the buyer and supplier relationships on organisational performance in the manufacturing industry. No investigation has ever been carried out at AUREX Jewellery to measure the impacts of supplier relationship management on the organisational performance of the company. The study also pursues to bridge the distance gap between the countries where the earlier studies were carried out and with the present study being undertaken in Zimbabwe. Also literature has revealed that little was done on assessing the challenges faced in the formation and implementation of strategic alliances between suppliers and buyers as well as the disadvantages of such relationships, hence, this study shall extract such information.

1.2 Statement of the problem

AUREX Jewellery does not succeed well in its all of the relations with suppliers. Regardless of having contractual relationships with them, the company is experiencing out of stocks, elongated lead times, and reduced quality products and services from suppliers. AUREX is blamed for transactional purchase relations with suppliers, failure to meet its debts, and poor conflict management with suppliers which has seen the organization losing value for money.

Therefore, the organization is failing to meet targeted sales performance and other financial goals. AUREX operations are deprived in terms of meeting its goals, now there is need for initiatives such as supplier relationship management so as secure continuous flow of critical raw materials which will result to improve organizational performance such as operational efficiency, market performance and financial performance. Creating long term relationships with suppliers may allow the organization a chance to reduce interruption in supplies, decrease costs and assurance of quality.

1.3 Purpose of the Study

To examining how supplier relationship management, affect the organisational performance of AUREX (LTD) PVT and the research was driven by the challenges of unreliable supplies of critical raw materials.

1.4 Objective of the Study

This research sought to attain the following objectives:

- To examine supplier relationship management at AUREX.
- To determine the effect of supplier relationship management on the performance of AUREX.
- To discover the challenges come across in establishing strategic alliances between buyer and supplier relationship in an organisation.

1.5 Research questions

The research required to answer the following questions;

- How supplier relationship management can affect AUREX performance?
- What are the challenges met in establishment of buyer – supplier relationship management in organisation of AUREX?
- How does the supplier segmentation affect the performance of AUREX?

1.6 Significance of the study

The research study will be useful to the researcher (student), organization under the study (AUREX) and the university (BUSE), also internal and external stakeholders.

1.6.1 To the student (researcher)

The student would benefit from detailed knowledge on the effect of relationship management and internal controls on the purchasing performance which will result to health organisational performance. The student also gains knowledge in under taking research projects.

1.6.2 To Bindura University of Science Education (BUSE)

- The outcomes of this research study may be used as an orientation point by other students for additional research on the similar field.
- The research study will enhance to the existing literature of the University library about the impact of supplier relationship management on organizational performance.

1.6.3 To the AUREX (PVT) LTD

The research study will help the Procurement Department of AUREX to recognize the courses of action to use when their organizational performance is not performing well. The study will also assist the company in improving their supplier relationship management. Other initiatives that improve organizational performance will be highlighted.

1.6.4 To the competitors

Other organisations in the similar business or those in other segments of the economy will benefit from this research study since it will shed more light on the effect of supplier relationship management on organisational performance.

1.7 Assumptions

The Student (Researcher) assumes that;

- All the required data collected was free from bias.

- The selected population sample will provide the researcher with true information.
- Poor organisational performance was a result of poor relationships management with the suppliers.
- Procurement management at AUREX do not value supplier relationships management.
- Applicable information will be provided to the researcher by the Procurement department at the AUREX.

Table 3.2.1: Population for the research study

Respondent	Number
General manager's office	1
Directors	6
Managers	5
Officers	16
Clerks	20
Total Population	48

Source: Organisational records (2020)

3.1 Sample and sampling techniques

A sample of 41 employees in the supply chain was selected out of a target population of 48 employees thus being 85% representation of the target population. Such a bigger percentage of sample representation enabled the student to generalise the results. The Krejcie and Morgan (2013) sample determination table was used in determining the number of respondents to partake in the research study. The student chose to use the extreme or deviant case sampling which is a type of purposive sampling that is used to focus on cases that are special or unusual, typically in the sense that the cases highlight notable outcomes, successes or failures. This extreme or deviant case was useful because it provided important insight into Supplier relationship management and act as lessons of best practice that would guide future research and practice. Also this sampling technique was believed the most appropriate by the student since it targeted members of the supply chain who happens to be more informed and

responsible for supplier relationship management. The table below shows the sample of the research study.

1.8 DELIMITATION

The research study is simply going to focus on the procurement department of the AUREX (PVT) LTD. The research study will discover how the procurement department is concerned with the concept of supplier relationship management plans and strategies. The research study will not interfere with how other departments of the organization works such as the IT and Finance Departments. Instead, it is going to cover on how the concept of supplier relationship management affect the organisational performance of a manufacturing business.

1.9 LIMITATIONS

The student (researcher) faced the following limitations in doing the research study:

- The research study needs the researcher to travel more often to the organisation under study for data gathering and movement was restricted because of the COVID-19 pandemic.
- Some of the respondents feared of disclosing the information thinking that they will be exposing the company to its competitors not knowing that the research study was of confidential and thus the information gathered only be used for academic purpose.
- There was no adequate time to spend with the top management and employees as they had other pressing business issues to attend. However, the researcher succeeded to negotiate with the top management for more time with them and more time was arranged to the researcher.
- As a student had encountered some financial challenges in funding activities such as administration of questionnaires and transport costs.

1.10 Definition of terms

1.10.1 Supplier relationship management (SRM)

A procedure involved in managing preferred suppliers and accruing new ones whilst reducing costs, making procurement liable and repeatable, increasing buyer experience and extracting the benefits of supplier partnerships (Scacchitti, 2011).

1.10.2 Organizational performance:

That how well an organization encounters its financial goals and market criteria (Croxtton, Limbert, Rogers and Garcia-Dastague 2001).

1.10.3 Relationship management

Is a strategy implemented by business in which a continuous level of engagement is preserved between the organization and its audience relationship management can be between a business and its suppliers (supplier relationship management) and between a business and other businesses (business relationship management) (Van Weele, 2005)

1.10.4 Supplier alliance

According to Lambert, et al., (1996) is a business relationship between the supplier and the buyer of two different companies based on mutual trust, mutual information sharing, share risks and rewards that results in an organisational performance greater than what would be achieved by the firms individually.

1.10.5 Buyer and Supplier

Buyer is any individual or organisation which, under a contract of sale, acquire goods or services in return for cash or some form of consideration, while **Supplier** is a business entity which provide goods or services for cash or any other consideration in the supply chain.

1.11 The Report Structure.

This sector emphasis on providing insights on how the research study report was composed with five chapters which is from Chapter one to the Chapter five.

Chapter 1 provides the person who reads this research project all essential background information of the research project and covers key issues such as the problem statement, objectives of the research project, research questions, problem statement, significance of the study, assumptions of the research project, definition of key terms, delimitations and limitations.

Chapter 2 it covers definition of issues, analysis of relevant theories and empirical literature review that has been explored regarding to the effects of supplier relationship management on organisational performance.

Chapter 3 covers matters such as description of research design, population under the study, sampling design, which will comprise the sampling methods, size, sampling procedures, data collection sources and methods of data collection.

Chapter 4 pursues to interpret and examine the findings to determine the association between aspects such as the research questions, the research objectives, research questions and literature review.

Chapter 5 is the last chapter of the research project it contracts with the summary, conclusion and recommendations given by the student.

1.12 Summary of the Chapter

The chapter one briefly described the research study, providing an overview of the whole study. The chapter one has covered the background of the study, problem of the statement, objectives of the research and research questions, significance of research, assumptions, delimitations and limitations of the research study, definition of key terms. The second chapter will highlight the following definition of issues, analysis of relevant theories and empirical literature review that has been explored regarding to the effects of supplier relationship management on organisational performance.

CHAPTER II

LITERATURE REVIEW

2.0 Introduction

Second chapter reviews literature relating to the supplier relationship management affect the organisational performance of a manufacturing business. A proper understanding of the research study could not be achieved without considering relevant literatures collected from various authors who have cared to write about different relationships which exist between buyer and seller and how the relationship improves the organisational performance of a jewellery manufacturing industry.

2.1 Theoretical Framework

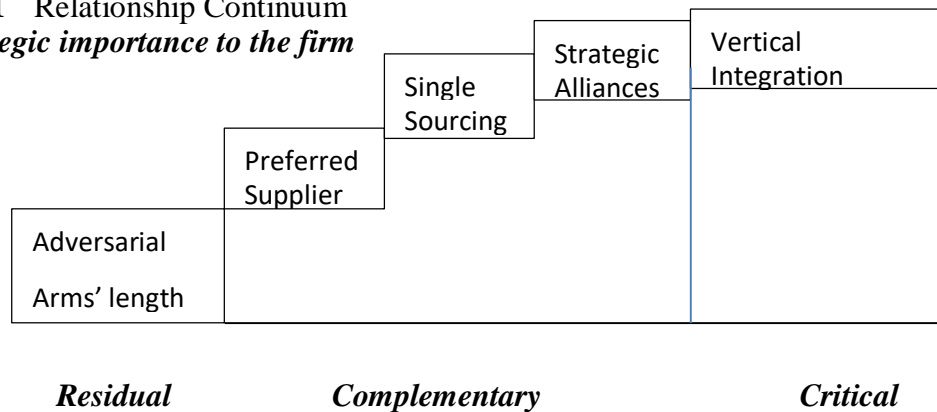
2.1.0 Supplier relationship management

This research study is grounded on one model which is the COX's model and two theories which are the Social Exchange Theory (SET) and Commitment-Trust Theory.

2.1.1 COX's Model

Cox's model is one of the different forms of the relationship continuum.

Fig 2.1.1 Relationship Continuum
Strategic importance to the firm



Asset specificity of contractual relationships: Source: adapted from Cox (1996)

Relational competence model shown above developed by Andrew Cox proposes that the normal extension to the closest working relationship is an internal relationship, thus determining the limit of the firm (Reynolds, 2013). Reynolds (2013) stipulates that Cox's relational competence model is one of the improved developed models and includes the features such as, adversarial arm's length, preferred supplier, single sourcing, network sourcing, strategic alliance and vertical integration. Reynolds (2013) informs that the relationship continuum benefits the buyer to think through the degree of competitive positioning.

Cox Model according to Reynolds (2013) supports to identify the best kind of contractual relationship, to determine the level of collaboration and/or competition that is required to make the relationship fulfil its organisational performance, and also to which relationships are greatest significant to the buyer's organisation and hence which need the most careful management.

However procurement specialists as guardians of these models, need effective tools to help them choose wisely which kind of relationship is best. Reynolds (2013) educates that, the theory surrounding relationship competence and the relationship continuum is complex and, at times, unreachable to most. Hence procurements practitioners and consultants should decide whether to stick to other models, such as provided by Kraljic (1983) or to capitalise time reading up on the academic theories supporting these models. Kraljic matrix was developed to demonstrate how much time purchasers should focus on managing different categories of expenditure within the business.

2.1.2 Social Exchange Theory (SET).

Social exchange theory attempts to extract the relationship between buying and supplying organisations by focusing on social relationships rather than on the transactions among the organisations. Cropanzano and Mitchell, (2005) advocated that the social relations among organisations is influenced by a cost benefit analysis and usually people are interested to be in a relationship by the benefit they derive from the relationship.

The theory is important in selecting a supplier and developing strategies of how to deal with the suppliers. The major importance is on gaining trust of the supplier and be the preferred buyer rather than being a regular or once off buyer. Being the best buyer is advantageous in that the buyer will get preferential and better treatment and guaranteed supply of goods and

services which then reduces doubts in the supply chain. (Narasimhan, Nair, Griffith & Bendoly, 2009)

2.1.3 Commitment - Trust Theory

Christopher (2004) restated that two important factors which are trust and commitment should be in presence if strategic alliances are to be successful. Handfield (2002) proposes that, businesses using the values of relationship marketing must try to create long lasting relationships with each other rather than focusing more on the short term profits. Suppliers must grow trust in the buyers and the buyers must also develop trust suppliers so that mutually beneficial relationships will be created. This will benefit in meeting the needs of both parties. Trust entails confidence that both parties will have in each other that none of them will harm each other. Both parties' buyer and supplier must honour their potentials to each other in order to gain each other's trust. William (2006) states that commitment is about having a desire to continue mutually beneficial relations between the buyer and seller. Martin (2003) further specified that the results of an alliance based on commitment and trust are helpful activities that allow both parties to satisfy their needs.

2.2 Management of supplier relationship and organisational performance

A lot of studies have been carried out studying the influences between relationships and performance. This section of the research resides on the review of literature in line with management of supplier relationship and organisational performance. The drive was on identifying the gap to be filled by the existing research, henceforth, contributing to the world of knowledge.

2.3 Benefits of Supplier Relationship Management

Johnston et al. (2004) brings several benefits from strategic supplier relationship management such as financial improvements, less lead times, better responsiveness between buyer and supplier organisations, improve in customer loyalty, encourage innovation, production of high quality products, and reduction in inventory and improvements in product design. These comprised benefits in terms of cycle time and new merchandise development time, delivery performance, improved product availability, flexibility of operations and customer satisfaction. The above benefits specify that there exists a relationship between supplier relationship management and the organisation performance. Below are the benefits between supplier relationship management and the performance of the organisation.

- **Success strategic**

Supply chain management has been certainly being broadly recognised as a significant element to strategic success of organisations, serving businesses meet the challenges of the more and more ever changing and dynamic, competitive business environment, (Monczka et al., 2000). Organisations have been pressed to form closer working relationships with few critical suppliers who have become much elaborate in many aspects of strategy formulation and day to day tasks (Cousins, 2009). Such strategic buyer and supplier relationships are highly collaborative and involve close and consistent supervision and inter-personal contact between members of both selling and buying organisations in order to be effective. David (2012) emphasised that mannerisms such as coordination, collaboration, commitment, trust, flexibility, communication and dependence, are widely well-thought-out to be key to creation of expressive relationships.

- **Reduction of costs**

Performance of an organisation is largely showed by its performance in terms of supervision costs. Kilpatrick, (2000) distinguished that buyer and supplier relationships have become of supreme importance and the growth of these relationships has been fast tracked by the need to achieve organisational goals for both the buyer organisation and the supplier organisation. Nevertheless the pressure to reduce operational costs, increase product quality, reduce inventory levels and reach the market at the fastest conceivable time has pushed many manufacturing organisations to develop strategic alliances relationship with suppliers. Wilson, (2015) exposed that the vital goal in development of these supplier-buyer relationships was to reduce costs. Nevertheless such cost reductions could either be gained through the adversarial or partnership tactics to negotiation. In an adversarial method, the goal is to win and win situation at all costs in order to attain lower costs. In a partnership model, both parties come to an agreement to attain lower operational costs through pulling their resources and working together. The decrease in the costs will be attained through better inventory supervision and removal of needless tasks and processes.

- **Enhanced product and service quality**

From the buyer's viewpoint, the benefits of close supplier relationship with at the operational level are given as better quality of products or services at the same time as at the strategic level, the benefits are attained in the form of improved competitiveness, increased market share and

innovation. The theoretical world has largely recognised the significance of supplier relationships management and a sum of studies have empirically shown that product and service quality can be improved by improving relations with suppliers (Spina and Zotteri, 2000).

- **Value creation maximisation**

Harland, (2006) supported that dealing with buyer and supplier relationships is crucial to the success of the supply chain in organisations leading to organisational performance. It is of supreme importance to form tactical alliances with critical suppliers of the organisation in order to enjoy maximisation of value creation in the supply chain management. Tan et al., (2009) specified that managing buyer-supplier relationships positively contributes to success of an organisation. In value creation, trust and commitment between the buying and supplying organisation plays a serious role in high-value strategic buyer-supplier relationships, where there are very high investments making contractual control alone will not be sufficient.

- **Advanced coordination**

There are numerous benefits that add to a firm as a result of good management of supplier relationships and these comprise better use of capitals, quick response to the market alterations and higher coordination between the buyer organisation and supplier organisation. Zsidisin and Ellram (2001) agreed that alliance with selective suppliers result in mutual benefits such as reducing overall cost and longterm competitive rewards in the marketplace. Relationships are the basis on which an effective supply chain can be built. A closer and stronger relationship permits the channel members to attain quality improvements, through improved relationship between the buyer and supplier organisations as well as offer the ability to deal with the changes in market forces such as demand and supply (Lee et al., 2007). Hsu et al., (2008) recapped that in a supply chain management, relationships are not simply used for linking the firm with a partner, but also used to link the firm throughout the supply chain. At least two parties are involved in a relationship, in order to produce mutual benefits (Walter et al., 2001).

Finally it can be appreciated that keeping a strong relationship between buyer and supplier organisations becomes most important. In order to win and preserve the business teamwork between the buyer and supplier organisations must be promoted. Selection of suppliers must be done wisely so that the organisation selects the right suppliers whom are capable of meeting the needs of the buyer. Lemke et al., (2002) established that a positive buyer and supplier

relationship is characterized by trust, mutual goals, free and sharing of information, , higher coordination, a higher commitment coupled with high levels of responsiveness towards each other's needs

2.4 Determining factors of SRM adoption in organisations.

Lasting buyer and supplier relationships are in endless movement, and can be defined as a continuous growing process. It takes time and effort to shape, and also maintain, an effective buyer and supplier relationship. The below shows the level of adoption and implementation of buyer and supplier alliances

2.4.1 Relationship bonds among the buyer organisation and supplier organisation.

Social bonds signify the common norms and standards of behaviour that are necessary for the relationship (Powers and Reagan, 2007). Parsons (2002) highlights that the nature of interpersonal marketing behaviour is a degree of the level of shared norms and standards. If there are several shared norms and standards the social bonds can be well-defined as “high” and it serves as a sign of the nature of relationship between the buyer organisation and the supplier organisation. If there are only limited shared norms and standards the social bonds can be well-defined as “low”. Structural bonds contain the dependence of one partner on the other partner's accomplishments (Powers and Reagan, 2007). Thus tactically aligned organisations tend to rest on more each other than non-aligned organisations that lack cohesion and coherence between their operations.

2.4.2 Collaboration level stuck between buyers and suppliers

The level of mutual goals is strong-minded by to what extent common goals can be attained by the recognised relationship (Powers and Reagan, 2007; Parsons, 2002). Both Bensaou (2009) and Mohr and Spekman (2014) bring into line joint objectives to high levels of commitment, a pledge of interpersonal connection between the trading organisations, and a willingness towards joint problem solving. When these conditions widely apply to a relationship then there will be several mutual goals. When these conditions are appropriate only to a small extent there will be limited mutual goals. Cooperation is matched action of both partners to attain mutual goals and by doing so, benefit from the buyer and supplier relationship (Powers and Reagan, 2007). Cooperation can be well-defined as “good” if both parties act to attain common goals.

2.4.3 Information distribution between buyer's organisation and supplier's organisation.

Bensaou (2009) recaps that the level of information and facts, the frequency of visits as well as the track of the visit determines the efficiency of the information sharing mechanisms. Where there is a good buyer and supplier relationship, information sharing tends to be high level of access to information is given to each other. Tutan and Urban (2001) deliberate better-quality communication, including regularity, accuracy and readiness to share vital information. Parsons (2002) finalised that one of the interpersonal variables which can define the advantage of an alliance is the level of mutual expose of information. The amount and superiority of the information that is shared within a buyer and supplier association can vary depending on the relationship that exists among them.

2.4.4 The presence of trust among the buying organisation and supplying organisation.

The element "trust", involves the preparedness to be determined by on the other trading partner, is stated by Parsons (2002), Power and Reagan (2007), and Tuten and Urban (2001). Dyer and Chu (2000) settle that trust is greatly linked with stable and regular buyer processes that represent credible commitments to long term interactions. High degree of stability of organisational employees on both sides (buyer or supplier) might also be a donating factor of dependency. Lastly, the institutional environment also holds a great impact on the development of inter organisational trust. Interesting buyers face actual costs as beginning high trust supplier relations as well as the expense of providing support to suppliers and the loss of the opportunity to use a more competitive supplier if one came along. Trust can be well-defined as "high" if one party is eager to rely on the other party. Trust can be well-defined as "low" if one party is not eager to rely on the other party.

2.4.5 Satisfaction Performance.

Level of performance and satisfaction shows the degree to which the business side of the partnership provides each party their anticipated or looked-for value (Powers and Reagan, 2007). Tutan and Urban (2001) both defined successful performance is when market share, profitability together with sales are as anticipated by the organisation. Performance satisfaction is well-defined as "good" if the performance of one party meets the anticipations of the other.

The performance satisfaction is well-defined as “poor” if the performance of one party doesn’t meet the anticipations of the other.

2.4.6 Power and dependency between buyers and suppliers.

Powers & Reagan (2007) pronounce power as the gain of one partner over the other partner and to the great extent to which one partner can force the other to take actions. There is an equilibrium of power if neither the partner has a gain over the other nor this is most likely to be considered with a sound relationship between the buyer organisation and supplier organisation.

2.5 Challenges obstructing effective supplier relationship management

Numerous challenges have delayed the successful execution of buyer and supplier relationships in many organisations and these comprise the following,

- **Poor Communication between buyer and supplier organisation.**

The communication procedures be the cause of most aspects of organisational performance and are important to the achievement of an organisation (Mohr and Nevin, 2010). The relationship literature classifies three characteristics of communication behaviour that are vital to successful relationships that are, the degree of information sharing among partners, communication quality and contribution in planning and objective setting. Quality of communication is resulted by the integrity, accuracy, timeliness and appropriateness of information shared between trading partners. Participation is the results to which trading partners set and plan their goals together. When the activities of one partner influences the capability of the other to well compete, then, the essential for participation in agreeing responsibilities, roles and expectations increases.

- **Absence of Mutual Goals between the buyer organisation and supplier organisation.**

Wilson (2015) distinct the perception of mutual goals as the extent to which partners exchange goals that can only be succeeded through dual action and maintenance of the relationship. These mutual goals offer a strong reason for relationship continuation. Wilson, Soni and O’Keeffe (2004) advocate that the presence of mutual goals has an effect on employee performance thus affecting the degree of commitment to the alliance.

Exchanged- values is a related but wider concept. Morgan and Hunt (1994) describe exchanged values as, “the presence of a faith in common goals between the partners as well as accepting on what behaviour’s and policies that are important, not important, suitable or unsuitable, and right or wrong.” Although the broader concept of exchanged values has some appeal it looks too broad to be successfully operationalised. Norms are the guidelines by which values are operationalised. Utmost likely, mutual goals inspire both mutuality of interest and stewardship behaviours that will leads to attaining the mutual goals. Possibly it is at ease to measure the level to which the partners exchange the similar goals than it is to measures values and norms.

- **Absence of trust and credibility among the buyer and suppliers**

Trust is a preparedness to rely on an exchange partner in whom the organisation has confidence (Moorman, Zaltman, and Deshpande, 2013). Trust mentions to what the supplier or buyer expects from another party out of his expertise, reliability and intention, (Ganesan, 2004). Andersen & Kumar, (2006) recognised that trust shows an significant part in maintaining communication and long term relationship creation. Moorman et al.'s (2002) describe trust as the level to which either the buyer or supplier will be truthful to the relationship. This definition brings about two elements of trust which are credibility and benevolence.

- **Absence of commitment of either the buyer or supplier**

The most common dependent element used in buyer and seller relationship studies is commitment (Moorman, Zaltman & Deshpande (2002). Hardwick and Ford (2006) states that commitment is made on a hypothesis that either parties’ buyer or supplier will gain from the relationship. There is slight uncertainty that commitment is a critical variable in measuring the future of a relationship. Commitment to the buyer and supplier relationship is considered as an enduring desire to be in a valuable relationship. Enduring longing to maintain the relationship mirrors a committed partner who needs the relationship to endure forever and is eager to work at maintaining it (Morgan and Hunt, 2014).

2.6 EMPIRICAL REVIEW OF LITERATURE

Below the empirical evidence are the research studies that were prepared by other researchers and were published. These comprise mainly studies and analyses.

Mwirigi (2011) his research study try to establish the role of supply chain relationships in the development of small firms in Kenya while the current research focused on a giant company

which is wholly fledged and functional. The research study consist of of a targeted populace of loan clients of FAULU in Kenya. This target population of the current research study were employees of the AUREX Jewellery.

Jewellery and diamond polishing Company. The research study observed various relationships in attempt to understand the role played by respondent firms in the supply chain management. The study research outcomes indicated that the supply chain relationships donated greatly to the development of small firms. They donate to the development and profitability of these companies in many ways. Outcomes of this research study showed that a strong sustainable relationship among an enterprise and its customers as well as its suppliers determines the degree of financial growth and increase in transactions. The research study established that the procedure of creation of supply chain relationships was to be done in a more proper manner in order to augment its role in the development of small firms.

Wangeeci (2013) directed a research study on supplier relationship management and supply chain performance in the alcoholic beverage industry in Kenya. The exact objectives of the research study were to establish the extent of SRM in alcoholic beverage industry, to define the impact of SRM on supply chain performance in alcoholic beverage industry in Kenya and to define the challenges confronted in executing SRM in alcoholic beverage industry in Kenya. The research study adopted descriptive design to pronounce the effect of SRM on organisational performance. The targeted population and sample was from Procurement team from alcoholic beverage industries. Regression analysis was used to define the relationships between the variables. The study determined that firms in the alcohol beverage industry are going towards collaborative relationships with suppliers to improve on their supply chain management and performance. This research study focused on the beverage industry whereas the current research focused on the manufacturing industry. Moreover, the research study by Wengeeci (2013) used a descriptive research study which restricts the researcher to only give a picture of what is on the ground as it exists. Nevertheless, this research study used a case study research design which allows the researcher to go deeper into the problem at hand and go to root cause of the problem which is more than just describing it. But, the current research study collected data from representatives of the whole organisation which allows the research to generalize the results as a representative of the entire population.

Kumau (2011) carried out a research study to examine the effect of buyer and supplier relationships on organisational performance amongst big manufacturing firms in Kenya. The

cross section review of 56 big industrial companies in Nairobi Kenya was engaged as the research design. Questionnaires were used to collect data through the drop and pick. Data examination for objectives one and two was done through the use of percentages and occurrences whereas the relationship among buyers and suppliers was measured using regression analysis. The outcomes are presented in tables. It is clear that there is an important relationship between buyer and supplier relationships and organisational performance represented by R² value of 0.723 which was a correspondence of 72.3% variation as showed by results on trust, mutual goals, commitment and co-operation, commitment. The researcher has also suggested that all manufacturing industries must create strategic alliances between buyers and suppliers so that they can benefit.

Manufacturing industries are highly depending on their suppliers to supply with their raw materials for use in their production. Hence, having good relationships with the suppliers is a strategy for manufacturing industries to gain competitive advantage.

2.7 Gap Analysis.

The research study of the effect of supplier relationship management on organizational performance is significant. Many researches have been carried out on supplier relationships and competitive advantage, whereas little research has been done on the relationship between supplier relationship and organizational performance. With this research study, the writer is going to contribute to the field of study by giving responsiveness to the organization in Zimbabwe which is AUREX Private Limited different from other research studies where many manufacturing industries were targeted and those companies were not from Zimbabwe.

2.8 Chapter Summary.

In this chapter reviews literature on the effect of strategic relationship between the buying and supplying organisation. The chapter shows that having such strategic relationship benefits an organisation through reduced operational costs, improved market share, increased quality of products or services, less lead-time and improved competitiveness, improved market share and innovation. Nevertheless, lack of management support, trust and risk levels hinders effective execution of strategic relationship between buyer organisation and supplier organisation.

Chapter III

RESEARCH METHODOLOGY

3.0 Introduction.

This chapter presents the research methodology that was used in conducting the study. It discusses the research design, target population, sample size and sampling design, data collection procedures and instruments, determination of validity and reliability as well as data analysis techniques.

3.2 Research Design.

The student used an instrumental case study design in conducting out the research. The focus of the research study was on evaluating the effects of supplier relationship management on organisational performance of Aurex PVT LTD. Moreover, the case study design allowed the student to gather as much information as possible from a single organisation thus getting a deeper understanding of the topic at hand using a controllable population and sample. Both qualitative and quantitative data used in the research study thus making the research methodology a diversified one. Bryman, (2004) supports that case study design allows the student to use both qualitative and quantitative data thus, enriches the findings of the research study. Qualitative techniques improved objectivity in the research study thus eradicating student bias and quantitative techniques were used for clearer and objective descriptive illustrations.

3.3 Target Population

The study's target population comprised of 48 employees at Aurex PVT LTD Company in Ruwa. The student targeted this population since it was easily available to him, thus minimising transport costs. Further to that, the Ruwa Head Office Branch housed the majority of senior management and the majority of the supply chain activities who were key to this research study were also housed at the Ruwa branch. The table below shows the distribution of the population for the research Study.

Table 3.3.1 Sample of the study

Respondent	Population	Sample	(%)
Procurement team	9	8	89
Stores team	9	7	78
Audit team	6	6	100
Marketing	7	5	71
Finance	5	5	100
Quality Assurance	3	3	100
Human Resources department	6	4	67
Managing director's Office	3	3	100
Total	48	41	85

Source: Research data 2020

3.3.1 Sampling Procedure.

The sampling procedure bring about the way in which the sample for the research study was nominated from the target population. The student listed all the names of the departments at the head office in Ruwa which were part of the supply chain together with the number employees from these departments. The student was helped with the human Resource Department to come with the list of all departments and the number of the employees in each department. Then respondents were randomly picked from of each groups until the desired number of respondents from each department was reached.

3.4 Sources of Data.

The student made use of both primary and secondary data in carrying out the research study. Primary data is the data which was taken specifically for the current research study using questionnaires and interviews among others. Secondary data is the data that was obtained from textbooks, previous studies conducted similar to the current research study. Secondary data acts to show that the research study is worth conducting and also it helped in improving knowledge and understanding on the problem to be researched as articulated by other students.

3.5 Data Collection Procedure.

First step for the research study before gathering the data from the respondents, the student sent letters of request to the Head of Human Resources office. The letter introduced the student, outlined the purpose of the research study and clarified the nature of research being conducted. Leedy (1993) advice that the letter should appeal for the use of respondent's time and also clarify why it is an advantage to participate in the study.

After permission was approved, questionnaires were delivered and collected from the respective respondents. The student thought that by allocating the questions in person the respondents would value the essence of the research study. Respondents were given two days to answer the questionnaires. Moreover, the student or the researcher directed interviews with the Procurement manager, Stores clerk, Finance manager, Human Resources manager, General Manager and the Managing Director to get an understanding on the nature of supplier relationship management at the company.

3.6 Research instruments.

Research instrument is a tool used to gather information which serves as evidence to support a finding. The student employed the use of questionnaires and personal interviews guide as for the data collecting instruments.

3.6.1 The questionnaire

The student prepared use of a questionnaires which comprised of both open and closed ended questions to collect data from respondents of Aurex Company. The questionnaire was shared into two sections, section A was on demography of respondents and section B focused on extracting information on supplier relationship management at Aurex Company. Questions were simple and short to make sure that respondents can simply understand them and complete them at the less time

The student take on the use of a questionnaire to collect data for the research study because it standardises information which simple to analyse than that collected through interviews. Borg and Gall (1980) also reinforced that the questionnaire does not bring pressure on respondents when giving information. Also the use of questionnaire make sure privacy of respondents thus, letting respondents to express their opinions without fear of persecution for telling the truth.

3.6.2 Personal Interview Guide

Face to face interviews were conducted to add-on data collected through questionnaires. Interviews were arranged a week before to let employees sufficient time to prepare. Saunders (2009) supports that; the practise of interviews is to get effective and trustworthy data that addresses the research study questions and objectives. The student selected this instrument because according to it is advantageous in that it can allow follow up of ideas, probe responses and investigate feelings and motives which the questionnaire cannot ever do. Bell (1991) also added that an interview can also collect information from nonverbal responses such as facial expressions and tone of voice.

3.7 Reliability and validity of research instruments

Reliability bring about the measurement of constancy in the responses obtained from the data collecting exercise. Therefore, research instruments are alleged to be reliable if they provide constant results after repeating the same research study in different intervals. Stages were taken to make sure that the research study instruments were reliable and valid. To attain reliability and consistency, same of the questions were questioned to all sampled respondents and only authorised personnel were permitted to answer the research study questions. Validity According to Flagg (1990) refers to the ability of data to reflect the underlying attribute of interest. The research study instruments were tested for both content and structural validity through confirming that the research study questions were resulting from the research objectives and also that the instruments were clear and simple as not to leave the respondents with uncertainties on what was meant.

The preliminary study was done as part of pre-testing the instruments. After scheming the interview guide and questionnaires, the student first gave them to the research project supervisor and my fellow students for suggestions and corrections. Afterward the research study instruments were preliminary tested at Fidelity Printers and Refiners in Msasa. After making alterations to the research study instruments according to the outcomes obtained from the pilot study, the data gathering instruments were then mass produced and personally administered to the respondents. The interview guides were also directed out to the respective members to be interviewed to allow them sufficient time to prepare and gather all necessary information for the interview.

3.8 Data presentation and analysis procedures.

Data record was done using excel, and data analysis involved calculation of percentages. Data was offered through the use of graphs, tables, pie charts and narrations for fast visual impression of the analysed data. These methods are very simple to use in the presentation of the data as they give a good visual impression.

3.9 Ethical and legal considerations

The research study was conducted out with special attention being paid out on ensuring that research study ethics are obeyed with. Contribution into the research study was voluntary, the student well explained the essence of the research study to the respondents and how it would be helpful to their company and themselves as well. Having achieved voluntary consensus of respondents, the student further makes sure that privacy of respondents was guaranteed, confidentiality of collected data was highly ordered by making sure that no unauthorised personnel will have contact to company information and also that the data collected from the research study was used for academic purposes only. Accountability of the student was guaranteed through seeking permission from the company to carry out the research at Aurex Company as a case study and assure to provide a copy of the study to the company after completion.

3.10 Chapter summary

Chapter three focused mainly on the research methodology that was used in the research study. This also comprised the research population, sample and types of data used in the research study. Data analysis techniques have been also discussed.

CHAPTER IV

DATA PRESENTATION AND ANALYSIS AND DISCUSSION

4.0 Introduction

Chapter (IV) presented analyses and discussed the data gathered from the respondents. The research study attempted to analyse the effects of strategic Buyer and Supplier relationship on organisational performance in the manufacturing industry at Aurex Company. Literature review considered at all the diverse theories and research studies on supplier relationship management and this chapter presents the outcomes on supplier relationship management at Aurex Company.

The research study attempted to address the following specific research study questions;

- How supplier relationship management can affect AUREX performance?
- What are the challenges met in establishment of buyer – supplier relationship management in organisation of AUREX?
- How does the supplier segmentation affect the performance of AUREX?

DATA PRESENTATION PROCESS

4.1 The rate of response

Russels (2009) describes the rate of response as the arithmetical relationship that exists between the number of respondents who responded to the researcher's study survey divided by the total number of the respondents and this is then articulated as a percentage. The higher the rate of response is the more dependable the research study findings are.

Table 4.1: Rate of response for the questionnaires

Respondent	Questionnaires issued	Number of respondents	Response rate (%)
------------	-----------------------	-----------------------	-------------------

Procurement team	5	5	100
Corporate services	6	6	100
Registrar department	5	5	100
Audit team	3	2	67
Marketing team	5	5	100
Finance	5	4	80
Quality Assurance	3	3	100
Records management	5	3	60
Total	37	35	95

Source: Research data 2020

37 questionnaires were distributed at Aurex and 35 of the respondents gave back response except for 2 respondents failed to complete the questionnaires due to under pressure of work so the student could not get their responses on time. A response rate was on 95% of questionnaires. This means that the research study data was reliable in concluding the requirements of this research study.

Table 4.2: Interview rate of response

RESPONDENT	INTERVIEW SCHEDULE	INTERVIEW CONDUCTED	RESPONSE RATE (%)
Procurement Manager	1	1	100
Corporate Services Manager	1	1	100
Finance Director	1	1	100
Audit Manager	1	1	100
Quality Assurance Director	1	1	100
General Manager	1	1	100
Total	6	6	100

Source: Research data 2017

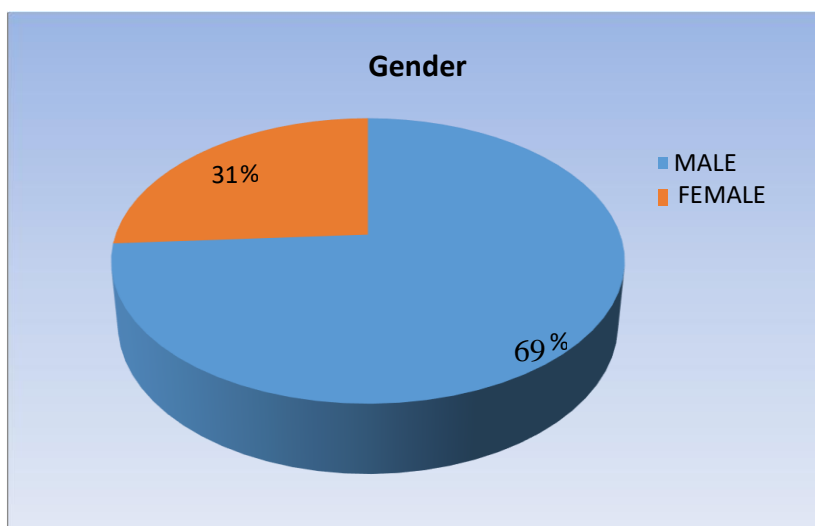
The student carried out 6 interviews and all the 6 interviews were successful conducted as illustrated by the table above. The rate of response on interviews is 100 percent. The rate of response on interviews highlight the validity and reliability of the research study outcomes gathered by the student at Aurex Company.

The research study outcomes from the research instruments used will now be presented, analysed and interpreted below.

4.2 Demographic background of respondents

This sector of the research study shows the demographic features of the respondents. This was relevant to the research study in that it benefits the student in determining the generalizability of research outcomes

Figure 4.3: Distribution of respondents by gender



Source: Research findings 2020 Figure 4.1: Distribution of respondents by gender

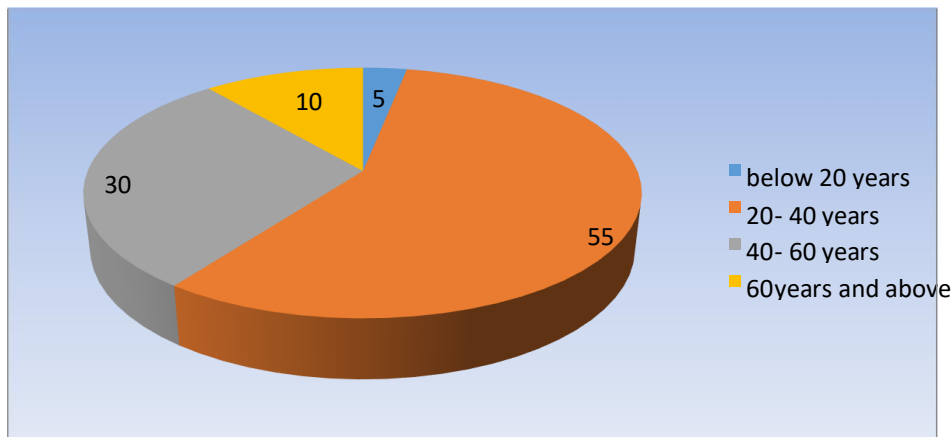
The findings of the research study show that 69% of the respondents were male employees and 26% were female employees.

The analysis of gender proves that the Aurex Company was dominated by male employees hence much of the outcomes are a reflection of a male dominated working environment. This truly specifies the characteristic of the industrial sector population in Zimbabwe which is largely characterised by male dominance due to the nature of work which involves stretched

working hours and more manual work. It is prudent that the company to put in place procedures that promote equal employment opportunities to both gender.

4.2.2: Age

Figure 4.4: Distribution of respondents by Age



Source: Research findings 2020

Figure 4.4 show that 55% of the respondents falls under the age group of between 20 to 40 years, 30% falls under the 40 to 60 years age group and 10% falls in the 60 years and above category and the outstanding 3% were below 20years.

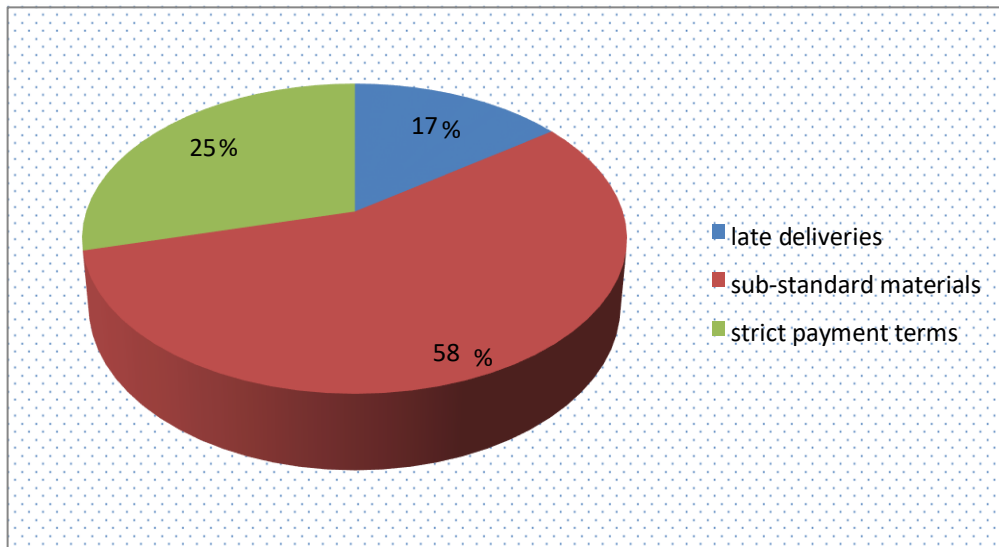
The age distribution of the research study allows generalisation of the outcome results because all age groups in the sampled respondents were represented.

4.3 Supplier Relationship Management in the context of Aurex Company

Respondents were asked to exhibition their knowledge on what supplier relationship management bring about as defined by their organisation and 69% of them point out that it involved the formation of long term supplier relationship which are doomed to benefit both parties involved. Only 31% of the respondents further worried that supplier relationship management is a process and an ongoing thing rather than a once off thing which therefore requires commitment, trust, and cooperation of all parties involved for it to be effective. The student noted that the company's definition and understanding of supplier relationship management was actually in coherence with Kleinbaum, (2008) who repeats that Supplier Relationship Management is a comprehensive method of handling the relationships with suppliers of goods and services.

4.4 How supplier relationship management level at Aurex Company has affected organisational performance.

Figure 4.4: Impact of poor SRM on Aurex Company performance



Source: Research findings 2020

Figure 4.4 shows that 58% of the respondents showed that suppliers have on several occasions delivered sub-standard raw materials at very high prices, especially cooper and silver which has compromised product quality. The other 25% expressed that suppliers were being strict with their business operations terms were they were demanding prompt payments on delivery which the Aurex Company has found it hard to comply with. The final 17% showed that suppliers were late delivering of materials resulting in the company being incompetent to meet its production targets hence, leaving some parts of the market not served.

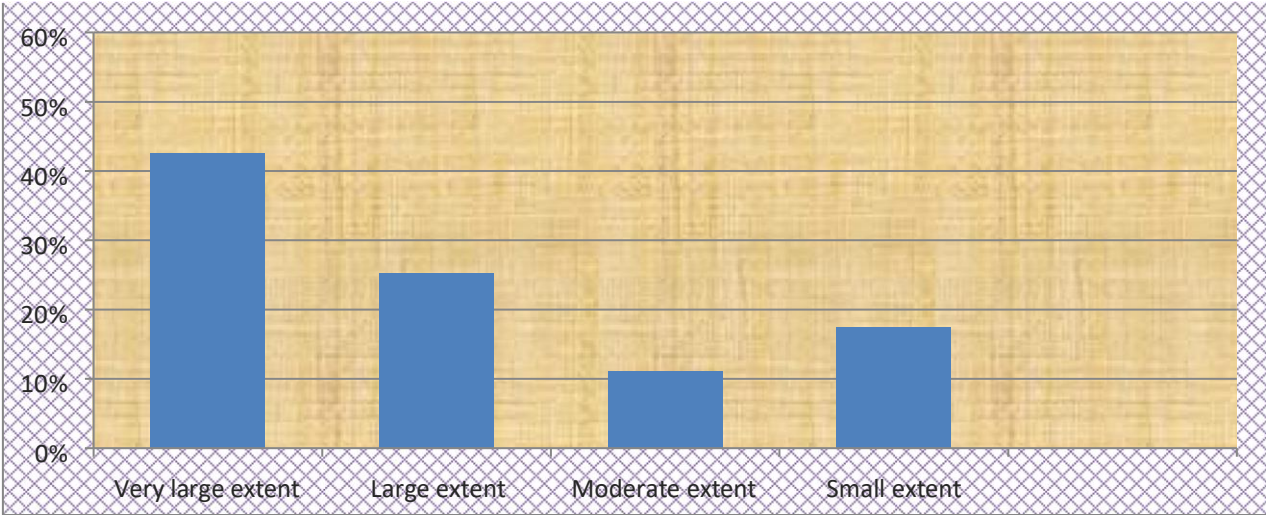
The above outcome results from the respondents showed that the company has suffered negatively and this is a true reflection of poor relationship between Aurex and its suppliers. As a result the company has unsuccessful to enjoy the benefits of good supplier relationship management as demonstrated by Johnston et al. (2004) who proves gains from supplier relationship management such as being; financial, lead time performance, quality products, improved responsiveness, customer loyalty, innovation, and reduction in inventory and improvements in product or process design, flexibility, product availability, delivery performance, and customer satisfaction.

4.5 Supplier relationship management variables and their effect on Aurex Company performance.

The student sought to measure the effect of numerous supplier relationship management variables on performance of Company. The results obtained showed poor supplier relationship management at the company.

4.5.1 The existence of mutual goals among buyer and supplier organisation and organisational performance.

Figure 4.5: Existence of mutual goals between buyer and supplier organisation and organisational performance



Source: Research study findings 2020.

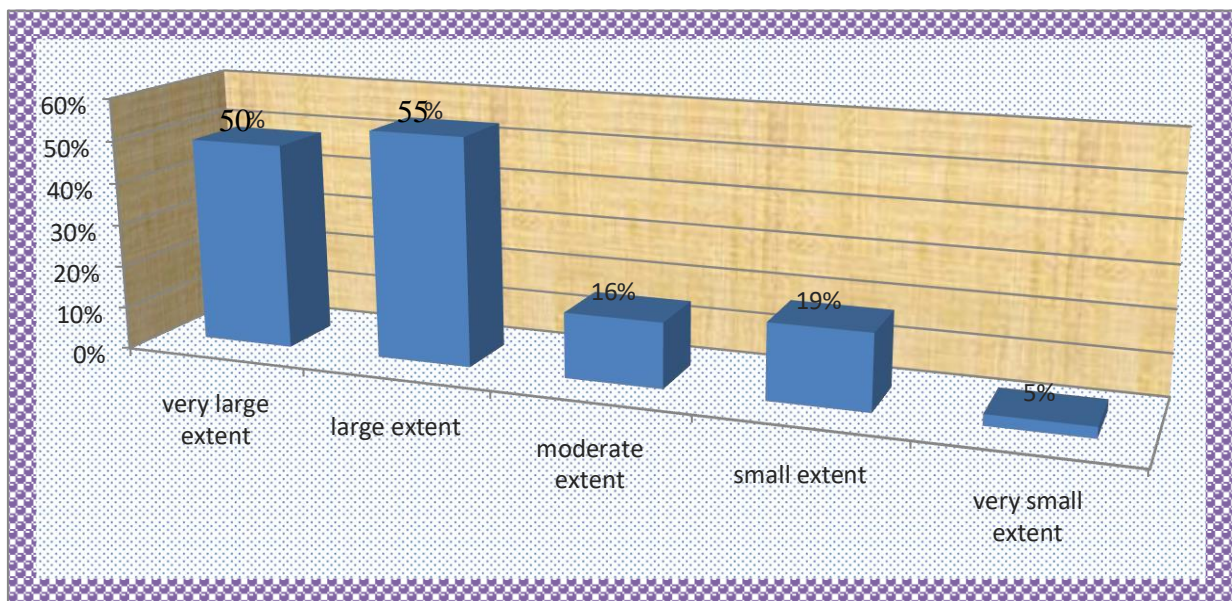
Responses on whether having mutual goals in buyer and supplier relationships outcome in better organisational performance for their organisation indicated that 43.5% agreed to a very large extent, 26 settled to a large extent and 11% felt it helped to a moderate extent. The remaining 19% felt it helped to a small extent.

The leading impression was that having same of mind among the buyer and suppliers has a positive effect to organisational performance of Aurex Company. This was supported by

Zsidisin and Ellram, (2001) who donated that a successful relationship is characterized by risk sharing between the buyer and supplier.

4.5.2 The level of commitment between buyer organisation and supplier organisation.

Figure 4.6: The level of commitment between buyer organisation and supplier organisation.



Source: Research findings 2020

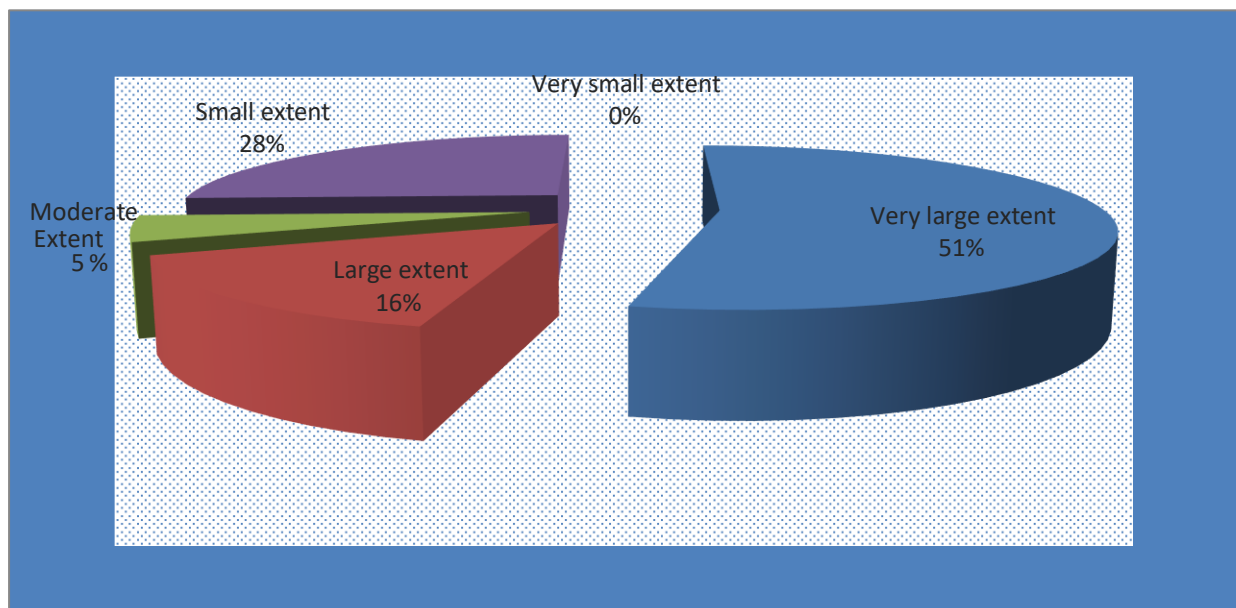
Respondents also granted that commitment in buyer and supplier relationships results in improved organisational performance for the organisation as supported by 50% of the respondents who granted with the assertion to a very large extent and the other 55% agreed to a large extent. 16% of the respondents but were of the opinion that the influence of commitment of both buyer and supplier on organisational performance was moderate whilst 19% felt that commitment has slight effect on organisational performance whilst 3% felt that commitment impacts organisational performance to a very lesser extent.

The main outcome was that commitment of both the buyer and supplier was crucial in effective supplier relationship management. This outcome was supported by Morgan and Hunt, (1994) who stated that commitment was an essential element in determining the continued existence of a relationship in the future and performance of both organisations of buyer and supplier and

an permanent desire to maintain the relationship reveals a committed partner who wants the relationship to sustain forever and is eager to work at maintaining it.

4.5.3 Effects of trust on Buyer and Supplier relationships on organisational performance.

Figure 4.7: Effects of trust on Buyer and Supplier relationships on organisational performance



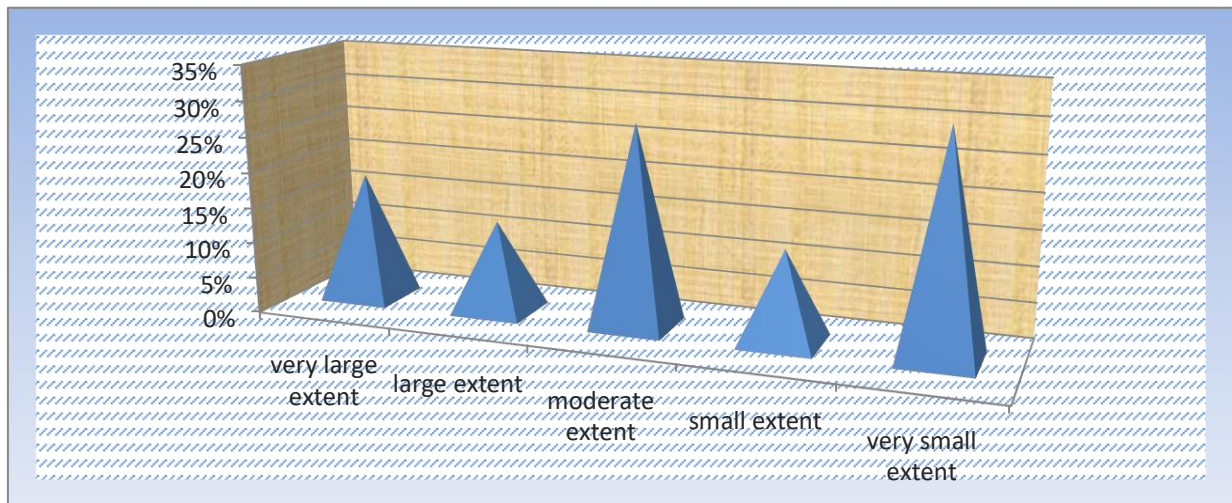
Source: Research findings 2020

About 50.8% and 15.8% of the tried respondents agreed that trust in buyer and supplier relationships results in improved organisational performance for their organisation to a very large extent and also large extent respectively. A total of 27.7% concurred to a small extent while the outstanding 4.9% felt the impact was moderate.

This result indirect that trust was vibrant in make sure the establishment and maintenance of effective and beneficial strategic relationship between buyers and sellers. This finding tally with Dyer and Chu (2000) who specified that trust was highly correlated with stable and consistent buyer processes that represent reliable commitments towards long term interactions, thus, a high level of solidity of organisational personnel on both sides might also be a determinant of trust.

4.5.4 Effects of co-operation on buyer and supplier relationships on organisational performance.

Figure 4.8: Effects of co-operation on buyer and supplier relationships on organisational performance



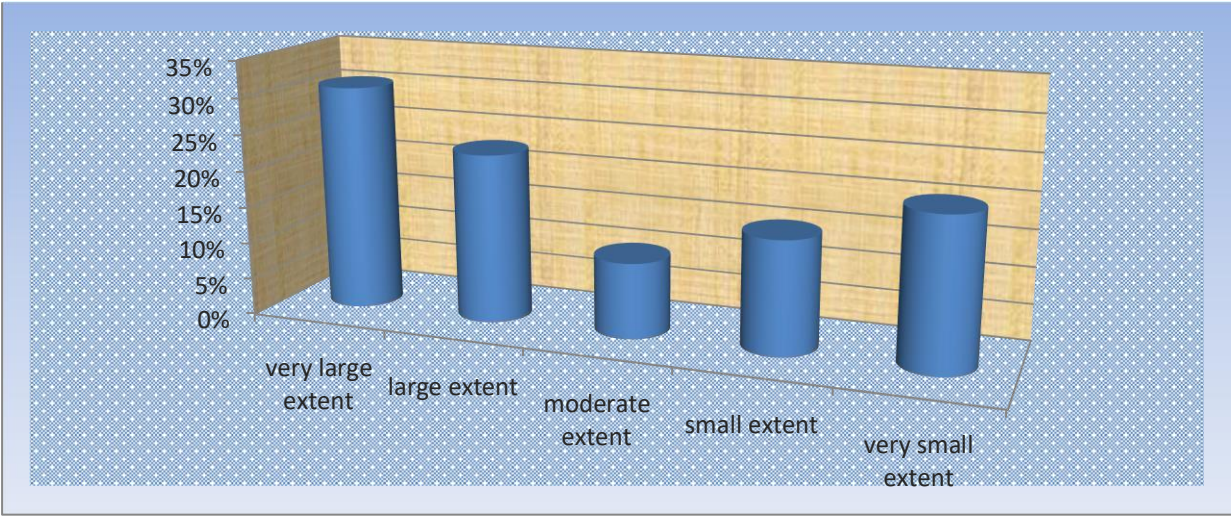
Source: Research findings 20120

The student pursued to measure the extent to which respondents concurred that co-operation in buyer and supplier relationships results on improved organisational performance for their organisation and 18.1% concurred to a very large extent, 13.1% concurred to a large extent, 27.9% concurred to a moderate extent whilst 13.2% concurred to a small extent and 31.1% concurred to a very small extent.

Outcome results of the research demonstrates that cooperation was vital in successful creation and maintenance of strategic relationship among buyers and suppliers. The out result concurred with Lee et al., (1997) who suggested that in order to win and maintain the business there is a need for co-operation between the buyer and supplier and also a closer and stronger relationship allows the channel members to achieve quality improvements, through improved linkages among the buyer's organisation and supplier's organisation.

4.5.6 Impact of communication on buyer and supplier relationship on organisational performance

Figure 4.9: Effects of communication on buyer and supplier relationship on organisational performance



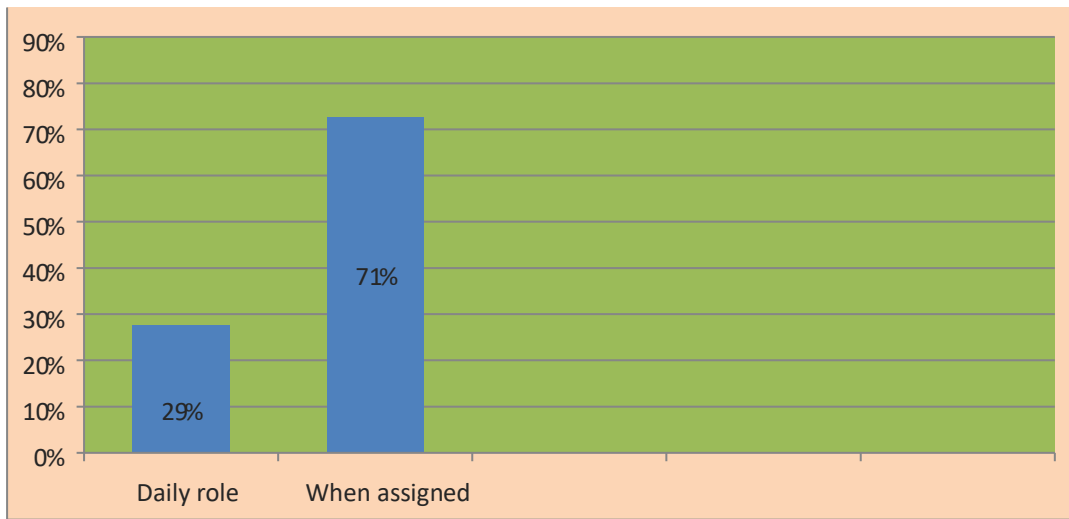
Source: Research study findings 2020

The results of the sampled respondents, 31.1% concurred that communication in buyer and supplier relationships was essential in improving organisational performance to a very large extent, 22.9% concurred to a large extent. A total of 15.4% respondents concurred to a smaller extent and 20.5% concurred to a very small extent and 10.3% were moderate.

Communication showed to be so critical in formulation and maintenance of strategic relationship and it forms the basis through which understanding of each other's roles and responsibilities. Mohr and Nevin, (1990) pronounced that communication methods underlie most features of organisational behaviour and are critical to organisational success

4.6 The percentage of employee's time spent on Supplier Relationship Management

Figure 4.10: The percentage of employee's time spent on Supplier Relationship Management



Source: Research findings 2020

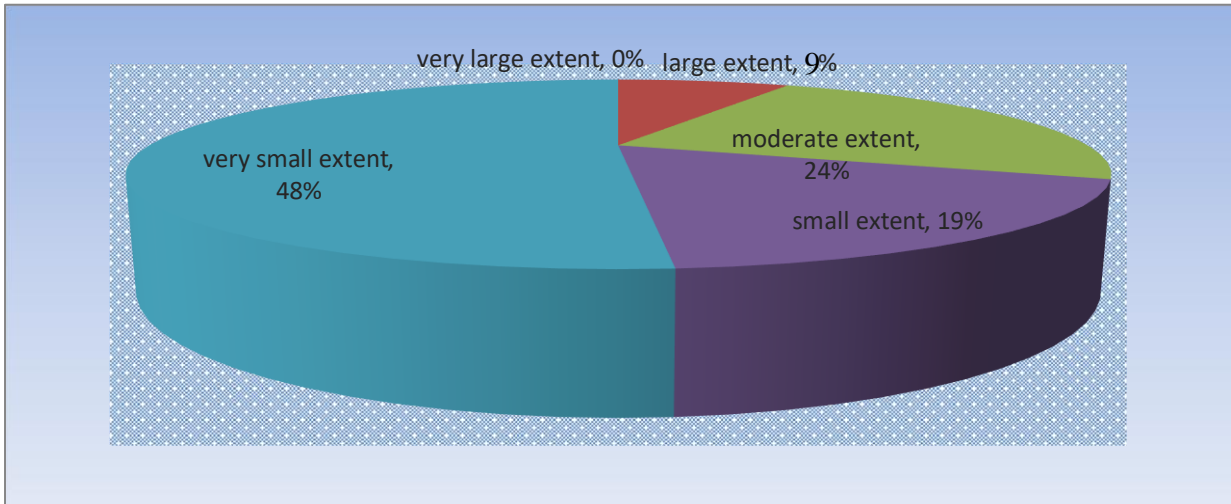
Figure 4.10 showed that 71% of the respondents specified that they only partake into supplier relationship activities when assigned to do and 21% performed the activity daily. The results show that the company does not encourage its employees to manage relationships with suppliers; henceforth the majority of the respondents are not concerned and knowledgeable much about handling relationships with suppliers.

4.6.1 Who leads Supplier Relationship Management (SRM) in the organisation?

All the respondents specified that supplier relationship management exercise was conferred in the hands of senior managers whom at times sub-delegates the responsibility to supervisors whom the organisation had great faith in that they possess the expertise of managing with suppliers. According to Jonathan, (2010) there should be a formal Supplier Relationship Management team at the corporate level responsible for facilitation and coordination of SRM activities across organisational functions. This is however in line with what Aurex company has been working by assigning SRM duties to corporate level employees.

4.6.2 Existence of mutual goals between buyer and supplier organisations

Figure 4.11: Existence of mutual goals between buyer and supplier organisations



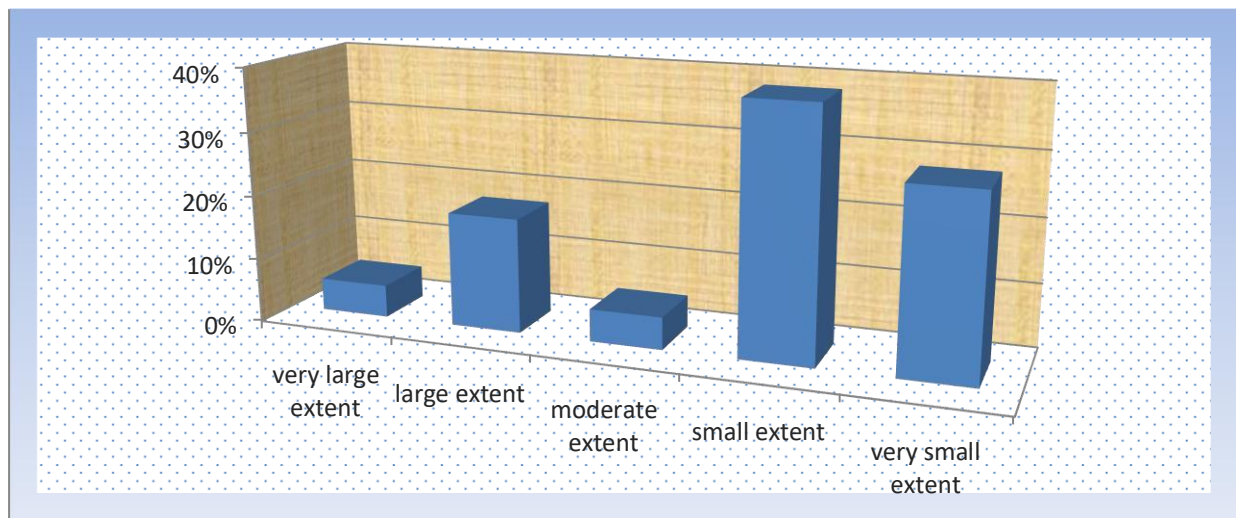
Source: Research findings 2020

Figure 4.11 shows that 48% responded that mutual goals between their company and their suppliers existed to a very small extent, 18% specified that it was to a lesser extent, 24.1% felt it was moderate and 9% were of the view that mutual goals between the organisations existed to a large extent.

The major finding results was that the existence of mutual goals among the buying and supplying organisation was very minimal. This shows that Aurex was slow not effectively managing its relations with the suppliers. The outcome results approve the findings of Powers and Reagan, (2007) who discovered that the degree of mutual goals is determined by to what level common goals can be achieved by the established relationship. Mohr and Spekman (1994) further relate mutual goals to a high level of commitment, a pledge of relational continuity between both partners, and willingness towards joint problem solving.

4.7 Clear understanding of roles and responsibilities between Aurex Company and its suppliers.

Figure 4.12: The existence of clear understanding of roles and responsibilities between Aurex Company and its suppliers



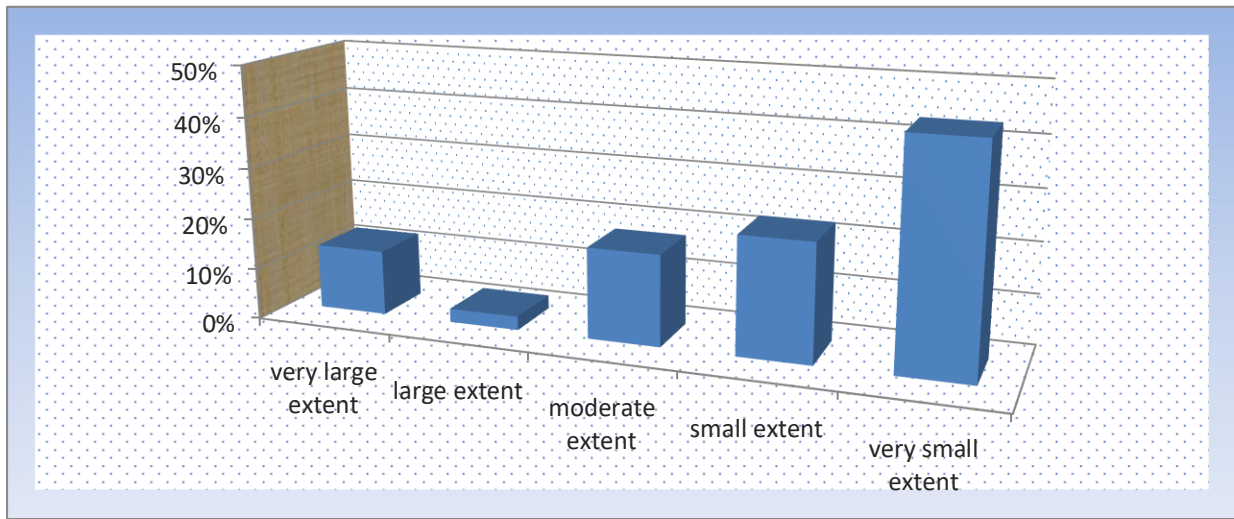
Source: Research findings 2020

The research findings specified that the majority of respondents (39.5% and 27.2%) felt that clear understanding of each other's roles and responsibilities among their company and their suppliers existed to a small and very small extent respectively. Nevertheless, other respondents 5.1% concurred that it existed to a very large extent and the other 17.9% concurred to a large extent.

The remaining 5.1% showed that clear understanding existed to a reasonable extent. This outcome result largely concurred with the research findings on the existence of mutual goals between Aurex and its suppliers which showed that the existence of mutual goals between the organisation and its suppliers was very little, hence under such circumstances clear understanding of each other's roles and responsibilities becomes unviable as in this case.

4.7.1 Existence of high level of commitment between Aurex Company and its suppliers.

Figure 4.13: Existence of high level of commitment between Aurex Company and its suppliers



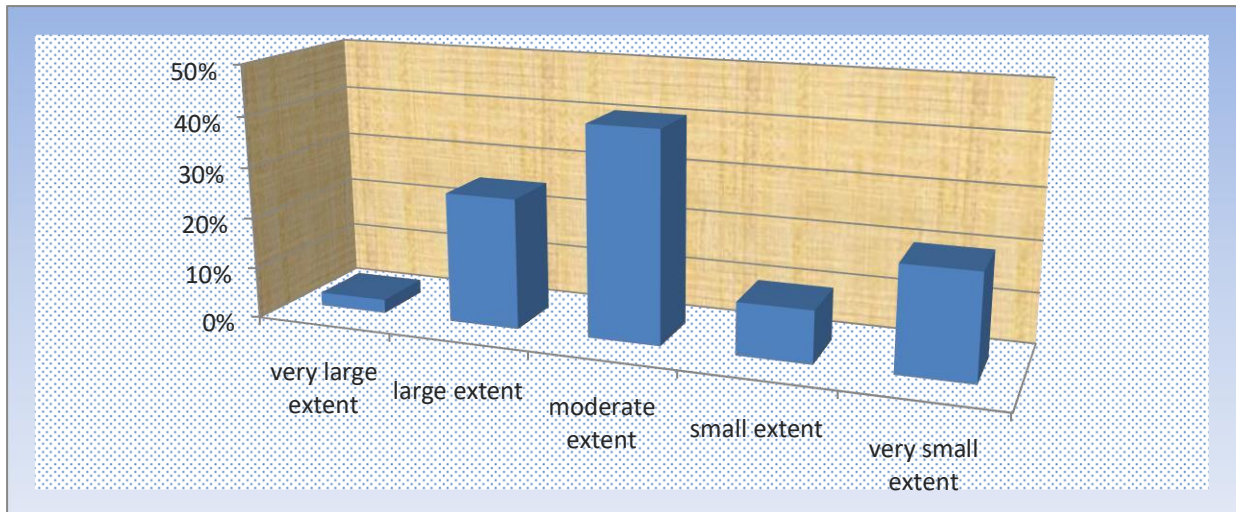
Source: Research findings 2020

The student further sought to measure whether there was a high level of commitment between Aurex Company and its suppliers, 13.8% concurred that it existed to a very large extent, 2.7% concurred to a large extent, 15.9% concurred that it existed moderately and 24.1% agreed that it existed to a small extent and the remaining 43.6% agreed to a very small extent.

The major finding showed from the outcome results is that the level of commitment between Aurex and its suppliers was very low and this clearly supports the existence of the problem under the research study where the company has suffered negatively due to out of stock situations as a result of let-down by suppliers to deliver on time or due to delivery of sub-standard raw materials. The outcome results were in agreement with Hardwick and Ford (2006) who stated out that commitment was the most common dependent variable used in buyer and seller relationship studies.

4.7.2 Maintenance of long term relationships between Aurex Company and its suppliers.

Figure 4.15: Maintenance of long term relationships between Aurex Company and its suppliers



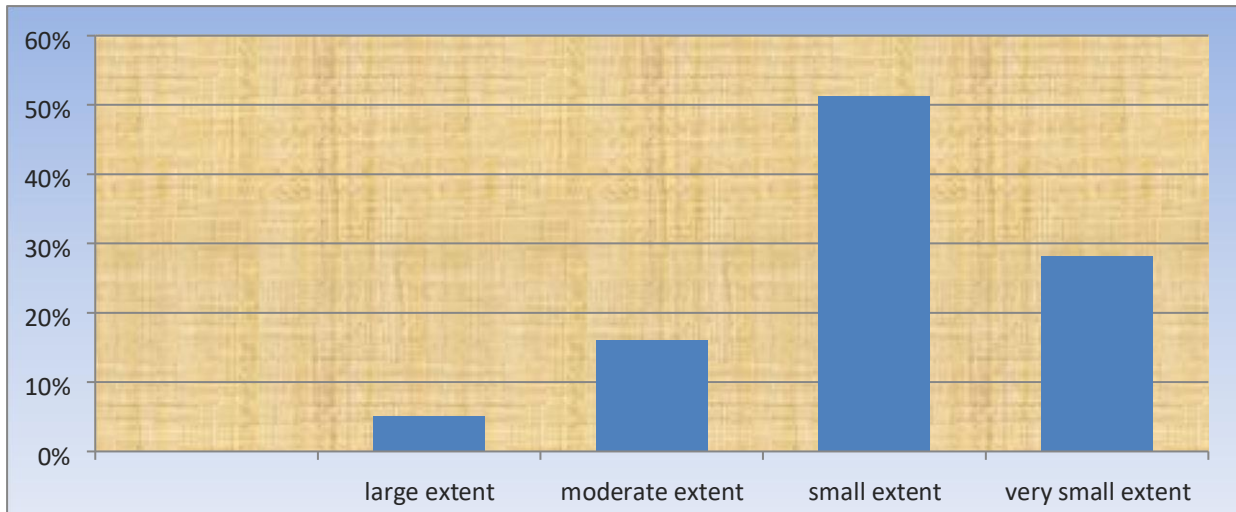
Source: Research findings 2017

On the query of existence of long term relationships between Aurex Company and its suppliers, the majority of the respondents (41%) agreed that it was moderate. Only 10.3% agreed to a lesser extent and 20.5% agreed to a very small extent. The other 25.6% of the respondents showed that long term relationships among Aurex Company and its suppliers exists to a greater extent while the remaining 2.7% agreed to a very large extent.

The major outcome here was that it is accurate that the company sustains long term relationships with its suppliers but, these relationships were categorised by repeat business with no strategic links created. This was not in line with Monczka et al., (2000) who promulgates that supply chain management has become extensively recognised as a significant contributor to strategic success, helping businesses remain viable in an ever changing and competitive environment.

4.7.3 The level of trust between the Aurex Company and that of its suppliers.

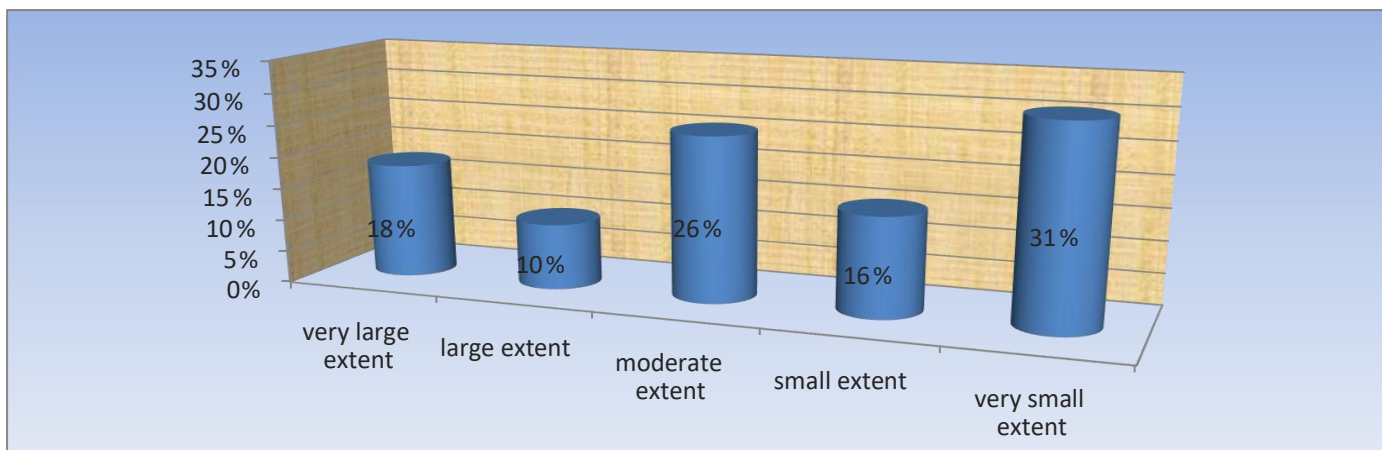
Figure 4.16: There is a high level of trust between the company and that of its suppliers.



Source: Research findings 2020

Concerning the issue of trust between Aurex Company and its suppliers, 4.9% agreed that there exists a high level of trust between the Aurex Company and suppliers but the majority of respondents (50.9%) agreed that trust existed to a lesser extent and a further 28.2% opined that trust existed to a very small extent. The remaining 16% felt that the level of trust between Aurex Company and its suppliers was rather moderate. The outcome showed that there was a low level of trust among the company and its suppliers. Contrary to the research result, Andersen & Kumar (2006) lamentations that trust was of utmost importance in moulding relations and long term strategic alliances. Thus in the absence of trust between buying organisation and supplying organisations, supplier relationship management becomes useless as is currently taking place at Aurex Company.

4.7.4 The extent of mutual information sharing between Aurex and suppliers

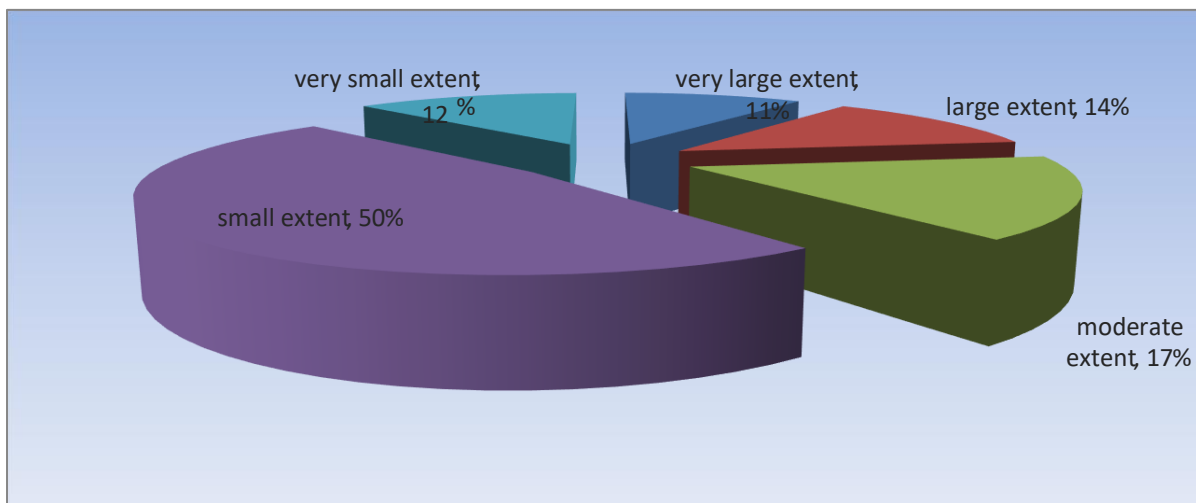


Source: Research findings 2020

Figure 4.17: The extent of mutual information sharing between Aurex and suppliers.

The student sought to establish whether there was mutual information sharing among Aurex Company and its suppliers. The results showed that 18% and 10% of the respondents agreed to a very large extent and to a large extent correspondingly that there was mutual sharing of information between Aurex Company and their suppliers. The other 16% and 31% agreed to a small and very small extent correspondingly while 26% felt that information sharing was on a moderate basis. The leading impression from the research results was that information sharing between Aurex and suppliers was very minimal. These research outcomes rather agreed with the finding above which indicated that there was very little trust among the company and suppliers hence, where there is no trust, information sharing is also minimal. Bensaou (1999) further emphasized that where there is a good buyer and supplier relationship, information sharing tends to be more and high level of access to information is given to each other. The outcome of this research approves that information sharing was low hence poor buyer and supplier relationships exists.

4.7.5 The level of responsiveness between the organisation and its suppliers.



Source: Research findings 2020

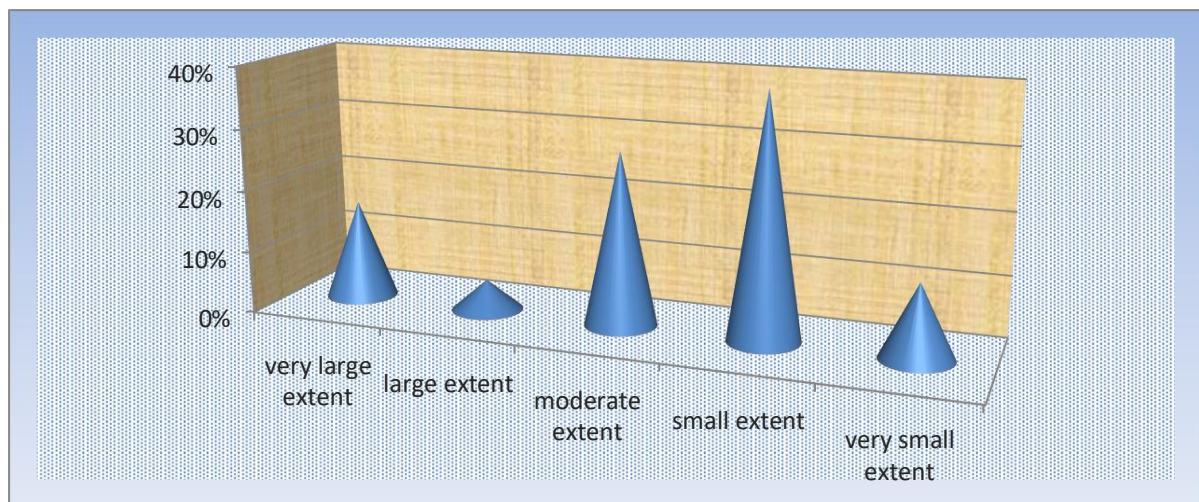
Figure 4.14: The level of responsiveness among the Aurex organisation and its suppliers.

Respondents showed that the level of responsiveness to each other's and needs among Aurex organisation and its suppliers was also very tiny as showed by 50% and 12.% of the respondents agreed to a very lesser extent on the existence of a high level of responsiveness among their organisation and suppliers. A total of 17% of the respondents showed that the rate of response

was moderate while 12% and 11% granted that there was a high rate of response to a very large extent.

The results showed that there was a poor relationship between the Aurex organisation and its suppliers as showed by a lack of responsiveness to each other's needs. David, (2012) however indicated that buyer and supplier relationships need more interactions as well as close interpersonal interactions among both buyer and suppliers to be effective.

4.7.6 Existence of good communication among Aurex and suppliers.



Source: research study findings 2020.

Figure 4.15: Existence of good communication among Aurex and suppliers

Lastly the student asked respondents on the nature of communication among the respondents of Aurex Company and its suppliers and 39% of the respondents granted that communication was good to a small extent; the other 27.9% granted that it was good to a very small extent. And only 13.1% felt that it was moderate while 4.9% and 15.1% granted that good communication among the Aurex Company and suppliers existed to a large and very large extent. These illustrations that communication among the Aurex Company and suppliers was rather poor and this was contrary to Tutan and Urban (2001) who restated that better communication, including willingness, frequency, and accuracy to share vital information were critical in buyer and supplier relationship management.

4.8 Challenges facing Buyer and Supplier Relationship Management

Table 4.3: Challenges facing buyer and supplier relationships

	Strongly agree	Agree	Undecided	Disagree	Strongly disagree
Absence of communication results to poor buyer and supplier relationships	43.9%	21.2%	11.7	14%	9.2%
Absence of commitment results failure of buyer and supplier relationships	15.8%	49.3%	6%	20.9	8%
Absence of trust among buyers and suppliers results to failure of buyer and supplier relationships	73.3%	8.1%	13.7%	-	5.5%
Absence of mutual goals among the supplier and the buyer results to failure of buyer and supplier relationships	24.1%	59.6%	8.3%	8%	-
Absence of co-operation among buyers and suppliers results to failure of buyer and supplier relationships	-	43.9%	11.6%	16.3%	28.2%

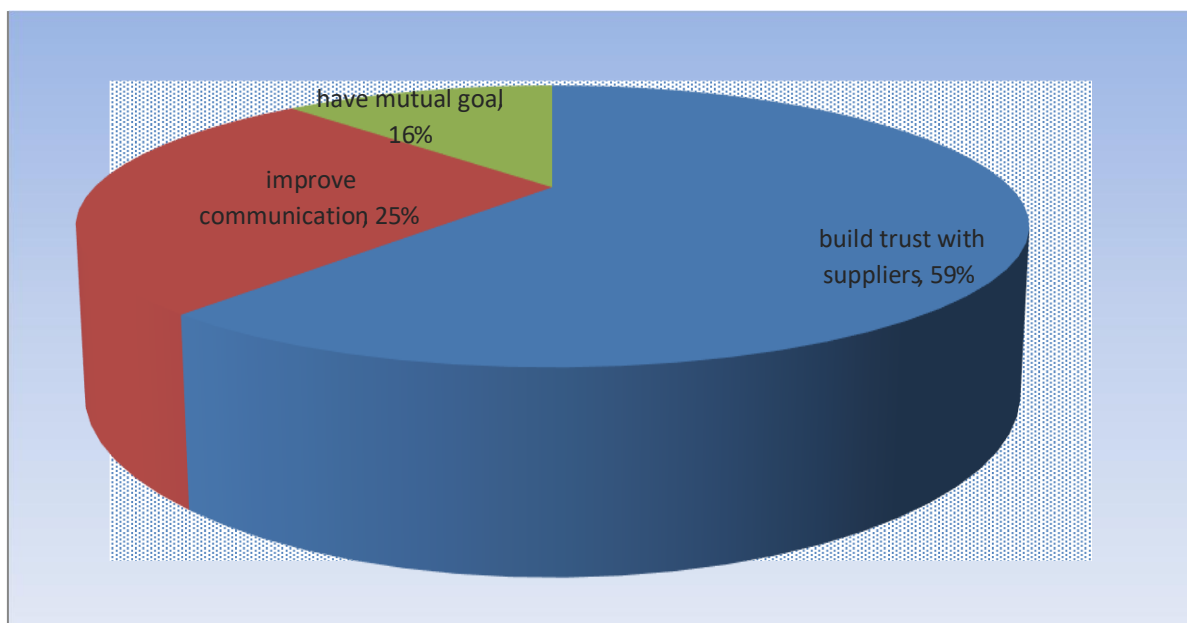
Source: Research study findings 2020.

Above table 4.3 is the presentation of research findings on the challenges that obstructs effective buyer and supplier relationship management and results outcome showed that respondents concurred that absence of trust, communication, mutual goals, commitment, and co-operation as well as poor performance of suppliers all negatively buyer and supplier relationships. A total of 64.9% of the respondents all granted that absence of communication results to poor buyer and supplier relationship and these energies to prove that a lot needs to be done on improving communication among the buying company and its suppliers as this creates the base for creation of mutual goals and co-operation. The popular of the respondents again 81.2% also granted that there was very little trust among Aurex and its suppliers. Truly that where no trust exists, buyer and supplier relationship management becomes hard since the relationship is a fiduciary one where trust is important to its success. Also respondents (84.2%) granted that absence of mutual goals results to poor relationship among buying and supplying organisations. This is so because for there to be effective buyer and supplier relationship management, companies must share the same goals and vision so that they can pull towards the same direction and pursue courses of action that leads in win-win situations. An extra 71.9%

of the respondents were in agreement that absence of co-operation among the buying organisation and supplying organisation results to failure of buyer and supplier relationships. Co-operation is most likely to be existing where companies share mutual goals and trust each other.

The research findings showed that all the respondents agreed that poor performance of supplier's results to poor buyer and supplier relationships. Whipple and Frankel, (2000) were in support of the above research findings and recommended that it is vital that suppliers understand the vision and goals of their buyers so that they will satisfy these to improve creation of mutual relationships with buying company. Characters such as coordination, collaboration, commitment, communication, trust, flexibility, and dependence are viewed as more important in creation and maintenance of strategic alliances. In the lack of these characters will limit the formation of mutually beneficial buyer and supplier relationships.

4.9 Strategies which the Aurex Company should put in order to improve the nature of buyer and supplier relationship management.



Source: Research study findings 2020

Figure 4.16: Strategies which the Aurex Company should put in order to improve the nature of buyer and supplier relationship management.

The student determined by asking respondents on strategies which they feel their Aurex Company should put in order to improve effective buyer and supplier relationships and respondents showed a number of initiatives, chief among them cited by 59% of respondents being the development of trust and commitment among Aurex and its suppliers. The other respondents (25%) recommended that the Aurex Company must improve its communication with its suppliers to safeguard that there is clear understanding of each other's roles and responsibilities among buyer and supplier, mutual information sharing, improved responsiveness among the firms. Only 16% of the respondents showed that their organisation needed to create mutual goals with suppliers and sustain of the relationship with suppliers to ensure that both parties to the relationship go towards the same direction.

Responses underline that trust, communication, commitment were critical in ensuring formation of mutually beneficial relationships with suppliers. This suggestion was in line with the commitment-trust theory of relationship by Christopher, (2004) which says that two essential factors trust and commitment must be present for a relationship to be successful.

4.10 Chapter Summary

Chapter four (4) of the research study findings from data gathered was the presentation and analysis. The research outcome of this study approved the related literature reviewed which states that supplier relationship management was vital in ensuring improved performance of the organisation. It was also confirmed that trust, commitment, mutual goals, cooperation and communication were essential elements in formulation and implementation of strategic alliances with suppliers and an absence of elements hinders effective operation of both employees and the organisation.

CHAPTER 5

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This is the concluding chapter of the research study which provided the summary for the research study starting from chapter one to chapter four. In context of this chapter are the conclusions of the chapter and also recommendations of the study basing on the outcome that was presented and analysed in the previous chapters

5.1 Summary findings.

The objective of the research study was to determine the level of supplier relationship management at Aurex Company. On the demographic profile of the respondents, the study found that female is less than their counterparts in employment and the difference was important. All departments of Aurex were represented and majority of employees were found to be from production departments of jewellery and diamonds. On the education level majority of Aurex employees had Ordinary level education and above and found it challenging to appreciate the idea of Supplier relationship management.

On the buyer and supplier relationship management practices, the research study found that the Aurex company had been negatively affected with buyer and supplier relationship management. On the existence of mutual goals among Aurex and its supplier's employees pointed that there were no mutual relationships among Aurex Company and its suppliers. In addition, employees shown that there was low commitment among the buyers and suppliers at their organisation and the performance of their organisation has been negatively affected by the nature of the relationship that was among the Aurex and its suppliers.

The level of acceptance of buyer and supplier relationships at Aurex Company, the majority of respondents shown that Supplier buyer relationship management activities were not part of their daily routine duties and responsibilities and they only practise in such activities when delegated by their supervisors. Directors and managers were required to manage supplier relations. The outcome from respondents on the indicators of supplier relationship management revealed that there was little mutual goals, little understanding of roles and responsibilities between the buyer and supplier organisations. On the challenges hold back effective

management of relationships among Aurex Company with its suppliers, respondents showed, lack of communication, lack of commitment and cooperation.

5.2 Conclusions

There is bad working relationship among Aurex Company and its suppliers. This is result of Supplier relationship management is not given a significant priority at the organisation as shown by lack of commitment among Aurex Company and its suppliers.

Aurex Company has also been negatively impacted by such a lack of key suppliers' relationship. Aurex Company has failed to get superior treatment from its suppliers and are failing to meet production and quality standards, thus a reduction on organisational performance.

Commitment and mutual goals of the buyer and supplier, trust among the buying and supplying companies, regular and effective communication are all significant in establishment and maintenance of relationships with suppliers.

There was no clear understanding of the rules and responsibilities among Aurex Company and its suppliers. And also there was no long term relationship among the Aurex Company and its suppliers.

The Aurex Company was slowly adopting and execution of alliances with suppliers. The managers are the ones accountable for managing relationship with suppliers.

The Aurex Organisation should increase its communication and information sharing among suppliers, and also learn to trust them and management of supplier mutual relationships with to improve its relationships with suppliers.

5.3 Recommendations.

To build the best supplier relationship management, the student recommended the following;

Build Trust with Suppliers.

Trust is critical to buyer and supplier relationship, the greatest way to develop trust is to create transparency. Aurex Company should make sure that its employees are ethically and honestly in conducting their duties. To make sure ethicality in trade with suppliers, professional codes of ethics to guide employees when carrying out their duties.

Communication with Suppliers.

Aurex need to know that communication is the vital to any relationship health and this is vital to take note of when trade with suppliers. Since suppliers trade with a lot of clients which they need to please at the same time hence that Aurex Company should build mutual relations with the suppliers is through is by remaining in touch with its suppliers. Aurex Company should have the place that allows both internal and external teams to communicate and to share information.

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APPENDIX A: QUESTIONNAIRE

My name is Honest Nyanzou, student registration number is B1850082. I am a student at Bindura University pursuing Bachelor of Commerce (Honours) Degree in Purchasing and Supply. It is a necessity of the degree programme that I conduct a research and carrying out a research study with a topic entitled, “**Examining how supplier relationship management affect the organisational performance of a manufacturing business. A case of AUREX (LTD) PVT**”. May you assist by answering the following questions? All information are to be confidential information and will be used for only academic purposes only.

Section A: Demographic

1. Gender Female Male

2. Age: Below 20yrs 20-40yrs 40-60yr Above 60yrs

3. How long have you been working for Aurex Company?
Below 2yrs 2-5yrs 6 – 10yrs above 10yrs

4. What is your level of Education?
Secondary level Certificate level Diploma level
First Degree Post graduate level

Section B:

Measuring the effects of Buyer and Supplier Relationships and the Organisational Performance

5. What does Supplier Relationship Management involve, in the way that your organisation defines it?

.....
.....

6. Please indicate the extent to which you concur with the following statements concerning the listed variables and buyer and seller relationships. The scale below will be applicable:

1= Very large extent 2= Large extent 3= Moderate extent 4= Small extent 5=Very small extent.

	Very large extent	Large extent	Moderate extent	Small extent	Very small extent.
Having Mutual goals in buyer and supplier relationships for improved organisational performance for our organisation					
Commitment in buyer and supplier relationships results in improved organisational performance for Aurex organisation.					
Trust in buyer and supplier relationships for improved organisational performance for our organisation					
Co-operation in buyer and supplier relationships results relationships for improved organisational performance for our organisation					
Communication in buyer and supplier relationships results in better organisational performance for our organisation.					
Buyer and supplier relationships have helped to improve performance in our organisation					

To what extend which Aurex Company has comprised Buyer and Supplier Relationship Management?

7. Does Buyer Supplier Relationship Management form part of your responsibilities?

(i.) Yes ()

(ii.) No ()

8. Who leads Supplier Relationship Management (SRM) within your organisation?

.....

9. How is the performance of the SRM team measured?

.....

.....

APPENDIX B:

INTERVIEW GUIDE

Questions

1. How would you define buyer and supplier relationship management in your organisational context?
2. To what extent has Aurex Company has comprised Supplier Relationship Management?
3. Does Supplier Relationship Management form part of your responsibilities?
4. What proportion of your time is spent on Supplier Relationship Management?
5. Who leads Supplier Relationship Management (SRM) within your organisation?
6. In your own opinion, what do you think the company should do to improve the nature of buyer-supplier relationships?