

BINDURA UNIVERSITY OF SCIENCE EDUCATION



FACULTY OF COMMERCE

DEPARTMENT OF ECONOMICS

**THE EFFECTIVENESS OF BUYER-SUPPLIER RELATIONSHIP ON THE
PERFORMANCE OF THE ORGANIZATION: A CASE OF CMED BINDURA
(2016-2021)**

BY

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RELEASE FORM

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DEDICATION

I dedicate this research to my husband Eddington Ndedzu, my two children, my parents, and all my friends for their unwavering support, this could have been impossible without you!

ABSTRACT

The study investigated on the effectiveness of buyer-supplier relationship on the performance of the CMED Pvt Ltd Bindura. The study covers for the period of 2016 to 2021. The main research problem was based on the fact that regardless of the strong relationships the organization had with some it suppliers, CMED Pvt Ltd Bindura was still experiencing late deliveries, shortage of motor spares and also poor quality products and services. The major objectives of the research were to determine the effectiveness of supplier relationship management and information sharing on the performance of CMED Bindura. The research was a descriptive survey in form of a case study. The methodology which was mainly used was qualitative with little quantitative techniques. The target population was fifty nine (59) and a sample size of twenty five (25) was used. Questionnaires were hand given and interviews were done using telephone calls as a way of collecting data. Data was analyzed through Microsoft excel system into meaningful information. The research findings were that CMED Bindura can improve the performance of the organization through effectively managing relationships with their suppliers. It was recommended that CMED should consider the importance of relationship management in order to obtain high performance of the organization. It was also recommended that CMED should establish clear ways of developing suppliers and make the relationship management be linked to the objectives of the organization as a way of improving the performance of the organization. This will undoubtedly improve the chances of being competitive in the market.

Key words: Buyer-supplier relationship, information sharing, organizational performance,

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CHAPTER ONE

INTRODUCTION

1.1 Introduction

This chapter outlines the research issues and what the researcher hopes to achieve from working on the project under consideration. The chapter intends to shed further insight on the research questions, objectives of the study, definitions of key words, assumptions, delimitations, and limitations of the study.

1.2 Background to the study

Considering the supplier relationship management in the 21st century, most organisations are determined their success by the relationship that is rooted and build on suppliers and procuring organizations in the whole spectrum of supply chain. Maintenance of supplier relationships is becoming a difficult task thereby organisations had to search for supplier relationship management that improves on their long term organisational performance so as to improve on customer satisfaction. In developing economies, buyer supplier relationship need an emphasis on organisations so as for them to realise the benefits underlying in it. Buyers and suppliers need to understand the benefits of buyer supplier relationships such as lowered costs and increased profits.

CMED Private Limited is a state owned enterprise. Following a deterioration in the service supply and a general failure to offer vital transport services to all government agencies and ministries, the Zimbabwean parliament passed a measure authorising the Central Mechanic Equipment Department to be commercialized in the year 2000. This spurred CMED's leadership to develop a strategy for improving service delivery by outsourcing government departments' functions.

The goal of CMED's commercialization was to make the company more viable while maintaining its commitment to deliver vehicles and equipment. The name change was also linked to a shift in the new entity's objective, which was to move away from its traditional core business of delivering vehicles and equipment to government ministries and instead focus on providing a service to public institutions, private companies and individuals. CMED Private Limited Bindura is about two kilometres away from the town.

Due to decentralisation in its purchasing department, CMED Bindura procurement officers used a win lose situation with their suppliers. Most organisations are competing for market share and in that competitive environment; suppliers are often treated in an adversarial manner by buyers. As a way of their operation, they viewed suppliers as of less importance since they were the one who wanted to benefit from their relationship but not gaining much. The organisation had an adversarial type of relationship with their suppliers. This limited the innovation on the side of a supplier and harmed the suppliers in terms of the reduction in prices which contributed to their business failure.

Due to digital supply chain, there is need for the buyers and suppliers to move towards a collaborative kind of relationship .This may lead to reduced costs, improved product innovation and high quality of services which may be result in customer satisfaction leading to profit maximisation. This may enable CMED Pvt Ltd to gain its competitive advantage amongst its competitors since both the buyer and suppliers may be having a mutual understanding, risk sharing, mutual information sharing and greater business performance than what a firm could have achieved on its own. It has become of greater importance for buyers and suppliers to keep and maintain strong relationships. Both the buyer and suppliers must work together as a team to retain and win business. There is need for proper care when choosing suppliers that have required capabilities and resources that meet the needs.

Covid 19 also affected the relationships between the suppliers and the organisation at large. Most suppliers were not operating due to lockdown which was posed by the government .This resulted in shortages of motor spares and longer lead time since suppliers were also facing the downfall of their business.

1.3 Statement of the problem

CMED Bindura is failing to build and maintain long-term and continuous collaborative relationship with their suppliers due to insufficient research feedback, failing to support the relationships to their delivery of service objectives. Due to late payments, suppliers are providing poor quality of products and services. An increase in late deliveries and shortages of motor spares is being experienced by the organisation due to poor management of buyer-supplier relationships. The suppliers may be facing non availability of materials, failure to meet orders which may be due to late payments by the organization. Therefore, there is need for an assessment to factors that may lead to collaborative relationships rather than win lose situation.

1.4 Research objectives

- i. The study aims to assess the effect of supplier relationship management on performance of an organisation at CMED Pvt Ltd Bindura
- ii. To determine the effect of sharing information on performance of the organisation
- iii. To establish the effect of supplier collaboration in product development on performance of the organisation at CMED Pvt Ltd Bindura
- iv. To evaluate the challenges faced by CMED Pvt Ltd Bindura on implementing the buyer supplier relationship

1.5 Research questions

- i. What is the effect of supplier relationship management practices at CMED Pvt Ltd Bindura on performance of the organisation?
- ii. What are the effects of sharing information on performance of the organisation?
- iii. What are the effects of supplier collaboration in development of a product on the performance of organisation at CMED Pvt Ltd Bindura?
- iv. What are the challenges faced by CMED Pvt Ltd Bindura on implementing the buyer supplier relationship?

1.6 Significance of the study

The research study is useful to the government, organisation, college, researcher and the suppliers in the following ways

1.6.1 To the Ministry of Transport

As it is the parent ministry to CMED Pvt Ltd, the research would enable Ministry of Transport to develop better relations with suppliers who provide critical products. This would enable the ministry to develop strategies that would help manage the relationship with suppliers so as to deliver their orders on time and with correct specifications.

1.6.2 To the organization under study

The research will provide with more knowledge to the procurement managers to create ideas and maintain an effective buyer supplier relationship management. It will help an organisation to improve on its organisational performance through supplier relationship management.

1.6.3 To the University

The research will be the basis for the body of literature review thereby providing for further research to students who wish to pursue the related study.

1.6.4 To the researcher

The researcher will gain more experience when doing the research projects. The researcher will acquire more knowledge on how to build and maintain buyer supplier relationships within the organisation.

1.6.5 To the suppliers

Collaborative relationships guarantee the business with suppliers. Long lasting relationships will be created on chosen suppliers since they may have confidence in the business.

1.7 Assumptions

- i. A relationship exists between supplier relationship and performance of the organization
- ii. A relationship does not exist between supplier relationship management and performance of the organization
- iii. Selected sample would not provide biased information.

1.8 Delimitations of the study

The research provided for supplier relationship management on CMED Bindura with other departments and a procurement department as a key function. The study is of greater importance to CMED Bindura and not to other parastatal due to their size.

1.9 Limitations of the study

The student researcher was limited in terms of financial support in undertaking the findings of this proposal. The researcher movement was limited in terms of COVID 19 restrictions.

1.10 Definition of key terms

- i. Buyer-supplier relationship refers to the link and connection between the side of supply and buyer's side that allows movements of commercial and transactions between companies on the movement of supply chain, stated Morgan, (2004)
- ii. Organisational performance refers to a company's capacity to achieve its objectives and mission statements, which is mostly accomplished through management of quality, argued Manyuru, (2004)

1.11 Chapter summary

The chapter explains the effects of buyer supplier relationships on the performance of the organization using CMED Pvt Ltd Bindura as a case study. Issues addressed on this chapter are introduction, problem statement, background and also limitations and delimitations of the study. The following chapter will address on the literature review.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter explains various studies on buyer supplier relationships that have been reported by different authorities and discuss the findings of other researchers. The areas that are reviewed are overview of key concepts, theories that are related to the research, challenges faced in buyer-supplier relationships, empirical studies done before and the gap that is identified.

2.2 Overview of the key concepts

Below are the key concepts that are going to be explained which are buyer-supplier relationship, organizational performance, information sharing and collaborative relationships.

2.2.1 Buyer-supplier relationship

Mostly, the success of many organizations is due to the management of buyer supplier relationships. Considering the supply chain, the critical suppliers require the strategic relationships so as to maximise on value creation. In most organisations, the well being of supply chain success is obtained through the management of relationships between a buyer and supplier. It is of greater importance for all parties to understand and notice that they are gaining from the relationship.

2.2.2 Organizational performance

Performance is seen through the effectiveness in achieving the desired goals of an organisation (Maraka, 2015). An organization which performs well can meet its objectives in a timely manner. Performance of an organization consists of actual output which is measured against the inputs intended .The performance of an

organisation is placed into three groups which are financial, operational and product or service performance. For an organization to run successfully, it must be financial sound as it aids on the performance of an organization. The main reason why the performance of the organization is being considered is to look for reasons of under performance in order to make measures to correct it.

2.2.3 Sharing information on performance of the organization

One of the most crucial aspects is information sharing which may lead to the success of the organisation. Communication processes determines the behaviour of an organisation. When it comes to buyer supplier relationship, sharing of information is crucial in terms of agreements in contracts, pricing of products and market related information which is important to the organisation. Three components of the communication behaviour are important to buyer supplier relationship are the level of sharing information amongst partners, setting of goals and communication quality. Information sharing can be effective if the buyer and supplier understand each other's needs and focusing on the same goal and enhances the smooth flow of communication between the parties.

Sharing of information among parties persuades the way they sees each other. Considering the way in which information is shared, it determines the type of the relationship both parties have and the type of information to be shared. Sharing of information amongst parties' increases trust and commitment since they will all have a sense of belonging and coordination in their activities. The two important aspects in the success of buyer and supplier are through decision making and formulation of goals at the same table by both parties. It is mostly believed the performance of the organisation increases after proper sharing of information.

2.2.4 Collaborative relationship and organizational performance

Collaborative relationships are usually associated with trust. Trust can be defined as believing that someone is honest and reliable and they are dependable and does not hurt you. Trust should flow from both sides, whether at personal or professional level, Trust builds confidence among parties since they can solve clashing situations, issues concerning profits and all issues that cover business at large. Risk reduction and

sharing, reduced cost of production and long term relationships can be obtained through trust on commercial relationships.

The characteristics that are associated with a party that is trustworthy are being responsible, honesty, competency, fairness, helpful and consistency (Rawlins,2008).A supplier treated with kindness is motivated to provide products of high quality, at reduced prices, responding at a quicker pace in terms of emergency and offering a good service thereby building confidence in a supplier. Moreover, trust on the buyer and supplier allows them to share information, commitment, coordination and forecasting on their future. On the other hand, lack of trust limits sharing of critical information like on financial statements between parties.

2.3 Theoretical framework

In order to explain the buyer-supplier relationships, many theories have been applied but the most effective being network theory, agency theory and transaction cost theory which are going to be explained below.

2.4 Network theory

Network theory is designed to define relationships between competing enterprises for example customers, buyers, or suppliers throughout the supply chain. According to Gulatti (1999), network theory was brought to the agenda of studies on creation of inter-organizational networks and strategic alliances which contributed to the formation of strategic alliances. Network theory suggests that through mechanisms for example bonding and transmission, actors are not independent but they influence each other. The first assumption of the theory is that organizations inside the network cannot freely choose how to act in pursuit of their own goals, nor can they operate in isolation from one another (Hkansson and Ford,2002). Organizations do not need on their relationship to rely only on partners who are direct but rather with firms that are in a network of relationship within the supply chain. According to Harland (1996), things to consider when forming a network are building a competitive position, selection of collaborating partners, monitoring the network, monitoring of rivals and proper management of relationships. Through the coordinated supply chains that are managed effectively and efficiently, an organization may gain competitive advantage. The implications of network theory is that the organization should choose on key

suppliers to the network since the connectivity of critical organization in the supply chain network may give, conversely or even hinder access to important resources.

2.5 Agency theory

Eisenhardt (1989) focused on the agency theory which can also be called principal agent theory. Meckling and Jensen (1976) argued that the agency theory focus was originally from the relationship between stakeholders and managers. The theory focused on the mutual agreements between two or more entities, that is between buyers and suppliers (principal and agent) which was derived from the contract of law which was supported by Bailey (2005). Within a hierarchical relationship, the delegation of authority is necessary to complete a task and the agent works on the behalf of the principal. The buyer (principal) contracts the supplier (agent) to perform a certain task. The supplier will perform the task efficiently and effectively so as to meet the expectations of a buyer. In this case, the buyer will be expecting to obtain goods at the right time, right quality, right price, right quantity and also right source in a strategic way whereas the supplier will be expecting to increase the market share by providing quality products and also boosting their profit margins. The agency theory tries to minimize conflicts that may affect the buyer supplier relationships. However, common agency problems may arise due to conflicting objectives and cultures between an agent and principal. The buying organization must monitor the suppliers and provide proper incentive when delegating their responsibility to one or more suppliers.

2.6 Transaction Cost Economic Theory (TCE)

Coase (1937) formally proposed the concept of transaction cost in order to explain the existence of firms. He theorised that transactions via market mechanisms incur cost, particularly the cost of searching for exchange partners and making and enforcing contracts. The costs of completing transactions through one institutional mechanism rather than another are referred to as transaction costs. Williamson (1975) divided transaction costs into three main groups which are information costs, negotiation costs and monitoring costs. There are forms of transaction governance that affect the level of transaction costs that are grouped into three which are hierarchy, market and hybrid. When it comes to hierarchy governance, it refers to producing in-house, which

is used in cases of high asset specificity to protect buyers from high transaction costs, hybrid governance if there is a way to reduce transaction costs, and market governance, which is used in cases of low asset specificity to create a competitive market with low switching costs.

Frequency, uncertainty and asset specificity are the three most important features of transactions. Transaction Cost Economics theory shows how transactions are structured in a challenging decision environment. The theory is predicated on the idea that the best supplier relationship is one with the lowest overall cost possible, with internal operations balanced against the cost of planning, acquiring, adapting and monitoring externally conducted operations. By examining the characteristics of the category traded between buyer and supplier, Transaction Cost Economics advocates adopting purchasing procedures that lower transaction costs.

2.7 Challenges faced in implementing buyer-supplier relationships

2.7.1 Lack of trust

Lack of trust is one of the challenges faced in implementing buyer-supplier relationships. Buyer supplier relationships are facing lack of trust and coordination and different aims and objectives. Conflicts may arise between buyer and suppliers due to late payments, quality and delivery issues, course of rework and order cancellations. This may reduce the level of trust among partners.

2.7.2 Lack of clear defined goals

According to Kamau (2013), many organisations are failing to define clearly their responsibilities and goals. If the supplier and buyer relationship is not transparent and open, it may result in misunderstanding of the needs of the business. The purchasing department at CMED Bindura is under the accounting function that has the final say. It becomes very hard to come up with clear goals and objectives since the accounting department delay the implementation since they have the last say.

2.8 Importance of buyer-supplier relationships

2.8.1 Improves competitiveness

Canon and Homburg (2001) argues that buyer supplier relationship jointly creates value through working closely with the supplier. Strong long term relationships results in improved quality, reduced costs and creating value .The value created in the process of developing a competitive quality often results in a partnership. The partnership does not only reduce costs but improves the organisational performance and improves competitiveness.

2.8.2 Minimize transaction costs

Long term relationships like strategic alliance minimise the transaction costs in the stages of the supply chain (Chopra and Meindl, 2010). Due to strategic goals being set over the errors made before, this may result in improved quality hence reducing the transaction costs between partners. Increased trust may lead to new product development with lower costs being incurred.

2.9 Empirical evidence

Empirical evidence shows studies that are made by other researchers and published. The following are other researcher did by others.

Mugarura (2010) studied the buyer-supplier collaboration in Kampala as well as the continuity of private firm relationships. 260 private manufacturing enterprises were used as a sample taken from a population of 877 in a quantitative cross-sectional survey. The findings revealed a strong link between buyer–supplier collaboration and relationship sustainability. The study observed the scope of buyer-supplier collaboration which were incentive alignment, sharing of information and joint decision making in relation to commitment, relationship continuity, adaptation and trust which was found to have a positive relationship. Information sharing among buyer-supplier relationship components was regarded as a better predictor of relationship continuity than joint decision making and incentive alignment.

Waithaka and Waiganjo (2015) examined on the importance of successful buyer-supplier relationships on supply chain performance in Kenya Tea Development

Agency. 56 respondents were used and a census sampling technique was employed. The objectives were to figure out how cost, lead time, employee morale and quality affect supply chain performance when it comes to productive buyer-supplier relationships. According to the findings, the results indicated lead time, quality and cost shows a positive relationship on buyer-supplier relationship in the supply chain. The results on employee morale show a negative relationship. The findings concluded that customers' expectations were rising and businesses were facing an uncertain climate, therefore they needed to harness the power of technology and develop strong relationships with their suppliers in order to collaborate with their partners. The researcher recommended that increasing operational integration with key suppliers leads to improved relationship performance.

Tangus et al (2015) examined effect of supplier relationship management on performance of manufacturing firms in Kisumu, Kenya. 31 manufacturing firms in terms of information sharing, supplier development and supplier segmentation was evaluated in terms of performance. To assess the relationship between the variables, the methods of analysis which was used were both descriptive and inferential. The study observed trust as a crucial aspect that encourages commitment on partners in the supply chain. The researcher found out that trust improves the chances of a successful supply chain. Due to lack of trust among partners in the supply chain, poor performances may result as transaction costs may increase. The research concluded that improving sharing of information with suppliers would increase the performance of manufacturing firms. Besides the relationship between commitment and trust being stated lack of empirical testing was observed of that relationship in the supply context. The research aimed to bridge the gap between empirical evidence and theoretical argument. The results of a broad study of supply chain partners show that both sides 'unique asset investments (positively) and behavioural uncertainty (negatively) are strongly linked.

Roushdy et al (2015) investigated on the impact of supplier relationship management on firm's performance, a multiple case study approach on manufacturing companies in Egypt. The study shows the main benefits related to supplier relationship management which are lead time reduction, innovation, cost reduction and risk reduction. From the research findings, companies explained actions that improve supply relationship

management. The actions are frequent supplier audits and assessment, investing in training and development on suppliers and listening to suppliers through early supplier involvement. Through close relationships and frequent interactions, rather than transactional relationships, with suppliers have a positive effect on information sharing and performance of the organization. Supplier management processes is very important in improvement on quality, lead time as well as competitive advantage.

2.10 Gap analysis

According to the empirical evidence, much has been done on buyer-supplier relationships, but less has been done on the influence of these ties on organizational performance. Limited research was conducted on the subject within a state-owned transport company. The study aims to fill this knowledge vacuum by focusing on a single company, CMED Pvt Ltd Bindura, as opposed to previous studies that focused on a large number of companies and studies conducted outside of Zimbabwe.

2.11 Chapter summary

This chapter focused the different theories related to the buyer-supplier relationships relevant to many organisations. Several studies and theories as well as a gap analysis have established the buyer-supplier relationships to ensure good and long lasting buyer- supplier relationships. The next chapter will be focusing on the methodology of the research which was used under this study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter examines mainly on the research methodology that was employed in the study. Methodology is usually a recommended set of different procedures, rules and training which most authors use when researching. This chapter is going to discuss on research design that was used by the researcher, target population, procedures on collection of data and instruments employed when conducting the research under study.

3.2 Research design

According to Saunders et al (2009), statement of problem, research questions and objectives will call for a specific research design. Research design is a plan in general used to answer a question of the research. There are many types of research design which are exploratory, casual, observational research but the researcher used a descriptive research design that was based on pilot study so as to provide first hand information from CMED Put Ltd Bindura. Descriptive research design shows both qualitative as well as quantitative research. The research design allows the researcher to observe the perceptions and employees' behaviour regarding to the effects of buyer-supplier relationship on the performance of CMED Bindura.

3.3 Descriptive research

Descriptive research design was adopted by the researcher so as to show on the relationship within the two variables that is buyer supplier relationship and performance of the organisation. It was used so as to get the general idea of the subject. Descriptive research design needs a clear understanding of the purpose because it may be misused.

3.3.1 Justification on the approach of descriptive research

The study will be focusing on collection of data about the effectiveness of buyer-supplier relationship on the performance of CMED Bindura. This allowed this approach to be appropriate tool for this research. Descriptive method is designed to gather information about current available situations in order to address earlier questions. This method proved to be effective and cheap. The main aim of this research approach is to provide a description on the actual nature of current situation that is the way it appears on the given period of study and discovering the main causes focusing on how it influences on a certain situation.

3.3.2 Case study

Creswell (2002) defined case study as a problem to be studied, which may show an understanding of a bounded system. The researcher observed the usefulness of obtaining the deeper insight of the sample of people in the organisation who were under investigation. The tool was very useful in obtaining explanatory and first hand information which is reliable. A descriptive case study was employed by the researcher using CMED Bindura as an area of study.

3.4 Population and sample

Population comprises of a total number of individuals in a particular group where they were chosen basing with the relevance of the study. Population can be defined as the totality from which samples are drawn. In this case, the research focused on CMED Bindura Branch, the relevant data was collected from all departments of the organisation on the population that was involved in different capacities of procurement and service delivery. The target population ensured that comprehensive data was gathered for the purpose of this study. The population study consists of twenty people from the top, middle and lower management.

3.5 Sampling

Sampling can be defined as the deliberate choice of the number of people who provide with data which may result in drawing of a conclusion about the remaining larger group, which is the population they present. The objective of sampling is to get a representative that appears like the population within a recognised margin of error

(Yin, 2003). It makes sure that there is validity and reliability of data collected for the research. As already mentioned, twenty five people were mentioned as the sample size of the study. The respondents were represented by stores controllers, buyers, stores assistances, stores officers and distribution clerks.

Table 1 Population distribution as per category

Category	Population	Sample	Representation %
Top management	3	2	8
Middle management	9	4	16
Lower management	7	3	12
Non management	40	16	64
Total	59	25	100

Source: Primary data

3.6 Sampling technique

Purposive sampling technique method was used by the researcher to gather data. The respondents from the sample were chosen deliberately considering their roles in the buyer supplier interactions.

3.6.1 Purposive sampling

The research study targeted the workshop, stores, procurement and accounts department of CMED Pvt Ltd Bindura as they are involved in providing information on purchasing the requirements of the organization as compared to other members from different departments.

3.6.2 Justification on purposive sampling technique

This method allowed the researcher to pick on the respondents whose needs meets up with the study. Taking into consideration, the researcher got a chance to pick the staff members who were active leaving out the dormant. Selected samples were drawn up

from the employees who were active involved in the procurement functions such as loss control officers, buying department, store department and workshop where the needs arise from.

3.7 Research instruments

Research instrument is a way of how research data is being gathered from the respondents. Interviews and questionnaires were used as research instruments. The questions used were derived from the objectives of the research and a Likert scale which a five point scale was used in measuring opinions. Marczyk et al (2005) alluded that research instruments must be valid and reliable.

3.8 Questionnaires

The researcher gathered information from the respondents through the use of questionnaires. The study used structured questions when using the questionnaires. It was easier for the researcher in gathering and analysing data since the question used in the questionnaire were from the research questions. Permission to gather and collect data from the top management was given to the researcher in assurance of safeguarding the confidential information.

3.8.1 Justification of the Questionnaires

Questionnaires allowed the respondents to answer and give feedback during their own time. Through the use of closed questions, it became easier and simple for the researcher to analyse questionnaires on data analysis. The researcher will obtain the meaning of the research questions easily through closed ended questions. Questionnaires were selected since it is a way that is inexpensive in collecting data. However, to reduce the problems of concluding wrong feedback and obtaining some questions which are not answered, the researcher supported the respondents to answer all questions so as to obtain reliable feedback.

3.9 Interviews

Interview is a powerful discussion among two or more people. An interview allows participants to express what the participants think, feel or do over a chosen aspect of enquiry and this helps as a method of collecting data. According to Cohen and Manion

(2007), the main purpose of a research interview is to obtain information from the research that is relevant from the interviewee; it is based on evidence that is to be generated for obtaining the objectives of the research of predicting, describing and explaining the phenomenon. Interviews where uniform and specified questions are thrown to all respondents, it allows consistency of enquiry. Following a predetermined sequence of enquiry, the researcher was in line with the research questions asked. The researcher was able to use personal interviews where the interviewees were answering the question asked by the interviewer.

3.9.1 Justification on the use of interviews

CMED Pvt Ltd Bindura considered interviews as an effective way of obtaining in-depth and broad analysis. During the interview, the questions asked were preset to all respondents. The interviews which were made to respondents who had knowledge on buyer-supplier relationship added a great value to the research.

3.10 Validity and reliability

Pilot testing was conducted as a way to correct any ambiguity in the instruments of the research to ensure reliability. Twenty employees were used by the researcher to conduct a pilot study. Some questions were rephrased and changed based with the outcome from the pilot study. Pilot test results were not used in collecting data. The researcher distributed new rephrased questions from the questionnaire from the pilot study. The respondents were selected carefully considering that they can qualify to answer the questions so as to ensure validity.

3.11 Pilot study

The researcher asked for permission to collect data and booking an appointment for the interviews through the telephone from the head of stores department. It almost took a week in collecting data until it was complete and twenty five questionnaires were issued out to the employees who were in the sample and each employee was hand given. The researcher first explained to the respondents the reason for the study and later to the senior management for them to understand.

Every respondent was given a week to complete a document and at the end of the week, the researcher managed to conduct the interviews with the top management. The data collection procedures were all successful since all questionnaires were all

successfully been completed and returned. This shows high levels of commitment from the employees of CMED Bindura.

3.12 Data presentation and analysis techniques

Microsoft excel was used to analyse data using questionnaires on the data collected, presented and analysed. A combination of bar graphs, pie charts and tables were used to present the findings on data presentation. The data obtained was analysed looking at the objectives of the research and research questions to be answered.

3.13 Ethical considerations

The research participants volunteered to participate and data collected was held confidential and private for the purpose of not harming the operations of CMED Pvt Ltd Bindura. The research was done only for academic purposes. The questionnaires were structured in such a way of not asking sensitive and personal information to the respondent. The ethics of research include informed consent, protection of privacy, confidentiality, protection against identity and protection against harm (Saunders et al 2009).

3.14 Chapter Summary

The chapter focused on how to manage and present data .The methodology used in carrying out the research was also pointed out. Structured interviews and questionnaires were instruments that were used to collect data. Validity and reliability on the instruments were tested as well as their strength and weaknesses were also explained. Presentation of data, analysis and discussion are going to be explained in the next chapter.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.1 Introduction

This chapter shows the findings of the research that were derived from the respondents of this study. Collection of data, evaluation and presentation was done on the effectiveness of buyer-supplier relationship on the performance of the organization. Basing with the procedure of data collection, a total number of twenty five questionnaires were issued to the respondents, views of the respondents were gathered and presented in this chapter.

4.2 Sample description :Table 2 Sample Description

Gender	Frequency	Percentage (%)
Female	7	28
Male	18	72
Working period		
0-5 years	5	20
6-10 years	8	32
11 years and above	12	48
Educational level		
O' level	4	16
A' level	5	20
Diploma	9	36
Under graduate	5	20
Post graduate	2	8
Current position in employment		
Top management	2	8
Middle management	4	16
Lower management	3	12
Non management	16	64

Source: Primary data

The response rate of interviews as well as questionnaires was very favourable at 100% as depicted by the table 4.1 above. This shows that the respondents were committed and cooperative to the topic under study and this may give information that is reliable regarding on the supplier relationship management on what is really happening within the organization. The information background of the respondents was regarded as of greater importance because the ability of the satisfactory information they provided on the study variables may be affected by their backgrounds. General information was obtained from the questionnaire about the respondent and the organization. The parts that were sited were current positions in the organization, educational level, gender and working period of the respondents. Most of the respondents were male who constituted 72% and the remaining percentages 18% were females. Many of the respondents 36% had diplomas as their highest academic levels, 20% were under under-graduates and the other 20% had A' level certificates, 16 % had O' level certificates and the remaining 8% had post graduate degree. Considering the time period that the respondents have been working in the organization, 48% had been working for above 11 years and this makes the information to be more realistic due to experience and understanding they have on supplier relationship management. 32% of the respondents have been working for a period of 6-10 years and 20% for a period of 0-5 years. Majority 64% of the respondents were non management, 16 % worked as middle management followed by 12 % who were lower management and the remaining 8% were top management. With the above information, this allows the researcher to assume that all the respondents have an insight of the buyer-supplier relationship management practices on the performance of the organization.

4.3 Results

4.3.1 Effect of supplier relationship management on performance of CMED Bindura

This study sought to establish on the effects of buyer-supplier relationship management practices that have affected the performance of CMED Bindura.

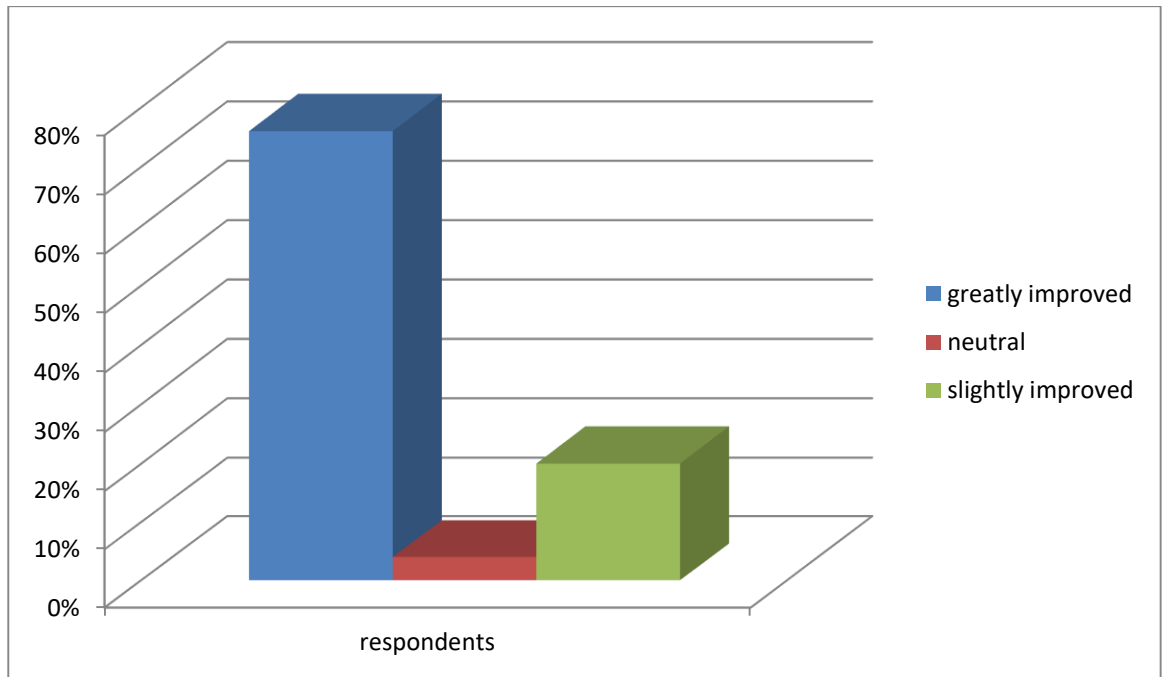


Figure 1 Effects of supplier relationship on performance of CMED

Source: Primary data

Basing with the research findings, fig.4.1 shows that there was a positive effect since 76% of the respondents supported that the management of buyer-supplier relationship greatly improves the performance of CMED Bindura since it was mainly based on collaborative type of relationships. The improvements on the performance of the organization that were observed by the employees were improved efficiency, reduced costs, ongoing improved operations and boosting of financial position. One of the respondents even opened up saying that CMED realized its long term cost savings by reducing concerns with quality, supply chain delays and availability after creating a mutually beneficial relationship with essential suppliers after moving to collaborative from transactional relationships from other suppliers. 20% of the respondents supported that the management of buyer-supplier relationship slightly improves the performance of the organization due to transactional type of relationship where the organization only contacted their suppliers when they only need to procure items from them and 4% of the respondents were neutral.

4.3.2 The effect of sharing information on the performance of the organization using an ongoing type of relationship.

The study also sought to address on the extent to which information sharing on ongoing type of relationship is crucial to the performance of CMED Bindura. This is shown by the figure 4.2 below.

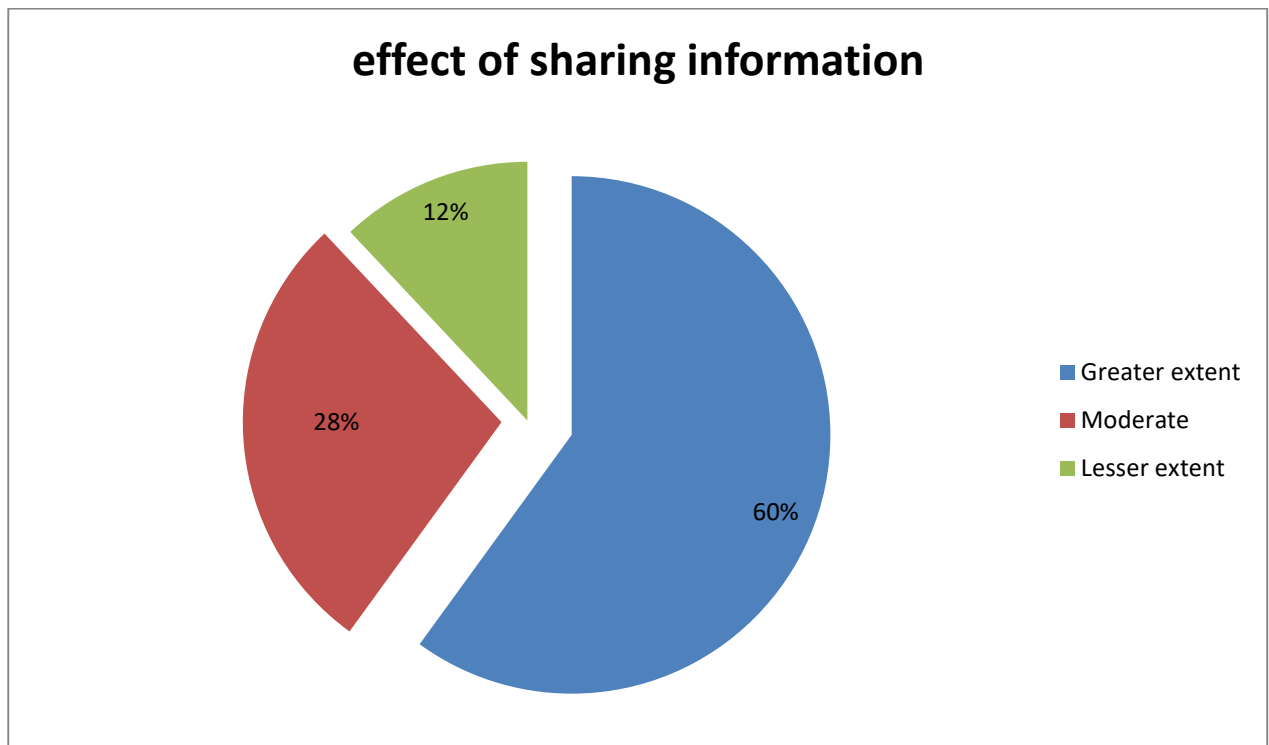


Figure 2 Effect of sharing information

Source: Primary data

According to the findings in figure 4.4 above, the most of respondents, 60%, agreed that information sharing contributes to the performance of CMED Bindura to a greater extent as it brings a positive impact in the organization. The respondents agreed due to the long-term healthy relationship that was built between CMED and its suppliers, which allowed feedback and ideas to be passed between the two. It allowed CMED Bindura to coordinate their activities better with their partners in supply chain that lead to increased performance. Most of the respondents agreed that CMED Bindura used an ongoing relationship where it prefers one supplier over others and have middle term contracts, where both parties tend to share information and have a better relationship. The positive effects of sharing information that were observed were

improvement on employee competencies, improvement on the supplier's work performance and quality and also strengthening of the organization's competitiveness. Head of Procurement also supported and said, "CMED is having long term relationships with its suppliers which allow it to enjoy free flow of ideas and feedback which creates a supply chain which is streamlined and effective resulting in organization having a positive impact on costs as well as customer service". The other 28% of the respondents agreed that it contributes moderately to the performance of the organization, and lastly, 12% said that it contributes to a lesser extent to the performance of the organization since there are transactional arrangements for named goods like screws and silicone sealant where there is little face-to-face interaction and costs are extremely low.

4.3.3 Supplier collaboration on new product development

Figure 4.3 shows the levels to which collaboration influences the performance of CMED Bindura.

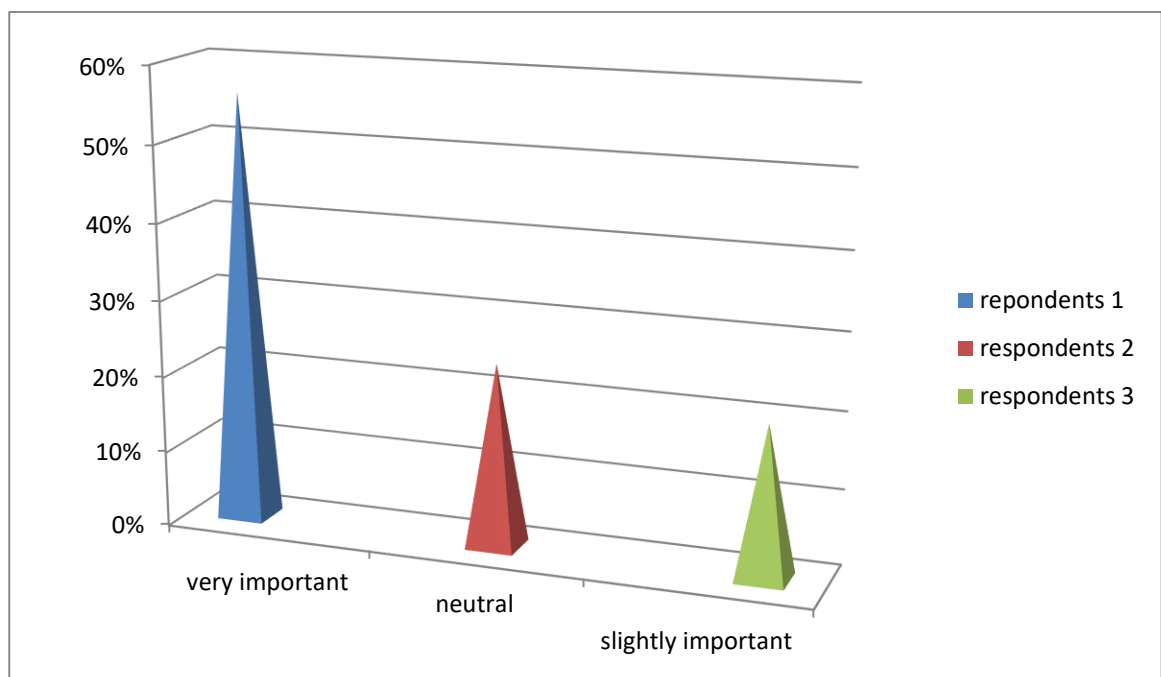


Figure 3 Supplier collaboration on new product development

Source: Primary source

Out of twenty five respondents, fourteen (56%) were supporting that collaboration of suppliers is very important on the performance of the organization from figure 4.5

above. CMED Bindura is working together with its suppliers and shows interests in them through investing in training and development thereby providing crucial information on new product development. They also gave their opinion that collaborative relationship is very important since it increases revenues and profits for both parties. Six respondents (24%) were neutral and pointed out that both parties should take a holistic approach to supply chain optimization or procuring raw materials together and supported that CMED and its suppliers should improve service levels by working together, mitigate risks and strengthening the supply chain by collaborating on planning, forecasting and capacity management. The other five respondents (20%) were saying that it is slightly important and even opened up saying that engagement into collaborative relationships does not mean that the benefits will be easily enjoyed due to a lot of commitment and alignment that would be crucial to these benefits.

4.3.4 Challenges faced on implementing and managing relationships

Figure 4.4 shows the challenges that were faced on implementing and managing relationships.

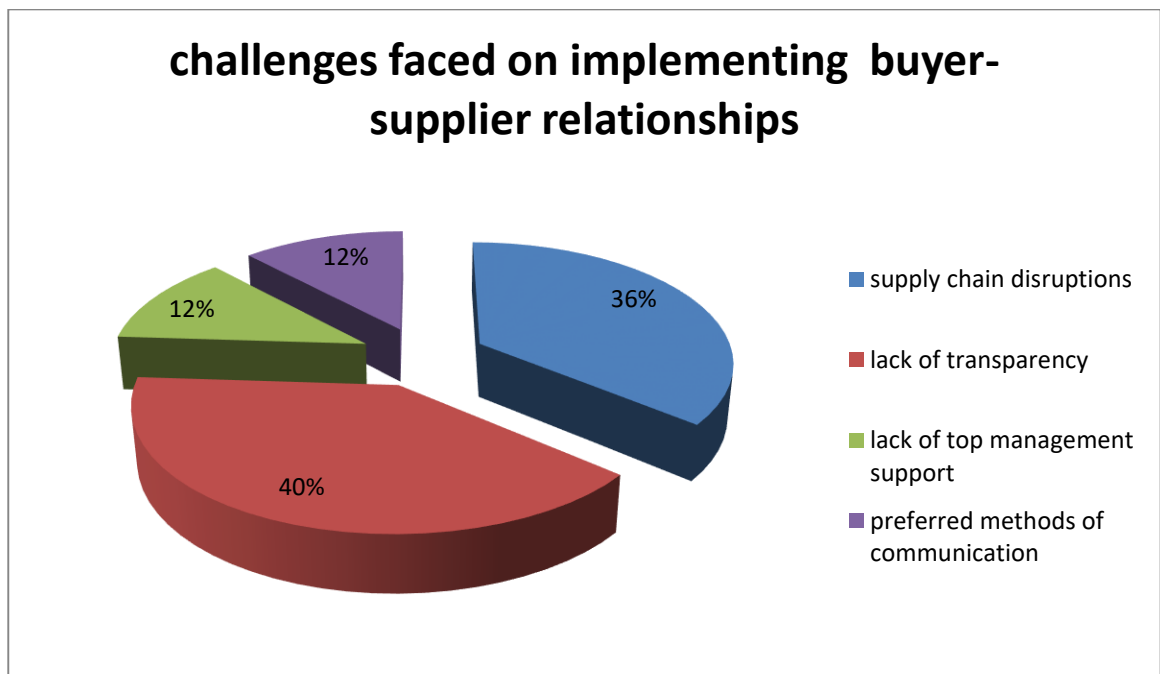


Figure 4 Challenges faced in implementing buyer-supplier relationship

Source: Primary data

The respondents who were asked about the challenges that affect the implementation of buyer-supplier relationships gave the following answers that are in figure 4.6;

Lack of transparency is considered as a challenge on implementing and managing relationships. 40% of the respondents strongly agreed on this challenge since it can result in misunderstanding of business needs if buyer and supplier relationship is not transparent and open. Important business opportunities may be missed when parties do not share correct information amongst themselves.

Another challenge that is faced is a **supply chain disruption** that is faced when implementing buyer-supplier relationships. 36% of the respondents said that there are external factors that may cause problems in the supply chain which may be late delivery of goods or low quality of spares from suppliers. This may result in conflicts between a buyer and supplier as it strains their relationship besides the fact that it occurs in rare circumstances.

Preferred methods of communication are one of the challenges that were faced in implementing buyer supplier relationships. 12% of the respondents said that communication is key in obtaining a strong buyer and supplier relationship. Buyers and suppliers are finding different common grounds for the best methods of communication. Buyers of CMED Bindura may find multiple emails to deal with within a day whilst suppliers may prefer communication via emails, video calls software such as Zoom and telephone twice or thrice a week. A situation of over communication between a buyer and supplier may deteriorate working relationships.

Lack of top management support was also considered as one of the challenges by the respondents. About 12% of the respondents agreed that a lot of conflicts arose between top management and procurement department since the top management have a final say in decisions regarding to payments of suppliers that are made within the organization. This was supported by Chikwenhere (2015) where he explains that it is difficult to obtain top management support since it is not easy to show the benefit that buyer-supplier relationship can produce for CMED.

4.3.5 Solutions to reduce challenges faced in buyer-supplier relationships

Respondents were given chance by the researcher to share their views on ways of reducing the challenges that they have observed. The following are some of the responses they share with the researcher.

Figure 4.5 solutions to the challenges observed

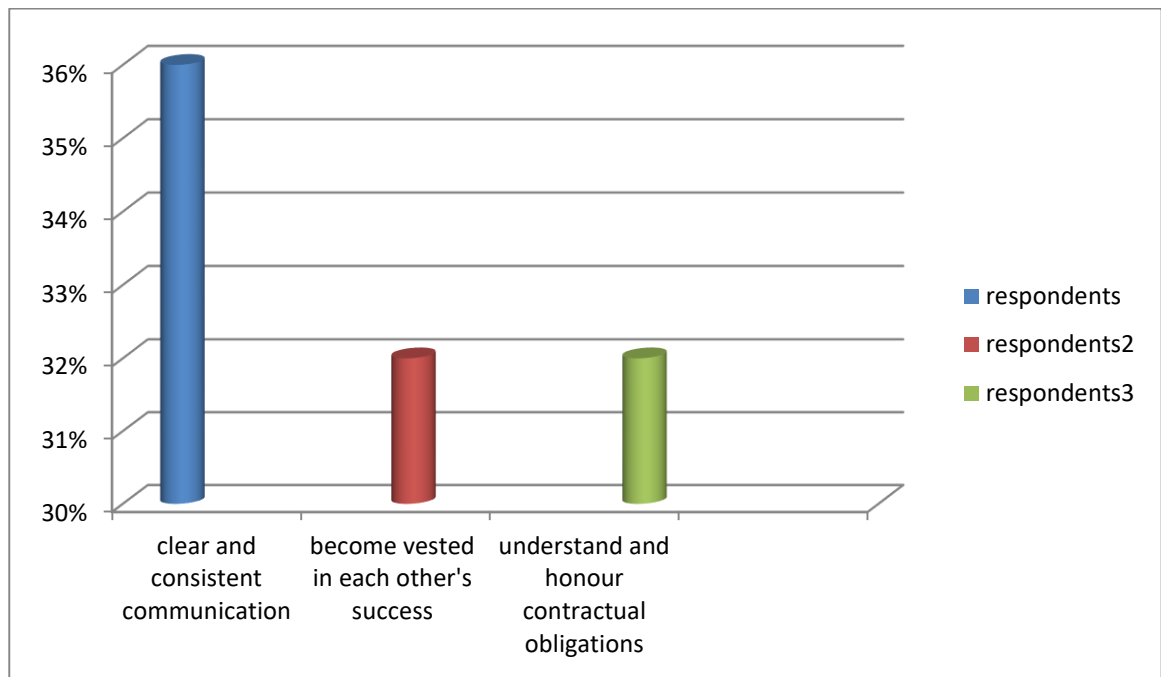


Figure 5 Solutions to problems observed

Source: Primary data

From the findings in figure 4.7, nine respondents (36%) suggested that CMED should have clear and consistent communication. The respondents suggested that the channels of communication should be kept open and flexible with the suppliers and always be transparent to prevent communication breakdowns with the suppliers. They also encouraged buyers to exercise supplier visits from time to time in order to create strong supplier relationships.

Other eight respondents (32%) suggested that buyers and suppliers should become vested in each other's success. They explained that taking time to understand the objectives of both parties and develop a plan in order these goals together is what is meant by become vested in each other's success. Although it takes time to know and

understand the goals of each party, trust may grow rapidly between the two parties that is between CMED and its suppliers.

The other eight respondents (32%) suggested that CMED Bindura and its suppliers need to understand and honour contractual obligations. In this case, CMED needs to have confidence that the supplier is delivering the right products with the right quality when they pay to their suppliers. Suppliers also need to be paid in time for the products and services that they offer. Buyers and suppliers need to know and understand their obligations as they work under their trading agreements. Fairness and openness ensures effective communication which keeps the terms and conditions of the contract in track. Drawing conclusions from these findings, these ways improve the buyer supplier relationships.

4.4 Discussion

The first objective of the research was to assess on the effects of buyer-supplier relationship management on the performance of the organization. The study indicated that CMED Bindura impacts positively on the performance of the organization due to management of supplier relationship practices in its operations. This was supported by empirical literature review where Roushdy et al. (2015) explains the benefits which are related to supplier relationship management which are cost reduction, risk reduction, lead time reduction and innovation. He also added that supplier management processes are important on the improvement of quality and competitive advantage of the organization. Mugarura (2010) found out on his results that buyer-supplier relationship is very important in bringing about trust, commitment and adaptation between buyers and suppliers and it results in continuity of relationships.

Waithaka and Waiganjo (2015) also supported on their conclusion where the results indicated cost and quality to have a positive relationship on buyer-supplier relationships in the supply chain. However, using the assumption that selected sample would not provide biased information, the respondents were in line with Tangus et al. (2015) where he argued that lack of trust may increase the transaction costs in the supply chain. Drawing conclusions on these findings, CMED Bindura can be improved if supplier management processes are managed well.

The second objective of the research was on determining the effects of information sharing on the performance of the organization. CMED Bindura did employ information sharing which was on ongoing relationship on the management of their buyer-supplier relationship practices in its operations and this had a positive impact on the performance of the organization. The aspect of having improved communication was seen to be a critical component in having successful supplier relationship. The frequency and quality of information shared are important elements to consider when relating with suppliers.

This was supported by empirical literature review where Mugarura (2010) argues that information sharing among buyer supplier relationship components was considered as a better predictor of relationship continuity. He also added that it is very crucial for organizations to share information relating to policy on inventory with their suppliers and buyers should ensure that suppliers should inform them always about the changes in the market in advance. This was also in line with Bowersox et al (2000) where he recognized information sharing is associated with buyer-supplier relationships which are successful. Moreover, Tangus et al (2015) concluded that improvement in sharing of information with suppliers would increase the performance of manufacturing firms. However, with a relationship that has no trust and transparency, both parties may not enjoy the benefits since they will not be open to each other in terms of sharing ideas. Drawing conclusions from the findings, it really shows that information sharing contributes more to the performance of CMED Bindura.

Basing with the third objective of the research, it stated to establish the effects of supplier collaboration on the new product development on the performance of the organization. This was supported by empirical literature review where Roushdy et al. (2015) gave characteristics of a collaborative kind of relationship which includes investing in training and development of suppliers and also early supplier involvement so as to produce quality products in an efficient manner. On theoretical framework, network theory also supports this idea of having collaborative kind of relationships since the organization must create a network of crucial suppliers having close relationships making sure that there would be no disruptions in the future. Roushdy et al (2015) argues that an organization must give a listening ear to suppliers on changes

in the market or product development which may improve their relationships among the two parties.

Waithaka and Waiganjo (2015) also concluded that buyers should have an effective relationship towards their suppliers to collaborate with partners of their business since the expectations of customers were increasing thereby organization were prone to the environment which was uncertain. Drawing conclusions from the findings, supplier collaboration is very important because it influences the performance of the organization.

Finally the research sought to evaluate on the challenges that were faced by CMED Bindura when implementing buyer-supplier relationships. The challenges that were affecting on the implementation of buyer-supplier relationships were pointed as well as solutions to the observed challenges.

4.5 Chapter Summary

Considering chapter four, the results on the effectiveness of buyer-supplier relationship on the performance of the organization (CMED Bindura) were shown. Information sharing as well as supplier collaboration o development of a new product was presented in this chapter. The challenges that were faced as well as solutions were also presented, discussed and analysed. This chapter leads to the next chapter where summary, conclusions and recommendations are being explained.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter shows the findings of the summary that were represented in chapter four, conclusions as well as recommendations of the study. The research was based on four objectives which are to assess the effect of management on the buyer-supplier relationship on performance of the organization, to determine the effect of sharing information on the performance of the organization, to establish the effect of supplier collaboration in product development on performance of the organization and lastly to evaluate challenges faced by CMED Bindura in implementing the buyer-supplier relationship.

5.2 Summary

The research mainly focused on establishing the effect of buyer-supplier relationships on the performance of the organization with a case of CMED Pvt Ltd Bindura. Looking at the main research issue, it was mainly based on the fact that regardless of the contractual agreements that an organization has with its suppliers, the organization is still obtaining poor quality products and services from suppliers, experiencing longer lead times and facing non availability of materials from suppliers. Using a data collecting method, twenty five questionnaires were issued at top, middle, lower and non management and they were all completed and managed to return to the researcher and the interviews that were conducted were all successful. The outcomes of the research were as follows;

The effect of supplier relationship management on the performance of CMED Bindura

Using the facts that were on the study, the effects on management on the buyer-supplier relationships improves the performance of an organization through increasing the success of the organization. The success of the organization can be seen through improvements in communication, improvements in quality of goods and services from

suppliers and reduction of costs of the organization. In this case, the procurement department will share information, ideas and providing feedback to their suppliers hence improving their effectiveness and efficiency in their operations within the organization.

The effects of sharing information on performance of CMED Bindura

The findings revealed that sharing information between a buyer and supplier using an ongoing type of relationship contributes to the improvement on the performance of the organization. The improvements observed were increased quality and supplier work performance, increase in employee competencies and strengthening the competitiveness of the organization. Sharing of information among buyers and suppliers was seen to be an important aspect in determining the organizational success.

The effect of supplier collaboration on new product development

The study found that collaboration of buyers and suppliers is an important aspect in developing a new product. The benefits that were observed on collaboration of suppliers were increased profits and revenues and also improved product which results in high levels of customer satisfaction. Early supplier involvement, training and development of suppliers was seen to greatly improve the performance of the organization. The performance of organization improves when suppliers are involved early in the development of a new product which results in increase on the value of a product and reduction in costs of a product which can be obtained after mobilizing and leveraging the expertise of suppliers.

Challenges faced in implementing buyer-supplier relationships

The study identified challenges that were faced in implementing buyer-supplier relationships within CMED Bindura. The study found out lack of top management support, different preferred methods of communication, supply chain disruptions and lack of transparency as challenges faced on buyer-supplier relationships. The researcher observed lack of transparency as the main challenge in implementing buyer-supplier relationships at CMED Bindura. The researcher also found some solutions to these problems to make the buyer-supplier relationship successful which are need for clear and consistent communication between buyers and suppliers, the

two parties' needs to become vested in each other's success and understanding and honour contractual obligations.

5.3 Conclusions

The researcher observed the following conclusions from the findings of the study.

Effectiveness of supplier relationship management on organizational performance

The researcher concluded that supplier relationship management and performance of the organization are related positively. The management of buyer-supplier relationship is seen to be very important in improving performance of the organization particularly in raising the following areas which are efficiency gains, cost control, and resolution of problems. Specific benefits of supplier relationship management includes improvements in quality, better communication styles, lead time being reduced as well as prices and increased trust.

Information sharing on performance of the organization

The researcher concludes that information sharing is an important aspect between buyers and suppliers and it is positively related to the performance of the organization. Information sharing through collaboration of buyers and suppliers improves the performance of the organization through strengthening of the organization's competitiveness, improvement on supplier's work performance and improvement on employee competencies.

Supplier collaboration on new product development

The researcher concludes that supplier collaboration on new product development increases profits and revenues for both the buyer and the supplier, mitigate risks, improvement on the service levels and strengthening the supply chain through capacity management. The researcher also concludes that supplier relationship management helps in determining each supplier's value and the ones which are very critical for the performance and continuity of the organization.

Challenges faced by CMED Bindura

The researcher concludes that the main challenges of the study were lack of transparency and supply chain disruptions which were caused by sharing of incorrect information between buyer and supplier, low quality products and late deliveries which results in missed business opportunities and the relationship between buyer and supplier become strained thereby affecting the performance of the organization. The researcher also concluded the minor challenges of the study which were different preferred methods of communication which was caused by different modes of communication used between the two parties which may deteriorate the working relationships and lack of top management support which was caused by the decisions made by top management which was not favourable to procurement department as it ignore the critical payments of suppliers which are due thereby affecting the performance of the organization since suppliers may be unwilling to continue working together with the organization.

5.4 Recommendations

Basing on the findings above, the research recommends that

The effectiveness on supplier relationship management on performance of CMED

The researcher recommended that CMED Bindura must make the relationship management be linked to the objectives of the organization in order to improve on the results of performance in the organization. Other parastatals can adapt to supplier relationship management of CMED because they might bring success to the performance of their organizations.

The effect of sharing information on performance of the organization

The researcher recommended that in order for buyers and suppliers to work effectively, they must be able to share information about inventory levels, payment methods, modifications made during production and assessments comments offered to suppliers in order to minimize levels of uncertainty and prepare efficiently for their business needs. The researcher recommended that buyer-supplier relationship needs to be open two-way communication so as for buyers to learn from and develop mutually beneficial agreements after speaking with their suppliers.

Supplier collaboration on the development of a new product

The researcher recommended that the organization should establish clear programs on ways of developing a supplier such as early supplier involvement, offering education, training and incentive programmes to their suppliers. This will make improvements on the supplier's performance in quality, reduced overall costs, becoming innovative in the market and also making better decisions that add value hence improving performance of the organization. CMED Bindura management should support on the processes of supplier relationship management by allocating resources in an efficient and effective manner.

Therefore to obtain best practices in supplier relationship management, there is need of early supplier involvement as a way of developing suppliers and offering education and training to buyers, suppliers and other internal stakeholders.

Challenges faced by CMED when implementing buyer-supplier relationship

The researcher also recommended that the organization should establish a new department like public relations which will be responsible for the management of relationships between the organization and its suppliers so as to improve the levels of transparency and communication. Senior management should also be included in committees of procurement in order to reduce resistance in making decisions. Openness, fairness, trust, flexibility and communication should be all considered when building supplier relationships.

5.4 Suggestions for further research

According to the researcher, not all studies that relates on the buyer-supplier relationships on the performance of the organization have been addressed. For other studies, other researchers should focus on the relationships between buyer and supplier on their performance within supply chain. This will make organizations to devise ways to find roles they play within the whole supply chain

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APPENDIX 1

QUESTIONNAIRE



BINDURA UNIVERSITY OF SCIENCE EDUCATION

P BAG 1020

BINDURA

Dear Respondent

Re: Academic Research Questionnaire

My name is Fadziso Makoni, a final year student at Bindura University of Science Education studying towards a Bachelor of Commerce Honours Degree in Purchasing and Supply. I am doing a research entitled “Effectiveness of buyer buyer-supplier relationships on the performance of the organization”. Please be guaranteed that the information that you are going to provide is going to be treated with high confidentiality and is only for academic purposes only. The information that you are going to provide will not be published and is only used on this study only. Please do not display your identity in any way. You are kindly asked to fill in the following questionnaire and your cooperation in filling it will be greatly appreciated. For any queries, please do not hesitate to call the researcher on ;

Researcher

+263784043312

Email; fadziso95@gmail.com

INSTRUCTIONS

Complete in ink

Do not write your name on any page of this questionnaire.

Please [tick or circle] your response where applicable.

Section A

1. What is your gender?

Male ☐ Female ☐

2. How many years have you been working at CMED Bindura?

0-4 years ☐ 5-9 years ☐ years and above ☐

3. Which management position do you belong to?

Top management ☐ Lower management ☐
Middle management ☐ Non management ☐

4. What is your level of education?

O' level ☐ A' level ☐ Diploma ☐
Under grad ☐ Post grad ☐

Section B

5. Indicate the extent to which buyer-supplier relationships has improved the performance of CMED Bindura

Answer	Option symbol
Greatly improved	1
Improved	2
Slightly improved	3
Did not improve	4

6. How important is information sharing on the performance of the organization?

Answer	Option symbol
Very important	1
Important	2
Neutral	3
Slightly important	4

7. What challenges are being faced by CMED Bindura in implementing the buyer-supplier relationship? Indicate by ticking the given table below

SD=Strongly Disagree **D** =Disagree **N** = Not sure **A** = Agree **SA** = Strongly Agree

Challenges	SD	D	N	A	SA
Preferred methods of communication					
Lack of transparency					
Lack of top management support					
Supply chain disruptions					

Others (Specify).....

Any
 comments.....

SECTION C

8. In your own opinion, which methods could be adopted to resolve the implementation of challenges?

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8. What are your recommendations as far as buyer-supplier relationships on organizational performance is concerned?

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APPENDIX 2

Interview guide

Interview guide for managerial staff

1. How do you understand supplier relationship management at CMED Bindura?
2. Explain the effects of supplier relationship management on performance of CMED Bindura?
3. What are the effects of sharing information on the performance of CMED Bindura?
4. How does supplier collaboration on development of a new product have an effect on the performance of CMED ?

THANK YOU FOR YOUR TIME AND CO-OPERATION