

BUYER-SUPPLIER RELATIONSHIP ON SUPPLY CHAIN PERFORMANCE

A CASE STUDY OF BYEYOGERE STEELWORKS LTD

BY

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DECLARATION

I, Ocuku Alex declare that this is my original work and has never been presented before to any higher institution of learning for award of any academic qualification

Signed. Alex Ocuku

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Date. 30/09/2016

APPROVAL

This is to certify that the research proposal on the “ **Buyer-Supplier Relationship on Supply Chain Performance**” was carried out by **Ocuku Alex** under my supervision and is now ready to be submitted for examination under my approval.

Signed:

Date.....

Mr. Masaba Richard

DEDICATION

This research report is dedicated to the Almighty God the source of Wisdom, Knowledge and Strength. Special thanks go to my beloved parents for the support throughout my education career my brother Opus Emmanuel, my supervisor Mr. Masaba Richard, my lecturers, Kiupsa students, beloved friends; Lidia, Juliet, Jesca, Robert and finally my un born child.

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LIST OF TABLES

Table 1 Department of the respondents	21
Table 2 : Gender of the respondents.....	23
Table 3 Department of the respondents.	24
Table 4 Duration of respondents in their departments.....	24
Table 5 Whether huge reduction in the cost of purchasing, logistics is attributed existing relationships?.	25
Table 6 Whether the institution shares the information freely with its suppliers?	25
Table 7 Whether enhanced innovation and creativity is realized through the relation?	26
Table 8 Whether joint problem solving and risk sharing is enhanced through the relationship?.....	26
Table 9 Whether the institution enjoys a bigger market shares through partnering with its suppliers?	27
Table 10 Whether most of the material purchased by your institution is usually of low value and volume?	27
Table 11 Whether the institution is always engaged in joint collaboration with its suppliers?	28
Table 12 Whether the institution obtains most of its materials from external supply source?	28
Table 13 Whether most transactions with your suppliers are basically one off?	29
Table 14 Whether the institution depends on a variety of suppliers for the provision of its materials needs?	29
Table 15 whether Joint collaborations with your suppliers improves product quality and innovations? ...	30
Table 16 Whether timely delivery and reduced supply risk results from closer communications with your suppliers?	30
Table 17 Whether Improvements in materials quality and elimination of waste results from clear understanding of materials requirements?	31
Table 18 Whether flexibility is enhanced as a result of sharing information on materials needs of the organization?.....	31
Table 19 Whether there was increased reliance on multiple suppliers increases the rate with which materials are made available to your institution?	32

LIST OF ACRONYMS

IT	Information Technology
KPIs	Key Performance Indicators
SCM	Supply Chain Management.
SLAs	Agreeing Service Level Agreements
SPM	Supply Performance Management
TVM	Total Value Management

TABLE OF CONTENT

APPROVAL	i
DEDICATION	ii
ACKNOWLEDGEMENT	iii
LIST OF TABLES	iv
LIST OF ACRONYMS	v
ABSTRACT	ix
CHAPTER ONE: INTRODUCTION	1
1.0Introduction.....	1
1.1.1Background of the study	1
1.1.2Historical background.....	1
1.1.3Theoritical perspective.....	1
1.1.4. Conceptual perspective.	2
Definition of terms.....	2
1.1.5. Contextual perspective.....	3
1.3 Statement of the problem.....	3
1.4Objectives of the study	3
1.4.1 General objective of the Study	3
1.4.2 Specific objectives of the Study	3
1.5 Research questions.....	4
1.5.1Scope of the Study	4
1.5.2 Content Scope of the Study	4
1.5.3 Geographical Scope of the study	4
1.5.4 Time Scope	4

1.6 Significance of the Study	4
CHAPTER TWO: LITERATURE REVIEW.....	6
2.0 Introduction.....	6
2.2The impacts and benefits of the buyer-supplier relationships on supply chain performance at Bweyogerere Steel Works Limited.....	6
2.3 The types of buyer-supplier relationships that exist at bweyogerere steel work limited.....	10
2.4 Relationship between buyer and supplier on supply chain performance.	17
Conclusion	19
CHAPTER THREE: METHODOLOGY	20
3.1 Introduction.....	20
3.2 Research design	20
3.3 Area and Population of Study.....	20
3.3.1 Area of study.....	20
3.3.2 Population of the study	20
3.3.4 Data Collection Methods and Instruments	21
3.3.5 Questionnaires	21
3.3.6 Interviews	21
3.7 Sources of Data.....	21
3.8 Data Quality Control.....	22
3.9 Procedure of the Study/ Ethical Consideration.....	22
3.9.1 Procedure of the Study.....	22
3.9.2. Ethical Consideration.....	22
3.10 Data processing and Analysis	22

CHAPTER FOUR: PRESENTATION, INTERPRETATION AND ANALYSIS OF DATA23

4.0 Introduction.....23

4.1. Background characteristics of the respondents.....23

4.1.1 Gender of the respondents23

4.2 Benefits of buyer supplier relationship on supply chain performance25

4.3 Types of buyer supplier relationship on supply chain at steel works27

4.4 Relationship between buyer and supplier on supply chain performance.30

CHAPTER FIVE: DISCUSIONS, CONCLUSIONS AND RECOMMENDATIONS33

5.0 Introduction.....33

5.1 Discussion of research findings33

5.1.2 Types of the relationships on supply chain.....34

5.1.3 The relationship between buyer-supplier.....34

5.2 Conclusion35

5.3 Recommendations.....38

5.4 Areas for further study.....41

APPENDICES51

APPENDIX 1: QUESTIONNAIRE FOR THE RESPONDENTS51

SECTION A: BIO DATA OF RESPONDENTS51

SECTION B.....51

APPENDIX 2: BUDGET ESTIMATES.53

APPENDIX 3: WORK PLAN54

ABSTRACT

The study investigated “The impact of a buyer-supplier relationship on supply chain performance, a case study on steelworks LTD.” The study was guided by three research objectives which were; To find out the impact and benefits of the buyer-supplier relationship on supply chain performance, to establish the relationship between buyer and supplier on supply chain performance and lastly to identify the type of buyer-supplier relationship that exists at Bweyogerere steel works.

The methodology involved the use of a cross-sectional research design because the researcher intended to use a variety of knowledgeable respondents. Quantitative measures were employed through the use of questionnaires to attain data from the variables under investigation to generate the information.

The findings revealed that Steel works has various factors that lead to the development of supplier relationship some of these factors singled out were: Huge reduction in the cost of purchasing, logistics is attributed to existing relationships, the institution shares the information freely with its suppliers, enhanced innovation and creativity is realized through the relationship, joint problem solving and risk sharing is enhanced through the relationship, the institute enjoys a bigger market share through partnering with its suppliers, most of the materials purchased by your institution are usually of low value and low volume, the institution is always engaged in joint collaboration with its suppliers, the institution obtains most of its materials from external supply sources, most transactions with your suppliers are basically one-off, the institution depends on a variety of suppliers for the provision of its material needs, joint collaborations with your suppliers improves product quality and innovations, timely delivery and reduced supply risk results from closer communication with your suppliers, improvement in material quality and elimination waste results from clear understanding of material requirements, flexibility is enhanced as a result of sharing information on materials needs of other organization and lastly increased reliance on multiple suppliers increases the rate with which materials are made available to your institution.

The study recommends here is need for hiring staff with required advanced procurement skills and most of all continuous on job training in form of seminars, short courses and workshops as

regards to procurement and inventory management. This greatly enables staff to be professional in the best way possible as this will tend to leave clients satisfied hence attracting new ones and having repeat clients

Supplier's involvement in the institution should be taken serious. With this in place, suppliers don't feel left out views and problems are dealt with and heard hence leaving them satisfied. This is very important for client attraction and retention which ultimately leads to organizational performance.

CHAPTER ONE

INTRODUCTION

1.0Introduction

This chapter consists of the background of the study, problem statement, research objectives, research questions, scope, and significance of the study and definitions of terms.

1.1.1Background of the study

1.1.2Historical background.

In early years, increasing attention has been paid to buyer-supplier relationship and supply chain management in general. View of buyer-supplier relationship have involved from old schools of the 1980s , where buyer and supplier were viewed as part of a zero-sum game to the more collaborationist outlook of the 1990s, which claimed that buyers and suppliers could co-operate to benefit of both ,more network -oriented view of the 2000s where buyers-suppliers are part of organic business ecosystem. One interesting fact is that, empirically, buyer-supplier relationships exist in surprisingly multifarious forms in different geographic region and business sectors.

Globalization and fast changing business practices are putting organizations under tremendous pressure to constantly improve product or process quality, delivery index, performance, and responsiveness along with reducing costs (Mohanty M. K, 2003.).Organizations also increasingly exploring ways to leverage their supply chains and giving more focus on the role of suppliers in their chain.[Galati, 2007]. In other wards firms are now more trying to utilize their resources and increasing the value of the supply chain and in return they are experiencing more flexibility and responsive to the demands and customers. Outsourcing allows firms to exploit the capabilities, expertise, technologies, and efficiencies of their suppliers. Increased outsourcing, however, implies greater reliance on suppliers and commensurate need to manage the supplier base (Kannan& Tan, 2006).

1.1.3Theoritical perspective.

According to the theory of employ transaction cost theory and social exchange theory to compare how buyer and suppliers perceive relationship mechanism. The theory also explains the antecedent and dynamics of relationship performance by company by buyer and supplies

perceptions of the same relationships. Canada (Amon Ambrose, national / institute of technology management, University College Dublin, Dublin, Ireland).

The theory specifically focuses on the hypothesis not the antecedent of perceived relationship success for buyers' differ from most of suppliers within supply chain relationship. (Daniel hynch) center for international trade and Transportation. Dalhousie University, Halifax Canada.

1.1.4. Conceptual perspective.

Definition of terms

Supply chain; a system of organizations, people, activities, information, and resources involved in moving a product or service from supplier to customer. Supply chain activities involve the transformation of natural resources, raw materials, and components into a finished product that is delivered to the end customer. In sophisticated supply chain systems, used products may re-enter the supply chain at any point where residual value is recyclable.

Supply chain management; is the management of the flow of goods and services. It includes the movement and storage of raw materials, work-in-process inventory, and finished goods from point of origin to point of consumption.

Supply chain also refers to oversight of materials information and finances as the move in a process from supplier to manufacturers to wholesalers to retailers to customers.

It involves coordinating and integrating those flow bolt within and among companies.(Margaret Rouse).

Buyer. A buyer refers to party which acquires aggress to acquire, ownership, (in case of goods) a benefit or usage (in case of service) exchange for money or other consideration.

Supplier is a party that supplier goods or service. Supplier may be distinguished from who commonly adds a specialized input to deliverables. Also called a vendor.

Performance. The accomplished of a given task measured against preset known standards at accuracy, completeness, cost and speed in a contract, performance is deemed to be the fulfillment at an obligation in a manner that released that performance from all viabilities under the contract.

1.1.5. Contextual perspective.

This Study is designed to explore the impact of buyer-supplier on organizations performance in Bweyogerere Steel Works by focusing on Local manufacturing process and to understand the importance of long term buyer-supplier relationship on Local Environment of Ugandan market.

Development and maintenance of buyer-supplier long term relationship is the key to industrial buying success. The objectives of performance measurements on supply chain are to improve the efficiency and effectiveness of supply chain and reduce operating cost and customer service in logistics. Government policies are continuously changing and supplier are at working hard to see that their effort will bring long term buyer-supplier relationship on supply chain performance.

1.3 Statement of the problem

Organizations are increasingly exploring ways to leverage their supply chains and giving more focus on the role of suppliers in their supply chains and giving more focus on the role of suppliers in their chain (Kannan and Tan 2006),. Today, large and small companies are making partnership with suppliers as a foundation of the supply strategies of which steel companies are no exception (Minahan, 1998). However, at operational level, the benefit to a buyer of developing close relationship with key suppliers does not come in form of improved quality, reduced cost, delivery or a combination thereof yet it should lead to sustainable improvements input quality innovation or enhanced competitiveness (Kannan and Tan 2006). Based on the above, the researcher intends to investigate the impact of buyer-supplier relationship on supply chain performance.

1.4 Objectives of the study

1.4.1 General objective of the Study

The main objective of this research was to establish the relationship between a buyer and supplier on supply chain performance.

1.4.2 Specific objectives of the Study

- To find out the impact and benefits of the buyer – supplier relationship on the supply chain performance at Bweyogerere Steel works Ltd.
- To establish the relationship between buyer and supplier on supply chain performance at Bweyogerere Steel Works Ltd.

- To identify the type of buyer-supplier relationships that exists at Bweyogerere Steel Works.

1.5 Research questions

- What are the benefits of developing buyer - supplier relationship on supply chain performance?
- Is there a relationship between buyer and supplier on supply chain performance?
- What type[s] of buyer-supplier relationship that exists at Bweyogerere Steel Work be identified?

1.5.1 Scope of the Study

The researcher defined the scope of the study in terms of content, geographical as well as time or periodic scope.

1.5.2 Content Scope of the Study

The content scope for this study was to find out the impact of buyer-supplier relationships on supply chain performance. To find out the benefits of relationships towards the performance of Supply chain and to create an applicable relationship between buyer-supplier relationships and supply chain performance. To identify the type of relationships that exists at Bweyogerere steel works.

1.5.3 Geographical Scope of the study

The research was carried out at Steelworks LTD in Bweyogerere; Wakiso District located about 11km from the Local Government offices.

1.5.4 Time Scope

The time scope was limited to information published between a periods of four months. This is considered enough periods from which reliable information can be gathered. The researcher has been able to collect the information within the period of four months that is to say from June 2016 to September.

1.6 Significance of the Study

The research findings have also benefited in determining the role of the buyer and supplier relationship on performance of the organization.

The research has helped steel works company to know the impact of buyer-supplier relation on their organizational performance.

The study findings are helpful and can be used by others for further research in the organization.

The study was for different stakeholders engaged in relationship management to come up with - supplier relationships, which has improved the performance of the supply chain.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

The purpose of the study was to establish the relationship between a buyer and the supplier on supply chain performance. The literature depends on the study objectives and they include; finding out the type of buyer-supplier relationship the company has established with its supplier; to establish the behavior of the supply chain network and its characteristics based on the relationship with the suppliers; to create a relationship between buyer-supplier relationships and the supply chain performance and to find out the impact and benefits of buyer-supplier relationship on supply chain performance.

2.2 The impact and benefits of the buyer-supplier relationships on supply chain performance at Bweyogerere Steel Works Limited.

Purchasing the goods or services is just the start of a procurement process, which in many cases receives the majority of the focus. The success of the process however can only be judged by how well the service or goods meet the requirements of the stakeholders. The diagram above provides a simple illustration of how the procurement process should work. Good practice suggests that building a strong working relationship between the supplier and customer ensures that over the life span of the contract, the delivery of the goods or services will be superior to those where relationships are not managed. As with any relationship, the more effort involved with communicating and developing mutual understanding, the better the outcome.

A continuous process on award of contracts hold is to clarify expectations, which will assist with developing the service or products. Agreeing Service Level Agreements (SLAs) and Key Performance Indicators (KPIs) between the two parties is part of Supply Chain Management (SCM) however establishing the nature of the relationship may be an important part of this. Establishing clear and robust terms and conditions of contract are a key element of Supply Chain Management (SCM), which will have a bearing on the management of the supplier relationship. The contract between supplier and customer should specify how the relationship would be managed. For example; dispute resolution procedures, exit strategies and ownership of intellectual property rights, should be explained. (BIFM, 2015)

Nowadays, the majority of Organizations believe that their company's real assets are embedded in the quality of the relationships shared between the business and their stakeholders such as clients or customers, employees and suppliers. Developing and managing supplier relationship will be the main subject throughout this project.

The objective of this research is to investigate the importance of the need to focus more on building collaborative relationships with their strategic suppliers by large manufacturing companies. With increase in globalization and restructuring of several organizations, procurement's role has changed focusing more towards costs, quality, flexibility and technology. [Herbig and O'Hara, 1995; Goh and Lau, 1999]

In the previous years (traditionally), purchasing was considered as a clerical function in which the buyer-supplier relationships were viewed as being adversarial and unsurprisingly results in a win/lose outcome. Before, business operations from manufacturing to assembling the finished goods were prepared in-house but now many organizations have moved towards a more combined approach where manufacturing firms have started concentrating more on their core competencies only and rest outsourcing nationally and internationally to satisfy their customer expectations. Organizations are going lean i.e. working towards continuous improvement, adopting just-in time and total quality management and eliminating wastes.

This highlighted the requirement for most of the lean organizations to grow cooperative supplier-buyer relationships to achieve real productivity, improved design and quality that are unattainable unless the supplying partners assist in product innovation. Hence, several manufacturers have recognized their ability to become world-class competitors based on establishing high levels of trust and cooperation among their suppliers. [Briggs, 1994]

Highlighting the case of Rolls Royce, the engine manufacturer, that outsources 70% of their material from external supply chain and that's the reason Rolls Royce try to encourage their suppliers to work openly and jointly contributing to their performance. Rolls Royce belief in building good supplier relationships assures quality and competitiveness to their product offerings and helps to achieve customer standards.

The growing face of domestic and global competition has led to understand the manufacturing companies to practice global sourcing which is a strategy to improve companies 'competitiveness in the international market through reducing costs, improving quality, increased exposure to universal technology, and improving delivery and reliability.

A 'connection or association' is known as a relationship. Relationships are said to be when individuals, organizations and internal or external groups to an enterprise interact. At recent times, relationship marketing describes long-term marketing strategy that emphasize on building and maintaining long-term relationships with customers rather than just focusing on 'one-time' sale approach. At business level, relationship marketing is applied to variety of purchasing – supplier relationships in the context of a broader network of interconnected purchasing, supplier and competitor organizations.

Best practice for supply chain dictates that managers should look to form closer, longer-term relationships that deliver long term value to both parties.

Many supply chain experts, when defining Supply Chain Management. (SCM), look to emphasis the importance of these relationships with key suppliers in increasing value and reducing total supply chain spend.

Strong relationships help drive collaboration, trust and value throughout your supply chain. Top-level organization recognize the importance of developing and maintaining world-class supply chains that give them competitive advantages from others in their market. One such example has been Apple; a world-class supply chain has complementing their creative drive to make them the leader in their market.

Transparency and performance have always been important for organizations looking to be market leader. Therefore many of them are starting to recognize the value in Supply Performance Management (SPM) for nurturing supplier relationships through a performance culture.

Performance review meetings can become commonplace for maintaining relationship supported by world-class performance analysis.

Using custom built reports and dashboards; supplier relationships can be maintained and nurtured to ensure your supply chain can be world class. Global supply chains are complex, high number of in putters, long distances & language barriers and a Supply Performance Management (SPM) system can help manage all of these.

The barriers that traditionally would prevent strong relationships being developed can be overcome through adopting a Supply Performance Management (SPM) approach. Reporting and reviewing performance allows for greater contact with suppliers, to address issues and find resolution. Performance management can play a role in Supplier Relation Management. (SRM) and help reduce bottom line spend and help optimize your supply chain. The construction sector is renowned for being traditional and lagging behind in areas such as IT and discrimination; supply chain management is no exception (CBPP, 1998, Kelly et al, 2002). The construction industries reaction to the idea of supply chain management was slow and perhaps even reluctant (Love et al, 2004). This is understandable, during the 80's and early 90's construction industries were concentrating on surviving a recession, creating happy relations with already 'adversarial contractual relationships' (Love et al, 2004) was the least of construction professionals concerns.

As pointed out by Khalfan and McDermott (2007) the drive to change and promotion of innovation in the construction sector was provided by government-supported reports by Egan and Latham. The Egan report produced Movement for Innovation (M4I), which helped companies find innovative ways to procure. What the Egan report (Khalfan and McDermott, 2007) proposed was that 'continuous service, product improvement and company profitability can only be achieved through innovation.' Latham's 1994 report was more focused on the relationships that we have with supply chain promoting the importance of good communication and information sharing (Briscoe and Dainty, 2005). The reports conducted by Egan and Latham were influential and resulted in the release of new initiatives such as building down barriers and Procure21 (Khalfan and McDermott, 2007). This urged the construction industry to take on supply chain management to be able to fit in to the innovative procurement approaches of the UK's biggest client - the public sector. Supply chain management has become more popular due to implementation of Supply Chain Management (SCM) orientated contracts.

2.3 The types of buyer-supplier relationships that exist at Bweyogerere steel work limited.

The pace of global competition is putting increasing pressure on firms to make their supply chains more competitive or risk going out of business. Firms naturally turned to their suppliers in an effort to cut costs and were often quick to switch to alternate suppliers if they could not meet demands for price and quality. Suppliers, on the other hand, often felt firms used heavy-handed tactics, attacking supplier margins to reduce costs rather than working together to find ways to take cost out of the process. Supplier relationship management provides a structured way for firms and suppliers to enhance their relationships, increase profitability, and ultimately provide improved products and services to the end users (customers). The following sections introduce supplier relationships and present three models firms can use to manage these relationships.

Improvement.' Both partnerships and strategic alliances are "marked by long-term arrangements, large volume commitments, and joint product development and planning efforts." Given that many firms have thousands of suppliers, how should a firm decide what type of relationship is most appropriate with each supplier [Barabsi, 2003].

Business and academic literature includes a variety of approaches and models for managing supplier relationships. The following three models are representative of the options available to firms as they determine appropriate ways to initiate and manage supplier relationships and understand how the nature of the product and environment influence the selection of the appropriate relationship model, Partnership Model: Stock and Lambert identified four types of supplier relationships, ranging from arm's length through partnerships; joint ventures and vertical integration (note the similarity to the previous relationship spectrum).

While most relationships are arms length, with suppliers offering standard products or services to a wide range of customers, there are times when it is appropriate for firms to pursue partnerships with suppliers. Lambert defines a partnership as "a tailored business relationship based on mutual trust, openness, shared risk and shared rewards that results in business performance greater than would be achieved by two firms working together in the absence of partnership. Firms can pursue one of three types of partnerships with suppliers: Type I, Type II or Type III. In a Type I arrangement, both organizations accept each other as partners and coordinate their

activities and planning on a limited basis. Type I partnerships are often short-term and involve only one division or area within each organization. Type II partnerships are marked by the integration of activities between the two organizations and by long-term planning that involves multiple divisions or areas in both organizations. In Type III partnerships, there is a significant level' of integration between both organizations and each sees the other as a part of its own organization.'" A majority of partnerships will be Type I while a firm will have a very limited number of Type III partnerships.

Developing partnerships requires a significant investment of time and money on the part of both organizations. Lambert designed a partnership model to help firms develop and manage these important relationships. His model assesses the drivers, facilitators, and components that lead to successful partnership outcomes. Drivers, which are the reasons why firms should partner, include "asset/cost efficiencies, customer service improvements, marketing advantage, and profit stability/growth." 'Drivers must exist for both organizations and must be strong enough to give each party a clear understanding of the benefits gained by partnering. Facilitators, which measure the supportiveness of the environment, include "corporate compatibility, similar managerial philosophy and techniques, mutuality, and symmetry. "Since facilitators examine the environment in both organizations, both parties should jointly evaluate these four areas. Lambert notes that while managers may be tempted to implement Type III partnerships with all of their suppliers, the appropriate type of partnership (if any) is based on the strength of the drivers and facilitators. If the drivers and facilitators are strong enough to pursue a partnership, managers then use components(such as planning, joint operating controls, risk/reward sharing,etc.) to establish and manage the partnership. Out comes measure how well the partnership is meeting the expectations outlined at the beginning and provide feedback critical to managing and improving the partnership.

Dell Computer provides a great example of a company using partnerships with its suppliers. Over ninety percent of Dell's suppliers are hard-wired into the company through its website, value chain.dell.com. This close relationship is one reason Dell was the only company in its competitive class to gain market share last year."

Operational complexity and market sophistication: Mold and Starr examined partnership relationships from the perspective of operational complexity and market sophistication. Operational complexity addresses the intricacy of components in the supply chain while markets sophistication addresses factors that influence how components are bought and sold." They argue firms and suppliers can successfully collaborate under certain conditions but trying to do so in the absence of these conditions is inappropriate and possibly counterproductive.

, there are four different types of buyer-supplier relationships based on the level of operational complexity and market sophistication. In Transactional relationships, cost is the primary driver when selecting a supplier and there are many suppliers, each as good as the next.

Unique relationships are "something like marriages of convenience: they may be necessary, but they aren't deep. The authors use the example of the relationship of personal computer makers to Microsoft - they all need some type of relationship with Microsoft to obtain Windows software but it is not a very complex relationship. Operational relationships are appropriate when buyers are very sensitive to any interruptions of supply but the end users are relatively indifferent about the brand of the components used by the buyer."

Finally, Integrated relationships are characterized by "shared risks, costs, profits and information almost without restriction" because the buyer and supplier operate in a: highly sophisticated market and the product demands both organizations communicate often."

Once the buyer determines the most appropriate relationship to pursue with a supplier, the firm then needs to specifically define the structure of the relationship with respect to four main categories: "business objectives and strategies, technology infrastructure, process integration and organization." Proper alignment of business objectives and strategies requires buyer and supplier' to agree on how to measure progress and how much information to share. Both firms must address how that information will be shared - what technological solution is most appropriate. Process integration must clearly distinguish which processes are shared between the two firms and which remain separate. Finally, any form of collaboration places demands on organizational models, roles and responsibilities. The final question is whether both firms are ready for collaboration - do they have the capability, commitment and trust to be successful.

Without the capability to deliver on promises, management commitment to dedicate necessary resources, and trust to solidify bonds between the two companies, the partnership will fail or achieve mediocre results at best. A leading paper products manufacturer's process improvement project is a great example of the commitment and trust required by senior leadership to implement change in their supplier relationships and throughout the firm's supply chain [Khalfan McDermott, 2007].

According to Bensaou (2005) the push in industry and academic circles to move most supplier relationships from

Arm's length to long-term strategic partnerships ignores the risk and cost associated with developing an extensive network of supplier partnerships. Conventional wisdom held that Japanese automobile manufacturers relied heavily on partnerships with suppliers; yet, her survey of three U.S. and eleven Japanese automobile manufacturers showed the Japanese rely less on strategic partnerships than U.S. firms. She proposed and validated a framework for managing a portfolio of supplier relationships - a situation facing most firms as they juggle thousands of suppliers - based on contextual and managerial factors [McDermott, 2007].

Bensaou's model uses four types of buyer-supplier relationships: market exchange, captive buyer, strategic partnership and captive supplier. In her research of Japanese and U.S. firms, she found no one type of relationship superior to the others - each type can be well or poorly managed. Firms must choose the right approach based on contextual factors and management variables. Contextual factors include "the characteristics of the product exchanged and its underlying technology, the level of competition in the upstream market, and capabilities of suppliers available in the marketplace. [Briscoe, 2005].

Management variables include "information sharing practices, characteristics of boundary spanners' jobs (purchasing agents) and the social climate within the relationship." For example, contextual factors in Strategic Partnerships include products with a high degree of customization, new technology, and frequent design changes; competitive and concentrated markets with strong demand and high growth; and partner characteristics that include large multi-product supply houses, supplier proprietary technology, and active research and development programs. The management profile for Strategic Partnerships includes regular visits and use of guest engineers,

large investments of time coordinating with supplier staffs, and a climate based on high levels of trust and commitment to the relationship." Honda America's relationship with many of its suppliers (use of guest engineers and significant supplier involvement, in up-front design processes) falls into the strategic partnership quadrant.

The final step for managers is to compare the capabilities resident in their relationship with the actual relationship requirements driven by the nature of the product and market. A match exists when there are both high capabilities and high requirements or low capabilities and low requirements. The risk lies in either under-designing or over-designing relationships. Heavy investment in relationship building when product and market characteristics call for simple data exchange lead to over-design while using simple methods to manage more complex products and markets leads to under-design. Limited Logistics, which distributes a variety of products ranging from clothing to bath and body products, successfully uses one model to deal with clothing manufacturers in Asia (hands on but low tech) and another to deal with beauty-products suppliers in the U.S. (looser relationship but more technology oriented) by Stock and Lambert (2003)

Business and academic journals include a number of other supplier relationship models, ranging from very simple two-dimensional characterizations (such as the Exit/Voice Model discussed by Gunther 2003) to very sophisticated models that use multiple variables and complex relationships (such as Cox's model 1999) that argues relationships between buyers and suppliers should be evaluated and managed based on the power of the buyer relative to the suppliers considerations and risks - in terms of people, process and technology.

As mentioned by Gunther (2003), trust and communication are vital to create strong supplier relationships. However, from an organizational standpoint, this is easier said than done .Building these relationships drives dramatic cultural changes in both firms and reframes how each views the other organization - not as the problem, but as the solution to mutual challenges. For example, when the relationship between Ford and its suppliers reached a breaking point, Ford looked to a new model, Total Value Management (TVM), to team with suppliers in an effort to reduce costs. The change, however, will take time. "It will take all of 2003 for Ford to get the teams set up and running. And then it will take a year or two to build the level of trust needed for

all of us to open the books and work together," says the president of a major supplier trade association. "Creating supplier partnerships also requires a heavy investment in training to support new quality assurance and control procedures and to ensure those involved in the process understand how the other firm operates. Firms that were successful in creating supplier partnerships instituted formal training programs for suppliers as well as their own personnel." Honda and Limited Logistics put a heavy emphasis on training so their employees not only understand their suppliers but also know when to step in and help the suppliers solve process or quality problems.

There are no shortcuts to success - change takes time, trust, and commitment. Process.SRM is a critical part of the overall supply chain management process. As such, firms cannot consider new or different Supply Relationship Management (SRM) processes in isolation of the entire supply chain. As Lambert and Pohlen found, most companies rely on metrics with an internal focus to gauge how well they are doing. When looking across the supply chain, this internal focus fails to capture how firms - suppliers - drive value or profitability. In fact, such a focus may be counterproductive as firms in each link of the chain may try to optimize their performance at the expense of the entire chain (2003).

They advocate using supplier and customer contribution reports to avoid such a situation and to capture revenue implications across the supply chain." Dell's success is driven not by the technology used to manage supplier relationships but by the process sing place to manage those relationships' "spent nearly a year mapping and streamlining its processes to derive maximum value from its supply chain. The lesson is clear -firms must have a detailed understanding of their processes before attempting to create partnerships with suppliers Dainty (2005)

A second' critical process consideration is how firms evaluate their relationships with suppliers. Simpson, et. al. found less than half of firms responding to a survey had a formal supplier evaluation program in place and that qualitative factors were usually over looked in favor of quantitative factors. Evaluations that only consider price, quality and delivery overlook the importance of qualitative factors such as the frequency of inter-company communication, partnership equity, and level of trust `capture how firms - suppliers - drive value or profitability.

In fact, such a focus may be counterproductive as firms in each link of the chain may try to optimize their performance at the expense of the entire chain. They advocate using supplier and customer contribution reports to avoid such a situation and to capture revenue implications across the supply chain. Dell's success is driven not by the technology used to manage supplier relationships but by the process sing place to manage those relationships spent nearly a year mapping and streamlining its processes to derive maximum value from its supply chain. The lesson is clear -firms must have a detailed understanding of their processes before attempting to create partnerships with suppliers.

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A leading paper product manufacturer's process improvement project focuses on process first, then technology. In supplier relationships, the mantra is process pull versus technology push, in working with hundreds of firms, found those who succeeded in improving supplier relationships and their supply chains were those that focused first on process and then on selecting the right technology to leverage those processes. Shore identified four stages of Information Technology (IT) in supply chains. In the first stage, hard copy dominates and Information Technology (IT) and telecommunications play minor roles. Electronic Data Interchange in the second stage permits the electronic exchange of routine business transactions. The third stage is marked by enterprise wide systems that integrate and coordinate operations using a centralized database. The final stage involves strategic alliances, extensive information flows, and decision support, systems."" Firms do not need to pursue stage for Information Technology (IT) if their market, products or suppliers do not require that level of sophistication or cannot support it. Limited Logistics does not invest in expensive Information Technology (IT) systems with clothing manufacturers in China since they lack information Technology (IT) sophistication and size

(they may only have a few people). When firms are ready to invest in technology to manage supplier relationships, they can turn to a variety of firms (Manugistics, PeopleSoft, Sun, etc.) that provide comprehensive software and support services. Dodgson, M. (1996)

2.4 Relationship between buyer and supplier on supply chain performance.

The main element of Supply Chain Management (SCM) is integration. Integration should be approached from two perspectives:

1. Those who design and those who construct/deliver need to be brought together.
2. The supply chain needs to be kept together over time, project to project.

The above two perspectives were created by Holti et al (See Kelly et al, 2002) for the 'Building Down Barriers' procurement approach. According to Ross (2011) supply chain management has been unsuccessful because the construction 'industry is still predominantly fragmented'.

This essentially reflects Holti's second perspective, whereby a supply chain can only be integrated if a long lasting relationships in place. This entails keeping the team together as they are moved on to the next project for the client. It has to be considered though that this is achievable for Toyota because the automotive industry requires a steady supply of parts and services (Cox, 1999) however, as Briscoe and Dainty (2005) found, the construction industry is 'characterized by one-off projects, wide geographical dispersal, many small firms and cyclical demand for its products and services may never be able to realize the full fruits of supply chain integration'.

What Briscoe is saying is, why bother investing in a supply chain and building relationships if they are not transferable to future work, as clients do not have limitless work. An additional issue, (Akintoye, Love et al. 2004) is that the one-off nature of construction causes vulnerability of relationships between parties in the supply chain, as a result construction companies generally adapt to where the work lies especially during a time of economic uncertainty both geographically and in the type of work they carry out. However, where supply chain management would work exceptionally well is on maintenance contracts because the supply chain can remain intact for the existence of the building and is static (Briscoe and Dainty, 2005), this indicates that there is potential for Supply Chain Management (SCM) to be the future of construction providing contracts undertaken or of similar nature, implying that for Supply Chain

Management (SCM) to be successful projects should be monogamous in their design using procurement routes such as off the shelf package design and build.

In Egan's report he argued that that the industry needs to integrate its processes and products to ensure better value could be delivered to the client.

But just how likely is it to release these benefits from a supply chain that appears to be orientated around client benefit? After research it would appear the Supply Chain Management(SCM) machine has been developed to benefit the client only, in particular the public sector; not the win-win ideology that Public Accounts Committee discuss (Borah and Philips (2003) agree, they believe it is the contractor's economic advantage to treat each project as a one off. This is echoed and taken further by Cox (1999) quoting that by trying to gain a win-win relationship 'is likely to be a waste of time or potentially a recipe disaster'.

The most prominent reason given for supply chain management not being successful is because Western (as opposed to Japanese) suppliers are mainly opportunistic and don't see any incentive in committing to relationships (Cox, 1999), (Zamina and Pasquire, 2011). If like Cox you are skeptical about it all, Love et al (2004) found 'SCM may significantly improve the performance and productivity of the construction industry, its services to construction clients and its contribution to gross domestic product'

Effectively it is considered that supply chain management could improve our sector and make it a better environment to work in and more reputable. In that respect it puts the onerous on the industry to compromise profit for the greater good of our industry, as Winch (Zimina and Pasquire, 2011) found, profit maximization is incompatible with attempts to improve the overall built environment. To summarize Supply Chain Management (SCM) might be considered to be client beneficial but unfortunately we are not in times where we can be picky with our clients, Supply Chain Management (SCM) could win us work even if it means reducing our margin. Effectively, due to the buying power of construction clients, Supply Chain Management (SCM) will be the future of construction... whether contractors like it or not!

Conclusion

Despite all of the influence from government-funded reports, contract elements and successes in other sectors Supply Chain Management (SCM) has not been as successful as anticipated in the construction industry. According to Pearson (Love et al, 2004) 'only a few clients (the Tesco) and contractors (Balfour Beatty, and Tarmac) use Supply Chain Management (SCM) as an integrative part of their business strategy for procuring projects. Equally, following what we found with only larger subcontractors and suppliers being awarded positions on supply chains, potentially this could be the same with contractors; will all future construction projects available be dominated by billion pound contractors such as Balfour Beatty leaving no room for other contractors? It would appear that this is the vision of the future of construction unless this value adding system creates benefits for the other players in the supply chain as well as the client. Therefore, contracts need to create incentives for contractors and subcontractors to change their current adversarial profit oriented business strategy to the collaborative Supply Chain Management (SCM) way

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter presented the techniques and procedures that were employed while carrying out the study. The chapter includes; research design, sampling design, data collection instruments, ethical consideration, data quality control and data collection procedures.

3.2 Research design

The study was used a across section research design; a cross section research design is a design which gives focus to a wide range of phenomenon. The design was used to match the information attained from Steelworks LTD to generalize the findings. The cross section research design was used because it uses the findings from the area to generalize the findings on a wider scope. Qualitative methods were employed to create distinctions based on qualities while quantitative techniques were employed to quantify variables which are measureable.

3.3 Area and Population of Study

3.3.1 Area of study

The study was carried out at Steelworks LTD, in Bweyogerere, Wakiso district. The study was conducted from department to department, but was limited to the departments involved in supply chain management. Steelworks LTD is purposely chosen because it is of easy and convenient access, the management is receptive and ready to support this research with the view of being an example to the outside firms that are yet learning how to establish supply chain relationships.

3.3.2 Population of the study

The study population was comprised of sixty three (63) respondents who include 10 administration staff, 4 Heads of Departments, 9 line managers, 40 staff employed members of Steel works limited. So since the study of population is less than 100 stuff, a researcher went on to carry out census survey.

Table 1 Department of the respondents

Categories.					
Gender	Administrative staff	Heads of department	Line managers	Staff members	Total
Male	06	03	05	24	38
Female	04	01	04	16	25
Total	10	04	09	40	63

Table 1:1 is a summary of the Gender and occupational composition of study population. This comprised 38 male and 25 female divided as 9 administrators, 4 head of departments 10 line managers and 40 staff members.

3.3.4 Data Collection Methods and Instruments

3.3.5 Questionnaires

A questionnaire is a set of questions; submitted to people to gain statistical information, the researcher formulated questionnaires and was supplied to various respondents. The questionnaires used were both semi structured and open ended to obtain sufficient data about the factors affecting the demand for Steel works limited. The questionnaires were used because they are effective in obtaining specific data about the topic.

3.3.6 Interviews

An interview is a formal discussion with a person with which entails eliciting information acquired. Interviews were used by the researcher because they acquire an in-depth analysis of the phenomenon under investigation.

3.7 Sources of Data

The researcher used both primary and secondary data. Primary data is to obtain data from the research made questionnaires and interview questions while secondary data is to obtain data from published articles, journals, theses, text books, reports of previous researchers and related data from the internet.

3.8 Data Quality Control

To ensure data quality control, the researchers pre- tested the data collection instruments to ensure their validity and reliability in order to reduce on ambiguity of the questions. The respondents were selected at random to answer the questions asked to confirm their validity and reliability. Additionally the questionnaires were tried out on the researcher's peers before they are used on the actual sample population.

3.9 Procedure of the Study/ Ethical Consideration

3.9.1 Procedure of the Study

The researcher obtained an introductory letter from Kampala International University from the department of human resource and procurement. This letter was addressed to the authorities in Steelworks LTD accompanied by the researchers' application letter requesting for the research activity to be conducted therein. After the grant of permission, the researcher then preceded with the data collection exercise.

3.9.2. Ethical Consideration

This study kept anonymity of the respondents to protect them from any harm that may be caused as a result of these study findings. This study was used entirely for academic issues and therefore the researcher made sure this was achieved.

3.10 Data processing and Analysis

Data analysis was involved in the use of both qualitative and quantitative means; tables was used to show the tabular display of the data which showed percentage distributions for analytical purposes. To answer the study questions, qualitative methods was also be used to analyze data, the data collected was edited, coded and tabulated in accordance with the research objectives, findings was interpreted using computer software such as Excel so as to attach meaning to the data collected.

CHAPTER FOUR

PRESENTATION, INTERPRETATION AND ANALYSIS OF DATA

4.0 Introduction

This chapter shows the presentation, interpretation and analysis of the study based on the research objectives. The objectives of the study were; to find out the impacts of and benefits of the buyer supplier relationship on the supply chain performance; to establish the relationship between buyer and supplier on supply chain performance, to identify the type of buyer supplier relationship that exists at Bweyogerere steel works.

4.1. Background characteristics of the respondents

The background characteristics considered in this research were gender, age, religion, education level, and occupation of the respondents.

4.1.1 Gender of the respondents

Table 2 : Gender of the respondents

Gender	Frequency	Percentage
Male	38	60
Female	25	40
Total	63	100

Source: Primary data 2016

The table above shows gender of the respondents, (38) 60% was male, whereas (25) 40% were female. This therefore implies that most of the respondents were male with the highest percentage of (38)60%, this is attributed to the fact that male are believed to suit in the profession more appropriately as compared to female counterparts.

4.1.2 Department of the respondents

Table 3 Department of the respondents.

Department	Frequency	Percentage
Procurement	3	5
Logistics	15	24
Finance	5	8
Stores	10	16
Others	30	47
Total	63	100

Source: Primary data 2016

The table above shows, department of the respondents (3)5% was in procurement, (15)24% were in logistics, 8% were in finance department, (10)16% stores and last but not least (30)47% were in other different departments like human resource, casual workers, security, Marketing. This implies that most of the respondents were in other departments can be true because all the , clearing agents , security , secretaries are all under the bracket of others hence making the highest percentage of (30)47% as compared to procurement with only 5% of the respondents.

4.1.3 Experience of the respondents in there department

Table 4 Duration of respondents in their departments.

Duration	Frequency	Percentage
0-5 years	40	63
5-10 years	8	13
11-15 years	8	13
16+ years	7	11
Total	63	100

Source: Primary data 2016

The table above shows the working experience of the respondents, (40)63% had finished 0-5years with steel works, (8)13% both had finished between 5-10 and 11-15 years, whereas

(7)11% had finished 16years and above. This implies most of the respondents had finished 0-5 years with a highest percentage of (40)63% this can be true because most of the workers are unskilled and they are the majority and in most cases they work for less than 5 years as shown in the table above

4.2 Benefits of buyer supplier relationship on supply chain performance

Table 5 whether huge reduction in the cost of purchasing, logistics is attributed existing relationships?

Response	Frequency	Percentage
Strongly agree	18	29
Agree	45	71
Not sure	0	0
Disagree	0	0
Strongly disagree	0	0
Total	63	100

Source: Primary data 2016

The table above shows response on whether huge reduction in the cost of purchasing, logistics is attributed existing relationships, (18)29% strongly agreed , (45)71 % agreed, whereas none of the respondents disagreed, strongly disagreed and were not sure of the statement. This implies that most of the respondent agreed with the percentage of(45)71%.this is because better relationship and increased interaction will lead to less incidents or issues of poor performance, this in turn leads to lower costs of purchasing and costs of managing relationship.

Table 6 whether the institution shares the information freely with its suppliers?

Response	Frequency	Percentage
Strongly agree	0	0
Agree	42	67
Not sure	21	33
Disagree	0	0
Strongly disagree	0	0
Total	63	100

Source: Primary data 2016

The table above shows response on whether the institution shares the information freely with its suppliers, (42) 67% agreed, (21)33% were not sure, whereas none of them disagreed, strongly agreed and strongly disagreed. This implies that most of the respondents agreed that sharing information and increased communication provided to customer leads to their understanding of the customer market.

Table 7 whether enhanced innovation and creativity is realized through the relation?

Response	Frequency	Percentage
Strongly agree	40	63
Agree	21	33
Not sure	2	3
Disagree	0	0
Strongly disagree	0	0
Total	63	100

The table above shows on whether the enhanced innovation and creativity is realized through the relationship, (40)63% strongly agreed, (21)33% agreed, (2)3% were not sure; none of them disagreed and strongly disagree. This implies that most of respondents strongly agreed that innovation and creativity through long term collaboration has an impact on the company. With the percentage of (40)63%.

Table 8 Whether joint problem solving and risk sharing is enhanced through the relationship?

Response	Frequency	Percentage
Strongly agree	0	0
Agree	47	75
Not sure	16	25
Disagree	0	0
Strongly disagree	0	0
Total	63	100

Source: Primary data 2016

The table above shows on whether joint problem solving and risk sharing is enhanced through the relationship, (47)75% agreed, (16)25% were not sure of the statement whereas none of them strongly agreed, strongly disagree and were not sure. This implies that most of the respondents

agreed that business relationship based on mutual trust, openness, joint problem solving, shared risk and shared rewards yields a complete advantage to the company. As shown with the highest percentage of (47)75%.

Table 9 whether the institution enjoys a bigger market shares through partnering with its suppliers?

Response	Frequency	Percentage
Strongly agree	10	16
Agree	50	79
Not sure	3	5
Disagree	0	0
Strongly disagree	0	0
Total	63	100

Source: Primary data 2016

The table above shows on whether the institution enjoys a bigger market shares through partnering with its suppliers, (10)16% strongly agreed, (50)79% agreed and (3)5% were not sure whereas none of them disagreed and strongly disagree. This implies that most of the respondents agreed that being flexible efficient information sharing with suppliers is attributed to increased market shares as shown with the percentage of (50)79%.

4.3 Types of buyer supplier relationship on supply chain at steel works

Table 10 whether most of the material purchased by your institution is usually of low value and volume?

Response	Frequency	Percentage
Strongly agree	0	0
Agree	2	3
Not sure	0	0
Disagree	37	59
Strongly disagree	24	38
Total	63	100

Source: Primary data 2016

The table above shows on whether most of the materials purchased by your institution are usually of low value and volume, (2)3% agreed, (37)59% disagreed, (24)38% strongly disagreed whereas none of the respondents strongly agree and others were not sure. This implies that most of the respondents disagreed that the company does not purchase materials of low value and volume this can be true because steel works has quality products as compared to its counterparts.

Table 11 whether the institution is always engaged in joint collaboration with its suppliers?

Response	Frequency	Percentage
Strongly agree	21	33
Agree	42	67
Not sure	0	0
Disagree	0	0
Strongly disagree	0	0
Total	63	100

Source: Primary data 2016

The table above shows on whether the institution engaged in joint collaboration with its suppliers, (21)33% strongly agreed and (42)67% agreed whereas others were not sure, none of them disagreed and strongly disagreed. This implies that a big number of respondents agreed that the institution is always engaged in joint collaboration with its suppliers with the percentage of (42)67%.this can be true because collaborative relationship is one of mutual benefit to both parties, companies work together to increase savings and future innovation.

Table 12 whether the institution obtains most of its materials from external supply source?

Response	Frequency	Percentage
Strongly agree	2	3
Agree	37	59
Not sure	21	33
Disagree	3	5
Strongly disagree	0	0
Total	63	100

Source: Primary data 2016

The table above shows on whether the institution obtains most of its materials from external supply sources, (2)3% strongly agreed, (37)59% agreed (3)5% disagreed and (31)33% were not sure of the statement whereas none of them strongly disagreed. This implies that most of the respondents agreed as it's reflected with the percentage of (37)59%.this is true because relationship with trusted suppliers can enable the organization to outsource materials or none critical activities.

Table 13 whether most transactions with your suppliers are basically one off?

Response	Frequency	Percentage
Strongly agree	0	0
Agree	21	33
Not sure	40	63
Disagree	2	3
Strongly disagree	0	0
Total	63	100

Source: Primary data 2016

The table above shows on whether most transactions in your institution are basically one off, (21)33% agreed and (40)63% were not sure (2)3% disagreed whereas none of them strongly agreed and strongly agree. This implies that most of the respondents were not sure whether the company purchases its materials once or repeatedly.

Table 14 whether the institution depends on a variety of suppliers for the provision of its materials needs?

Response	Frequency	Percentage
Strongly agree	14	22
Agree	20	32
Not sure	10	16
Disagree	15	24
Strongly disagree	4	6
Total	63	100

Source: Primary data 2016

The table above shows on whether the institution depends on a variety of suppliers for the provision of its materials, (14) 22% strongly agreed, (20)32% agreed, (10)16% where not sure,24% disagreed, 6%strongly disagree that the institution depends on a variety of suppliers for the provision of its material needs. This implies that most of the respondents agreed that the institution depends on variety of suppliers for their purchase materials..

4.4 Relationship between buyer and supplier on supply chain performance.

Table 15 whether Joint collaborations with your suppliers improves product quality and innovations?

Response	Frequency	Percentage
Strongly agree	40	63
Agree	23	37
Not sure	0	0
Disagree	0	0
Strongly disagree	0	0
Total	63	100

Source: Primary data 2016

The table above shows on whether joint collaborations with your suppliers improve product quality and innovations, (40)63% strongly agreed, (23)37% agreed whereas none of them disagreed, strongly disagree and others were not sure. This implies that most of the respondents strongly agreed with the highest percentage of (40)63% as shown in the table above.

Table 16 whether timely delivery and reduced supply risk results from closer communications with your suppliers?

Response	Frequency	Percentage
Strongly agree	40	63
Agree	13	21
Not sure	10	16
Disagree	0	0
Strongly disagree	0	0
Total	63	100

Source: Primary data 2016

The table above shows on whether timely and reduced supply risk results from closer communication with your suppliers, (40)63% strongly agreed, (13)21% agreed, (10)16% were

not sure while none of the respondents disagreed, strongly disagree. This implies that the majority strongly agreed as shown in the table above with the highest percentage of (40)63%.

Table 17 Whether Improvements in materials quality and elimination of waste results from clear understanding of materials requirements?

Response	Frequency	Percentage
Strongly agree	11	17
Agree	30	48
Not sure	22	35
Disagree	0	0
Strongly disagree	0	0
Total	63	100

Source: Primary data 2016

The table above shows on majority of the respondents strongly agreed that (30)48% improvements in materials quality and elimination of waste results from clear understanding of material requirements, (11)17% strongly agreed, (30)48% agreed and (22)35% were not sure while none of the respondents strongly disagreed or disagree. This implies that the majority of them agreed that material quality eliminates waste.

Table 18 whether flexibility is enhanced as a result of sharing information on materials needs of the organization?

Response	Frequency	Percentage
Strongly agree	51	81
Agree	12	19
Not sure	0	0
Disagree	0	0
Strongly disagree	0	0
Total	63	100

Source: Primary data 2016

The table above shows on whether flexibility is enhanced as a result of sharing information on materials needs of the organization, (51)81% strongly agreed, (12)19%agreed whereas none of

the respondents disagreed, strongly disagree and others were not sure, This implies that most of the respondents strongly agreed that sharing information leads to flexibility in an organization as shown with the highest percentage of (51)81%.this can be true because in case of any change supplier still provide to his best.

Table 19 whether there was increased reliance on multiple suppliers increases the rate with which materials are made available to your institution?

Response	Frequency	Percentage
Strongly agree	5	8
Agree	35	56
Not sure	14	22
Disagree	9	14
Strongly disagree	0	0
Total	63	100

Source: Primary data 2016

The table above shows on whether the increased reliance on multiple suppliers increases the rate with which materials are made available to your institution, (5)8% strongly agreed, (35)56% agreed, (14)22% were not sure, (9)14% disagreed while none of respondents strongly disagree. This implies that the majority of respondents agreed that increased reliance on multiple suppliers increases the rate at which materials are made available to your institution with the percentage of (35)56% this can be true because it's easy to get materials from different suppliers.

CHAPTER FIVE

DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the discussion, conclusion and recommendations drawn from the study findings of the previous chapter. This chapter is organized in three sections. The first section deals with discussions related to the research objectives and conclusions. The second section focuses on recommendations while the third section presents areas for further study.

5.1 Discussion of research findings

Benefits of buyer supplier relationship in supply chain performance

On whether huge reduction in the cost of purchasing, logistics is attributed existing relationships, (18)29% strongly agreed, (45)71 % agreed, whereas none of the respondents disagreed, strongly disagreed and were not sure .On whether the institution shares the information freely with its suppliers, (42) 67% agreed, (21)33% were not sure, whereas none of them disagreed, strongly agreed and strongly disagreed. On whether the enhanced innovation and creativity is realized through the relationship, (40)63% strongly agreed, (21)33% agreed, (2)3% were not sure; none of them disagreed and strongly disagree. On whether joint problem solving and risk sharing is enhanced through the relationship, (47)75% agreed, (16)25% were not sure of the statement whereas none of them strongly agreed, strongly disagree and were not sure of the statement. On whether the institution enjoys a bigger market shares through partnering with its suppliers, (10)16% strongly agreed, (50)79% agreed and (3)5% were not sure whereas none of them disagreed and strongly disagreed. The findings were similar to Herbig and O'Hara, 1995; Goh and Lau, 1999 they found out the same benefits in their research conducted in 1999.

5.1.2 Types of the relationships on supply chain

On whether most of the materials purchased by your institution are usually of low value and volume, (2)3% agreed, (37)59% disagreed, (24)38% strongly disagreed whereas none of the respondents strongly agree and others were not sure of the statement. On whether the institution engaged in joint collaboration with its suppliers, (21)33% strongly agreed and (42)67% agreed whereas others were not sure, none of them disagreed and strongly disagreed. On whether the institution obtains most of its materials from external supply sources, (2)3% strongly agreed, (37)59% agreed (3)5% disagreed and (31)33% were not sure of the statement whereas none of them strongly disagree. On whether most transactions in your institution are basically one off, (21)33% agreed and (40)63% were not sure (2)3% disagreed whereas none of them strongly agreed and strongly agree of the statement. On whether the institution depends on a variety of suppliers for the provision of its materials, (14)22% strongly agreed, (20)32% agreed, (10)16% were not sure, 24% disagreed, 6% strongly disagree that the institution depends on a variety of suppliers for the provision of its material needs. The findings were in relation to the research conducted by Barabsi, 2003 he indicated that both partnerships and strategic alliances are "marked by long-term arrangements, large volume commitments, and joint product development and planning efforts." Given that many firms have thousands of suppliers, how should a firm decide what type of relationship is most appropriate with each supplier.

As pointed out by Khalfan and McDermott (2007] the drive to change and promotion of innovation in the construction sector was provided by government supported report by Egan and Latham 1994.

5.1.3 The relationship between buyer-supplier

The findings show that there is a relationship between buyer and supplier on supply performance, most of agreed and strongly agreed with statements formulated by the research.

On whether joint collaborations with your suppliers improve product quality and innovations, (40)63% strongly agreed, (23)37% agreed whereas none of them disagreed, strongly disagree and others were not sure of the statement. On whether timely and reduced supply risk results from closer communication with your suppliers, (40)63% strongly agreed, (13)21% agreed, (10)16% were not sure while none of the respondents disagreed, strongly disagree. Majority of the respondents strongly agreed that (30)48% improvements in materials quality and elimination

of waste results from clear understanding of material requirements, (11)17% strongly agreed, (30)48% agreed and (22)35% were not sure while none of the respondents strongly disagreed or disagree. on whether flexibility is enhanced as a result of sharing information on materials needs of the organization, (51)81% strongly agreed , (12)19%agreed whereas none of the respondents disagreed, strongly disagree and others were not sure.On whether the increased reliance on multiple suppliers increases the rate with which materials are made available to your institution, (5)8% strongly agreed, (35)56% agreed, (14)22% were not sure of the statement (9)14% disagreed while none of respondents strongly disagree. Anderson, Ernest L(1994) asserted that the relationship between a buyer and supplier can be complex because each either supplier or a buyer wants t maximize its time, resources and cash investments' these may be competing priorities that can strain the relationship. They said that a buyer is the person organization that purchases products from suppliers. A buyer could be a manufacturer purchasing raw materials a customer buying finished goods from a retailer.

Akintoye,Love,2004, said that one-off nature of constraction causes vulnerability of relationships between parties in supply chain.

5.2 Conclusion

The two most basic types of supply chain relationships are “vertical” (e.g., buyer-seller) and “horizontal” (e.g., parallel or cooperating).

In terms of intensity of involvement, interim relationships may span from transactional to relational and may take the form of vendor, partner, and strategic alliances.

This analysis has provided evidence that firm and product characteristics can have an influence on the development of partnership characteristics and performance.

These findings are relevant to the development of inter-organizational theory and are potential issues relating to partnership formation.

Implications for Practitioners Larger firms appear to be better placed to invest in their customer relationships, which could be an advantage in the long term as supplier rationalization continues.

The ability to invest in a customer relationship is likely to be an important factor that retailers consider when allocating suppliers. This is because retailers increasingly want to deal with

fewer, larger and more technically efficient suppliers who can offer them a greater variety of services. This finding highlights the need for suppliers to increase their critical mass, particularly if they supply a relatively undifferentiated product. This trend is already evident in the UK with existing suppliers restructuring into larger companies through mergers and acquisitions.

The research also highlights some important implications for suppliers who are considering concentrating on fewer customers or becoming dedicated suppliers. By definition, being a dedicated supplier means that the dependence of a supplier on that customer will be high. Due to the relative power advantage that a customer has over a dependent supplier this situation would appear to be risky and leave the supplier vulnerable to the demands of the customer.

However, the research indicates that although dedicated suppliers perceive themselves to be in a position of greater relative dependence than suppliers with more customers it is not detrimental to their performance. In fact the results showed that suppliers with only one or two customers reported higher levels of performance than suppliers with more than two customers. Therefore concentrating on the needs of fewer customers should be viewed as a viable option for suppliers who are currently supplying many customers and struggling to serve any of them adequately. Indeed as the retail environment becomes more competitive it is likely that retailers may request a greater degree of exclusivity in their supply arrangements in order to differentiate their product offering from their competitors.

Suppliers of commodity products reported significantly lower levels of performance than suppliers of value added or exotic products. This finding supports conclusions reached in previous research, which suggested that growth in the fresh produce industry is most likely to be achieved in the value added sector (Fearne and Hughes 1999). This is due to the fact that retailers value suppliers who provide them with products that differentiate them from their competitors. By adding value to the product, or by offering the retailer differentiated offering, suppliers provide themselves with the opportunity to appropriate value for themselves rather than passing it all to the retailer.

Fearne and Hughes (1999) state that in order to compete in the added-value sector firms need to build more collaborative trading relationships with customers. They state that this is because the continued development of innovative value added products requires suppliers to take a long term

perspective on investment and innovation focusing on the future needs and wants of customers. This research supports these views as suppliers of value added products were found to have higher levels of all partnership characteristics than suppliers of commodity products.

Therefore, if suppliers wish to improve their performance they must break out of the commodity trap. However this requires a more long term and strategic focus to ensure that future growth areas are identified and innovative products offered. This is likely to present a big challenge to many fresh produce suppliers as in order to drive value in the fresh produce industry, and not just volume, suppliers will be required to adopt strategies typically associated with branded manufacturers.

The results also show that relationships with retail customers have a higher degree of partnership characteristics than relationships with food service companies and food processors. This result is not surprising given the fact that multiple retailers have been driving the development of supply chain partnerships through initiatives such as ECR, to add value and remove costs from the supply chain and to increase their competitiveness. This type of initiative has been less evident in the food service sector. However, if competitive pressures in the food service industry

There are six steps in the development and implementation of successful relationships. These six steps are critical to the formation and success of supply chain relationships.

Collaborative relationships, both vertical and horizontal, have been identified as highly useful to the achievement of long-term supply chain objectives. The “Seven Immutable Laws of Collaborative Logistics” provide a framework for the development of effective supply chain relationship

Third-party logistics providers may be thought of as an “external supplier that performs all or part of a company’s logistics functions.” It is desirable that these suppliers provide multiple services, and that these services are integrated in the way they are managed and delivered.

The several types of 3PLs are transportation-based, warehouse/distribution-based, forwarder-based, financial-based, and information-based suppliers.

Based on the results of a comprehensive study of users of 3PL services in the United States, over 70 percent of the firms studied are, to some extent, users of 3PL services.

User experience suggests a broad range of 3PL services utilized; the most prevalent are warehousing, outbound transportation, and freight bill payment and auditing.

There is a growing need for fourth-party logistics relationships that provide a wide range of integrative supply chain services.

5.3 Recommendations

In light of the research findings, the following recommendations are made;

The research findings suggest that buyers place a very high level of importance on normative, instrumental and affective commitment of the suppliers they work with. This implies that these can literally make or break a relationship. Private manufacturing supplier firms should therefore continue to provide reliable services through being sincere and fulfilling promises to their buyers. They should also convince buyers of their affection so that buyers would not feel they have to monitor the collaborative relationship so closely.

Special attention should also be paid to examining the antecedents of instrumental, affective and normative commitment because trust, as one of the most important relationship factors in buyer-supplier collaboration, apparently does not play a major role in relationship continuity. Commitment has been found to create positive and strong effects on customers' intentions to continue the relationship. Therefore managers of private manufacturing supplier firms should keep this in mind when crafting their firms' approach to relationship continuity.

Buyer-supplier collaboration involves a set of autonomous organizations that come together to reach goals that none of them can reach separately. Therefore developed collaborative norms like information sharing, incentive alignment and joint decision making do become an integral part of ensuring relationship continuity, which make the parties aim at similar goals. Although some studies have portrayed collaboration negatively, managers of private manufacturing firms should generally appreciate to largely reduce the negative aspects, especially if social aspects of collaboration exist.

The results suggest that one way suppliers can improve relationship continuity is through forging closer linkages with customers. By developing commitment and adapting to each other's needs and improving communication and co-operation, a stronger relationship should emerge which

ultimately will create a closer bonding between supplier and customer. This in itself could be self-perpetuating, because if stronger relationships ultimately improve customer satisfaction, it is also probable that the effect will be reciprocated. Therefore it is important for private manufacturing supplier- firms to act on the buyers' perceptions perhaps through improving customer satisfaction, buyer retention, customer loyalty, future intentions and expectations of their collaborative partners.

The study recommends the need for Compliance. It's important that you know with whom you are conducting business, and that means knowing your customer, your supplier, and their suppliers and customers. The U.S. government, and many other governments around the world, has various lists of parties with whom one cannot conduct business. It is incumbent upon the importer or exporter to take necessary steps to ensure that all parties in the supply chain are approved and are not restricted in any way.

There are multiple methods to accomplish the screening of restricted parties, including subscribing to the issued lists and their corresponding updates directly, or increasingly common, utilizing a third-party provider to perform this service. As many businesses outsource pieces of the supply chain, outsourcing the screening function is a logical step.

Many importers are adopting the best practice of screening all their suppliers, both domestically and internationally. By adopting such procedures, a company sends the message to its partners (and the government) that it is serious about compliance and takes responsibility for supply chain security.

The study recommends Conduct; Suppliers for larger organizations are subject to more rigorous review than ever. Less-than-ethical labor practices have had severe impacts at major brands (e.g., Mattel), highlighting the need to know and trust suppliers. As companies are more in tune with social responsibility, they are cognizant of its presence (or lack thereof) throughout the supply chain, and need to ensure goods are sourced from suppliers that are fulfilling their codes of conduct and maintaining their own level of financial, environmental and social responsibility.

To protect its interest, a company should scrutinize potential suppliers' general and financial operational practices. Such a review could start with a questionnaire concerning the company's

business practices, employee benefit information and facility information. Insight also can be gained through a site visit and by interviewing a selection of the company's employees.

The chosen supplier could then be placed on probation for a given time frame until they have proven themselves to be an ethical, conscientious and compliant member of the organization's global supply chain. From there, periodic physical audits are recommended to ensure conduct remains at a consistently high level while giving you the opportunity to further develop the relationship. By having a supplier code of conduct in place, businesses demonstrate their commitment to maintaining high ethical standards.

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

This relationship extends to the payment terms. Especially in retail, the payment terms are often very favorable to the suppliers. These may include payment at sight of documents, payment at FOB port, or sight plus 15 days. For an international shipment, the goods are typically paid for well before they arrive at the final destination. Days are tied up in international transportation, as well as the journey through the inland transport, the distribution center and the retail stockroom before finally getting to the shelf and being purchased by the end consumer. Consequently, the importer may have weeks or even months of cash outlay prior to selling the goods, leading more importers to look for payment alternatives and extended terms.

Alternative payment methods could include changing from a traditional letter of credit to a Private Label Letter of Credit, or Open Account payment process, and payment terms of 30, 45 or 60 days. As with other aspects of the buyer/supplier relationship, changing payment terms leads to tradeoffs. One benefit of moving away from letters of credit is lower transaction fees

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

Another option is to reduce the risk of currency fluctuation by buying the goods in local currency. Typically most buyers in North America purchase their goods in U.S. dollars. The recent decline of the dollar's strength has resulted in suppliers getting less "real money" for their goods by the time they are paid. Contracts and prices are negotiated months in advance; in some cases a negative fluctuation could spell the difference between profit and loss for a supplier.

Some importers are choosing to manage the currency risk through their own bank and remove the risk for the supplier/exporter. An additional benefit is it gives the importer more control over their capital and allows currency risk to be built into the product from the start, instead of seeing the costs gradually creep up over subsequent seasons while the supplier is trying to hedge risk.

5.4 Areas for further study

A concept of commitment on relational continuity in business service relationships

Effective collaborative relationships for Business Continuity Planning in Purchasing and Supply Management

Dyadic Buyer-Supplier Relationship Management and relationship continuity from the Buyers Perspective

Trust in buyer-seller relationships and the challenge of environmental (green) adaptation.

Exploring the relationship between formal contracts and relational Governance in multinational companies.

The roles of satisfaction, trust and commitment in value-creation in strategic networks

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APPENDICES

APPENDIX 1: QUESTIONNAIRE FOR THE RESPONDENTS

Dear respondent,

I am **Ocuku Alex** third year student pursuing a Bachelor's degree in procurement and supply chain management at Kampala International University, am required to carry out research on the **"Buyer-Supplier Relationship on Supply Chain Performance a Case Study On Steelworks LTD."** The information provided will be with utmost confidentiality. Please fill in this questionnaire with appropriate answers by ticking the right alternative or necessarily giving a brief statement.

SECTION A: BIO DATA OF RESPONDENTS

(1) Gender

Male ☐ Female ☐

(2) Could you please specify the department you are working?

Procurement ☐ logistics ☐

Finance ☐ Stores ☐

Others specify.....

(3) How long have you worked in this department?

0-5 years ☐ 5-10 years ☐

11-15 years ☐ 16+ years ☐

SECTION B.

For each of the statements in section B indicate your level of agreement by ticking one of the given statements using the following five points. Strongly disagreed = **SD**, Disagree = **D**, Agree = **A**, Not sure = **NS**, Strongly Agree = **AS**

Benefits of buyer-supplier relationship on supply chain performance.					
Huge reduction in the cost of purchasing, logistics is attributed to existing relationships.	SA	A	NS	D	SD
The institution shares the information freely with its suppliers.					
Enhanced innovation and creativity is realized through the relationship.					
Joint problem solving and risk sharing is enhanced through the relationships					
The institute enjoys a bigger market share through partnering with its suppliers.					
Types of buyer-supply Relationship on supply chain at Steel works					
Most of the materials purchased by your institution are usually of low value and volumes.					
The institution is always engaged in joint collaborations with its suppliers.					
The institution obtains most of its materials from external supply sources					
Most transactions with your suppliers are basically one-off.					
The institution depends on a variety of suppliers for the provision of its materials needs					
Relationship between buyer and supplier on supply chain performance.					
Joint collaborations with your suppliers improves product quality and innovations					
Timely delivery and reduced supply risk results from closer communications with your suppliers					
Improvements in materials quality and elimination of waste results from clear understanding of materials requirements					
Flexibility is enhanced as a result of sharing information on materials needs of the organization					
Increased reliance on multiple suppliers increases the rate with which materials are made available to your institution					

APPENDIX 2: BUDGET ESTIMATES.

NO	ITEM	UNIT	AMOUNT	TOTAL
1	Typing &printing	45 pages	500/=	22,500/=
2	Photo copying	3 copies	15,000/=	45,000/=
3	Transport cost to Lib	21days	1,500/=	31,500/=
4	Binding of books	3 books	7000/=	21,000/=
5	Transport to collect data	5days	5000	25,000/=
6	Total			145,000/=

APPENDIX 3: WORK PLAN

Activity		WEEKS								
		1	2	3	4	5	6	7	8	9
1	Topic selection									
2	Chapter one of the research proposal									
3	Chapter two & three of research proposal									
4	Chapter two & three of research proposal correction									
5	Final proposal correction									
6	Final proposal report									



**KAMPALA
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**COLLEGE OF ECONOMICS AND MANAGEMENT
DEPARTMENT OF HUMAN RESOURCE AND SUPPLY MANAGEMENT**

August, 26th 2016

The Director
Bweyogerere Steel Works Ltd.

Dear Sir/Madam,

**RE: INTRODUCTORY LETTER FOR OCUKU ALEX
REG NO. BSP/40911/133/DU**

This is to introduce to you the above named student, who is a bonafide student of Kampala International University pursuing a Bachelor's Degree in Supplies and Procurement Management, Third year Second semester.

The purpose of this letter is to request you to avail him with all the necessary assistance regarding his research.

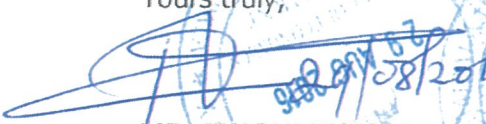
**Topic: - BUYER-SUPPLIER RELATIONSHIP ON SUPPLY CHAIN
PERFORMANCE.**

Case Study:- BWEYOGERERE STEEL WORKS LTD

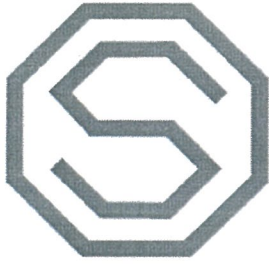
Any information shared with him from your organization shall be treated with utmost confidentiality.

We shall be grateful for your positive response.

Yours truly,


MR. MUGUME TOM
HOD, HR & SUPPLY MANAGEMENT
0777295599





STEELWORKS LTD

P. O. Box 25845
KAMPALA
UGANDA

OFFICES & WORKS
PLOT 403,
OFF JINJA ROAD,
BWEYOGGERERE

TEL: 0312-265760
TEL: 0312-261381
FAX: 0312-265760

Email: info@steelworksuganda.com

8th September, 2016

THE HEAD OF DEPARTMENT
HR AND SUPPLY MANAGEMENT
KAMPALA INTERNATIONAL UNIVERSITY

P.O.BOX, 2000 KAMPALA (U)

Dear Sir/Madam,

RE: OCUKU ALEX REG NO. BSP/40911/133/DU

This is to confirm that the above named student successfully completed his research study at Steelworks Ltd P.O.BOX, 25845 KLa (UG).

While with us he showed good attitude and willingness to learn.

We wish him the best in his career.

Yours faithfully,
STEELWORKS LIMITED

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OPOLOT .O. EMMANUEL
HUMAN RESOURCE OFFICER