

AN EMPIRICAL STUDY ON THE EFFECT OF BUYER- SUPPLIER PARTNERSHIP ON BETTER SERVICE DELIVERY WITHIN NON-GOVERNMENTAL ORGANIZATIONS: A CASE OF WORLD VISION INTERNATIONAL

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ABSTRACT

The purpose of the research was to investigate how buyer-supplier partnerships affect service delivery of the non-governmental organizations involved in humanitarian work, a case of World Vision International. Literature review conducted, no specific references were found on partnership theories of humanitarian organizations. Therefore models of partnerships have largely been modified from other related industries, geographical zones and countries, when they were thought to be relevant. As a source material, especially theories from marketing sector were used, as well as many journal articles and researches from international publications. The chosen method for this research was both quantitative and qualitative research. Structured questionnaires were used as survey technique. Interviewees and the respondents were chosen by non-probability sampling. This was an exploratory study that used a small sample with possible geographic biases. This research aspires to social constructionism, where the task is to appreciate what happens in the real world. Results were analysed by SPSS and also by the researcher's interpretations of the gathered data. Finally, conclusions and future research plans were presented. The research sought to get evidence from the investigated literature and empirical findings of this research to support the view that price, past completed work, delivery reliability, personal contact, relationships, partnering, networking and word of mouth communication are seen as crucial issues in buyer-supplier partnerships. As the relationship develops, the buyer starts to feel safe with the supplier, and thus trust is developing. Trust through credibility and security reduces the sacrifices for the buyer and was assumed to be of value to both partners.

Key Words: Supplier relations; Supplier partnership; buyer-seller relationship

Background

The nature of the relationships between a firm, its customers and suppliers, has important business implications for all firms irrespective of size. Adversarial relationships between buyers and suppliers were prevalent in Western economies during the 1970's and 1980's Pittaway, Luke and Morrissey, Bill (2004). These relationships were short-term and price was the primary concern. The interaction between organisations was predominantly restricted to the level of buyer and supplier, typified by formal transactional type paperwork systems, which were used as the most frequent medium of communication, Saunders (1997); Langfield-Smith and Greenfield (1998). Power was leveraged (or abused) for maximum organisational gain and there was a distinct lack of trust between trading parties, Saunders (1997).

One of the major changes in the literature has been an apparent, or certainly an emphasis toward, a shift in the nature of the buyer-supplier relationship from the traditional adversarial type towards one of collaboration, Hines (1994); Schmitz (1995); Holmlund and Kock (1996); Saunders (1997). In support of these ideas a number of relational models have been developed within the purchasing literature. Hines (1994) also suggested an alternative approach for managing relationships called network sourcing, Sako (1992) introduced more social concepts to the study of relationships in her discussion of trust and its role in long-term relationships and at the same time the concept of partnership sourcing and lean supply were being publicised by Lamming (1993) as was the concept of Supply Chain Management by Macbeth and Ferguson (1994).

Three critical factors that affect the degree of perceived dependence of one party on the other are the importance of the product or service exchanged, the extent to which each of the parties has discretion over the exchange, and the extent to which the parties have alternatives to the current relationship. Commitment to a relationship is also demonstrated by the commitment of resources to the relationship Heide (1994). The measurement system used to assess the contribution to value of a relationship is another critical dimension of relationship management. One barrier to successful long-term relationships is the inability of multiple organizations to measure jointly created and shared value as well as to develop ways to allocate shared risk.

In the next section, I provide a theoretical background on Partnership in buyer-supplier relationships. Finally, I discuss the results of the study, focusing on mechanisms to improve a buying company's relationship with important suppliers and factors that may hamper the development of collaborative relationships.

Literature Review

Managing buyer-supplier relationship has been an important topic in academic research over the past decades. Contributions are found in different research areas, such as industrial marketing, purchasing and supply and strategic management. Within the literature on collaborative buyer-supplier relationships, several authors concentrate on the development of buyer-supplier relationships; Anderson and Jap (2005); Doz (1996); Dwyer et al. (1987); Narayandas and Rangan (2004); Ring and Van de Ven 1994; Spina and Zotteri (2000). They describe processes and stages of relationship development, and changes within buyer-supplier relationships over time. Still, there is limited empirical evidence on the potential mechanisms enabling buying companies to increase their effectiveness of their key supplier relationships in order to improve service delivery.

Long term, collaborative relationships with a few trusted suppliers have been described as representing a general trend over the past decade or so. The objective in relationship marketing is to establish, maintain and enhance the relationship at a profit so that the objectives of both parties are met Grönroos, (1994).

Moreover, the communication plays important role in the integration with distribution channel, because it allows the suppliers to improve the performance according to the customer's needs. In a highly integrated buyer-supplier relationship, the supply chain because an important and valuable source of information. The type of information received, according to Gulati and Gargiulo (1999), will be more "intense" compared to that one ones received directly from the market. In a vertically integrated chain, information access and supply flow through the formal and informal hierarchic structure. Relationship between the parts would create a wide channel of rich information dissemination.

It is important therefore that the management creates the internal source by an adequate capital investment in its human resource, equipment, materials and management; from the external source it purchases the services as a supplement to its own internal capabilities. The art of supplier relationship management from a purchasing perspective is to bring both sides into an effective working relationship Leenders, Fearon (1993) say without internal cooperation and congruent strategic internal approach to the improvement of supplier relations, the whole idea of supplier relationship management is impossible. Strategic alliances arise from the conviction of both buyer and seller that it is in the interest of both to formalize the relationship beyond standard buy-sell mode popularly referred as "one off" buying.

A cooperation-based relationship between supply chain partners brings some advantages. Supply chain management includes actions related to process integration, collaboration, information sharing, and usually it leads to the high levels of client's satisfaction. Furthermore, SCM may improve performance in costs, quality, delivery and flexibility, Bechtel and Jayaram (1997); Mentzer, (2001). According to Prahinski and Benton (2004), supplier development programs lead to improvements in operational performance when the supplier is committed with the buyer. Such improvements would be on to the supplier's perception regarding the commitment, loyalty and relationship longevity. In this case, buyers may influence the supplier's commitment and the communication intensity and, consequently, improve the relationship. Relationship development would include cooperation increase, shared problem solving, commitment actions, loyalty and long term relationship orientation.

Morgan and Hunt (1994) stated that trust and commitment are central aspects for the supply relationship success. Shortly, commitment and trust lead directly to cooperation behaviours that in turn, would allow relationship continuity. Similarly, Anderson and Weitz (1991) have shown that the commitment of each supply chain link is based on its commitment perception regarding the other members. In this way, buyer's commitment influences positively supplier's commitment.

Trust is another central aspect for the relationship continuity. This aspect is identified when a partner has certainty of trustworthiness and integrity of its partners as identified by Morgan; Hunt; (1994). Integrity is associated with reliable quality, ability, honesty, justice, responsibility, attendance and benevolence DW-Yer; Lagrace; (1986); Rotter; (1971) and Morgan; Hunt; (1994). Companies hesitate to trust in a supplier without first testing it. Afterwards, it is possible to build an effective relationship that seeks to achieve performance objectives Prahinski; Ben-Ton; (2004). Prahinski and Benton (2001) analyzed the relationship between buyer-supplier according to three attributes: commitment, cooperation and operational linking. These attributes indicate some important characteristics of a relationship, including behaviour and operational aspects. Kumar (1995) also identified three components for commitment: investments in the business partner, affective commitment and long term relationship expectation. In this way, we claim that operational linking is also relevant because it leads to information exchange and operational performance evaluation.

Several researchers have recognized that poor service levels in the current period may diminish demand in subsequent periods. Customers are otherwise homogeneous. Hall and Porteus (2000) and Liu et al. (2007) assume a finite pool of homogenous customers where customers may defect to a competitor upon experiencing poor service in the current period. Gans (2002) assumes that each customer switches among suppliers based on her assessment of quality from past experience.

Review of Buyer-Supplier Partnership Development

There is considerable theoretical support for the assertion that buyers' performance is enhanced through supplier development, especially investments in specialized assets Williamson (1985); Asanuma (1989); North (1990); Buvik and Gronhaug (2000). Supplier development could be considered as actions taken by a buying firm to strengthen the competitive capability of its suppliers. Improvements in performance will happen within the unique exchange relationships developed between the buyer and supplier firms. This will become unique resources and capabilities of the buying firm Chen, Lin and Huang (2006). Hence, ultimately, the buying firm will reap benefits from its supplier development efforts.

Supplier development is obviously a relation-specific program. The buying firm expects to realize an advantage over competing firms by converting general assets (such as money, raw materials, commodities, general people skills) into specific assets and capability Schoemaker and Amit (1994); DeToni and Nassimbeni (2000).

However, as recognized in transaction cost economics (TCE), increased specialization within a production network cannot be achieved without a cost. When transacting firms make investments in specialization, transaction costs arise because of the fear of opportunism. A central premise of TCE is that transaction costs increase as transacting firms make greater asset-specific investments.

Buying firms take a variety of efforts to improve their suppliers' performance and capabilities. *Asset specificity* represents transaction-specific investments in the supplier by the buying firm Williamson (1985); Krause (1999). Examples include (1) a buyer's direct investment in assets specialized to the buyer and supplier's exchange (e.g., customized equipment and tools), and (2) a buyer's investments in training suppliers with transaction-specific know-how or providing technical support personnel to suppliers Joshi and Stump, (1999); Donk and Vaart, (2005).

2.6 Critique

There are a number of strands of literature relevant to collaborative, buyer-supplier relations. This research proposes to draw upon and contribute to each of these main strands – though it also presents a critique and challenge to them. In addition to the lean and agile supply chain literature there has been significant work in buyer-supplier relations and there has been substantial work in the areas of Collaborative Planning, Quick Response (QR), Forecasting and Replenishment (CPFR), and Efficient Consumer Response (ECR). This is addressed as under.

The Buyer-Supplier Relationship Literature

In addition to popular texts which set out the rhetoric of collaboration, often with a weak evidence base, there is an extensive empirical literature exploring buyer-seller relationships which can be expected to offer some relevant insights. Two main lines of enquiry are evident in this literature – the first seeks to identify the variables which may influence the success or failure of these relationships; the second, seeks to trace and model the various 'stages' in relationship development. The success/failure variables literature has largely used survey methodology in order to identify the main factors Anderson & Narus (1990); Anderson & Weitz

(1989); Wilson, (1995). This now considerable body of research re-emphasises the variables identified in the founding studies: for example, the importance of variables such as seller characteristics (i.e. an identification of the kind of factors used in the evaluations of potential vendors such as price, quality, and an ability to meet specifications).

The other dominant mode of approach has been to clarify the 'stages' involved in developing such relationships Dwyer, Schurr, & Oh (1987); Ford, (1980); Johnston & Lewin, (1996); Robinson, Faris, & Wind, 1967; Sheth, (1973); Webster & Wind, (1972); Wilson, (1995). In a review article, which embraced both of these traditions, Johnston and Lewin (1996) examined 165 articles published over 25 years in the leading marketing journals on organizational buyer behaviour. Summarising their meta-analysis, Johnston and Lewin (1996), conclude 'after 25 years of empirical testing it appears that (the early models) were correct in proposing that environmental, organizational, group ... seller characteristics as well as the stages in the buying process significantly affect the organizational buying behaviour'.

Likewise, Wilson (1995) notes that when we look at the relationships in cross section, we lose the insights that emerge from looking at the process of relationship development. The authors also noted that it was in order to meet this challenge and used a methodology which enabled detailed analysis of actual behaviour and, in one of the cases we adopted a longitudinal approach which traced the evolving relationship between a retailer and its key suppliers over a 10 year period.

Research Methodology

This reduced the external validity of the findings, but hopefully created insight into the dynamics of buyer-seller relationship in philanthropic organizations. Such a case study approach was in line with the research process suggested by Eisenhardt (1989) in an early stage of theory development. The target for this study was all procurement officers in the target organization who are charged with the responsibility of driving the organizational procurement agenda.

The sampling frame was obtained from the Key Procurement personnel within World Vision International entities based in Nairobi in the departments of Supply Chain Management and Finance and Administration department. The study adopted survey design to facilitate the collection of information from a selected group of management team and senior officers in the target entity (ies). This design is adopted as the suitable research design since it facilitates the collection of primary data necessary to realize the research objectives. Two-stage stratified sampling was used to select the sample for this study. First, officers were selected based on their department. Sample of forty officers will be selected for the study.

The research instruments that were used in the study were developed based on the research objectives. Primary data was collected using a structured questionnaire. The instruments we pilot tested. The research instruments that were used in the study were developed based on the research objectives.

Data processing and analysis

The questionnaires were coded, formatted and analysed using SPSS. The software was used to generate various descriptive statistics such as percentages and frequency distributions. The data is presented in tables, pie-charts and column bar graphs. Information collected from key informant interviews and observations was collated and analysed qualitatively. The researcher entered data and produced results of all the collected survey questionnaires in a manner that allowed easy manipulation for analyses. The validation of received data from the respondent ensured controlled the quality and entry process was efficient. Fully coded the quantitative survey to allow for easy data entry in EpiData version 3.1 and analyzed using the Statistical Package for the Social Sciences (SPSS) Version 20.

The collection and analysis of structured survey and open-ended key informant interviews is an iterative analytic process that provides important information on emergent and unexpected themes. Initial analysis of the survey responses demonstrated significant differences in satisfaction with the readability and utility of the guidelines. Many used the open-ended response fields to detail their concerns or satisfaction with the format and content of the reports, but these fields did not explain the disparity by organizational affiliation. The data was analysed according to the research questions posed earlier in the study.

4.2 Research Findings

When respondents were asked whether they understand buyer-seller relationship, thirty two (32) of the respondents demonstrated an understanding of buyer-supplier relationship giving various descriptions of how best they understand supplier relationship giving a general view of what buyer supplier relationship means. 8 of the respondents give descriptions that are typical of transactional form of relationship where they felt that buyer seller relationship existed because of the existence of a willing seller and buyer in the market in a free market environment.

On the question under what condition does the relationship exist, the respondents pointed two factors that they felt drive relationship with thirty two of the respondents indicating that Research and Development (R&D) being the most important while only eight of them indicated that repeated buying plays a role. Asked whether the future expectations on partnership relationship, the respondents strongly indicated that partnership relationship with suppliers was the way to go with 30 whereas only 10 of the respondents that indicating that traditional relationship with suppliers will continue to dominate. Probed further on the which party dominates the relationship, the forty (40) respondents contacted had a tie with either half of the respondents arguing that the both the buyer and the supplier can dominate in the relationship depending on their strength in terms of market share and size of business.

When asked what influences the relationship between buyer and seller, the respondents had different views. 30% of the respondents felt representing the majority view that suppliers will deliberately keep the relationship strong. Twenty eight (28) percent of them felt that timely information on the latest goods in the market and providing additional information on products on their merits and demerits. Twenty five (25) percent of the respondents feel that what influences relations is the need of both buyer and supplier. 5% of them feel that ethical trading by the supplier that allow free play of forces of supply and demand to determine prices is important factor in influencing demand and supply. Another five (5) percent of the respondents felt that constant communication between buyers and supplier and consultation on issue common to them is an important factor in relationship. 9% of the respondents felt that timely and quality delivery of goods, works and services, paying attention to requirements and better management of demand and supply and payment and service delivery terms services influences relationship.

Concerning to what extent is the buyer in a position to force you to actions you may otherwise not do, thirty four (34) percent of the respondents were of the opinion that this happens in large and monopolistic suppliers. Twenty eight (28) percent of the respondents also indicated that the state of the economy may be a factor especially during times of inflation while an equal percent also indicated that during times of emergency where the buyer requires urgent goods and services the suppliers may impose or force buyers into actions that they may otherwise not do. While one (1) percent argued that some suppliers may use sabotage as a strategy to influence the buyer's decision.

The factors are applicable in this matter that were sighted by respondents include: monopoly recorded by twenty eight (28) percent, sole authorised distributor was mentioned by eight (8) percent, five percent (5) indicated the availability of supplies, three percent said that this depends on the amount of income generated by the buyer, six (6) percent said that resources vis a vis the cost of undertaking the request at the disposal of the suppliers has a bearing on the suppliers influence and three (3) percent also mentioned that capacity of the supplier is a factor in this regard.

On the question which party dominates the relationship; the responses had a tie with 50% of them recording that the buyer dominates with an equal percentage indicating that the both supplier and buyer have equal power relationship. Asked whether the organization is one out of a few or one out of many buyers for the supplying company 95% of the respondents felt that the organization is one of the few or many firms that buys from the supplying company with two(2) percent of the respondents disagreeing while three (3) percent gave no response.

Asked whether there are significant costs involved (switching costs) in case you switch to a different supplier, 65% of the respondents agree that are costs involved while 35% percent of them disagreeing that there are no switching costs.

Concerning which costs in relation to how significant these costs are the response was overwhelming with seventy one (71) percent of them clearly indicating that the cost of replacing machinery so as to be able to buy from open market and not from the sole authorised supplier. Twelve (12) percent of the respondents indicated that cost of prequalification of suppliers with a similar percent indicating that the source for new supplies, time involved in sourcing and quality costs. Six (6) percent of the respondents indicating that costs in terms of time needed to create the kind of undertaking that results to the supplier supplying the correct goods on first delivery.

In terms of the suppliers size in terms of number of personnel and yearly turnover compared to World Vision ninety five (95) percent of the respondents indicated that suppliers are of medium size with only two point five (2.5) percent responding that the size of the supplier is as big as World Vision.

Regarding the buyers ability to achieve benefits of scale, seventy five percent of the respondents agree that it is possible whereas twenty five percent of the respondents disagree.

When asked if the buyers ability can it create power over the buyer and the suppliers and over its competitors, fifty five percent of the respondents disagree that the supplier can have power while forty five percent of think that the suppliers ability to achieve benefits of scale can make them exercise power over its buyers and competitors.

Concerning to what extent do buyer's organization depend on the buyer to achieve company's goals; the respondents had varied views with forty (40) percent indicating that the buyers firm depends on the buyer's organization to a large extent while thirty five (35) percent were of the opinion that the buyers depend on the buyer to a small extent whereas twenty five (25) percent indicated that there is no dependence on the supplying firm by the buying firm

When asked on factors that influence possible dependence, the majority of the respondents comprising six (65) percent listed the need to cut costs as one of the reasons for dependence, fifteen (15) percent of the responses also showed that the size and dominance of the supplier in the market is a factor. Ten (10) percent mentioned the issue of trust, care and honesty is contributing factors to dependence. Nature of the products

and services; buyers list of suppliers, government controls, taste and preferences; and allocation of duties, spend monitoring each have five (5) percent response rate as factors contributing to dependence. In the regard to the dependence on the supplier by the buyers the respondents were asked they agree or not, those who disagree were fifty nine percent whereas forty one percent agree that the buying firm depends on the supplier.

In regard to the level of independence, the respondents were of the opinion that there is a high level of independence among players in the market with eighty percent confirming this whereas only 15 percent saying that there is moderate dependence. When asked what is their perception of the capabilities of the suppliers, varied responses which received from with forty four (44) percent being of the view that the suppliers ability to supply high quality products is key, forty one (41) percent had a feeling that the suppliers capability is good without specifying the nature of their ability. Seven (7) percent of respondents also mention the ability to supply desired products and services. The other capabilities that were of interest to the respondents is the ability to supply quality products representing four (4) percent of the responses and with a similar percentage arguing that the ability to nature and grow better relationship as a strategic market growth strategy in the market.

When asked how they would you define the reputation of the supplier, seventy one (71) point eight percent of the respondents feel that the reputation of the suppliers is good whereas twenty eight (28) percent of the respondents feel that is average.

When asked for their opinion regarding their responses in relation to the suppliers reputation if they consider it appropriate as indicated above there was no response

Regarding what they think on which role does trust play in the buyer-supplier relationship, thirty three (33) percent out of those contacted feel that it plays a significant role, while thirty (30) percent feel that is very important because every transaction is based on it. Twenty five (25) percent feel that because it is proper and timely delivery of services. Five (5) percent feel that it is important because it helps build and strengthen the relationship. Three (3) percent of the respondents had a feeling that it helps in enhancing timely communication for decision making purposes and three percent indicated that it helps in enhancing continued business engagement.

Concerning how they would you describe willingness to rely on the supplier, hundred percent of the employees contacted gave their responses described the relationship as good.

When asked to describe the willingness of the supplier to rely on their organization there were seventy one point eight (7.8) percent of those interviewed described that the supplier views their organization as reliable. Twenty eight point two (28.2) percent of the those interviewed gave a contrary opinion that their company is unreliable in the eyes of the supplier

Regarding to what extent does the suppliers' performance meet the buying firms your expectations the response was unanimous with a hundred (100) percent of those interviewed agreeing that the suppliers meet the needs of the buying firm needs

When asked to what extent are they satisfied with the suppliers' performance, the respondents had eight five point seven (85.7) percent choose to support that they are satisfied with the suppliers performance with ten point one (10.1) percent of them giving a contrary opinion that the suppliers performance is not satisfactory.

When asked how they would characterize their individual level of satisfaction over the buyer's performance, out of the thirty two responses received from the possible forty, described their satisfaction as good representing (80) percent.

Regarding how they would characterize their level of satisfaction over their own company's performance, out of the forty respondents' contacted; thirty two (32) of them described the satisfaction level as good.

Concerning how information sharing takes place within the relationship, the respondents gave diverse views from use of telephone and mail calls representing twenty seven (7) percent, twenty (20) percent feel that the information sharing takes place through official communications, twenty two (22) percent of them said it takes place on need basis, fourteen (14) percent feel it is limited to extent of what is required to enable supplier to deliver efficiently and effectively; eight (8) percent of the respondents felt that it happens through feedback mechanism enacted by the two parties and five (5) percent of them felt that it happens through round table sitting.

When asked what's the quality and quantity of the information that's shared within the relationship, thirty seven (37) percent of the respondents said it is good; twenty nine (29) percent of the respondents said it is quality since it secure, reliable and quantity as much as the service has not been delivered and substantially adequate to enable decision making purposes. Thirteen (13) percent feel that it is minimal because it based on the need basis. Another thirteen (13) percent think it is need driven. Three (3) percent of them feel that it is of high quality.

When asked if there is an exchange of confidential information or just public released information within the partnership, seventy one point one (71.1) percent agree that there is whereas twenty eight point nine (28.9) percent think that there is no exchange of confidential information.

When respondents were asked how they would describe the level of information sharing, thirteen (13) percent of those interviewed indicated that there was limited information sharing. Twenty seven (27) percent of them said there was frequent sharing of information and ten of them indicated that there was continuous information sharing among partners. Six (60) percent of the respondents were undecided.

Asked to give a rating on the level of information sharing on a scale from one (1) to ten (10), eleven (11) percent of those contacted gave a five (5) representing forty one percent (41), thirty seven (37) percent of the respondents gave a two (2) out of a ten (10) scale rating, nineteen (19) percent of them gave a rating of six (6) out of the possible ten (10), and four (4) percent gave seven (7) out of the ten.

Asked how they would describe the level of cooperation within the relationship, fifty (50) percent of those interviewed said there was limited cooperation among partners. Twenty six point three (26.3) percent of them said there was no cooperation at all while twenty three point seven (23.7) percent of them indicated that there was extensive cooperation among partners.

When asked to identify mutual goals between both parties, top on the mind of most respondents was the issue of performance improvement with sixty (60) percent of them identifying it while thirty five (35) percent identified cost saving as a factor. Five (5) percent of the respondents did not give an opinion. Research and development was not chosen by the respondents as an issue.

Concerning what they felt about switching costs when looking for an alternative supplier, the majority of the respondents representing seventy one point one (71.1) percent of the respondents were of the opinion that it is an area of concern whereas twenty eight point nine (28.8) percent of them saying it is not. One (1) percent of those contacted gave no response. Regarding how they would characterize the level of switching costs if they would decide to change to another buyer, sixty point five (60.5) percent of them said that it is affordable while thirty nine point five (39.5) percent of them indicating that it is costly.

When asked if there is a strategic Partnership among buyer and seller, thirty point five (39.5) percent of them agree that there is while sixty point five (60.5) percent disagree. Asked to give a rating on the level of equal power among partners, respondents indicated that there was low and average power play representing thirty nine point five (37.5) percent and fifty seven point five (57.5) percent respectively. Five percent of them did not record their opinion.

When asked if they would recommend other people that should be interviewed in the organization, thirty seven point five (37.5) percent of the respondents agreed that I should talk to other people in the organization whereas thirty percent disagreed. While thirty two point five percent did not respond whether they should.

Discussion

In this part, the results were explained according to the key considerations outlined earlier. The data explained here explored the key factors driving relationships in the supply chain.

Supplier relationships

Prevalent in sourcing are long-term supplier relations, but no partnership relations seems to have been established between buyer and sellers. The companies build their supplier relations gradually and the emphasis is on a long-term viewpoint to sourcing. Commitment of the partner is a considerable challenge, overcoming of which would help companies to avoid and solve many issues such as quality problems, high costs, late delivery among many other concerns important to both parties. The study also confirmed the understanding the employees have on the meaning of buyer supplier relationship and the key factors that influence the relationship. Information sharing and frequent communication among partners is a very important ingredient in relationship development.

A very high proportion of respondents, considered that organisation has to have long-term relationships with their suppliers. These respondents described in their own terms the main benefits and drawbacks that accrues from such relationships. Overall respondents report non-cost or intangible benefits more often than cost or price. The most frequent advantage described by respondents relates to benefits pertaining from having a positive working relationship. Factors such as inter-personal trust, friendly relations, mutual support, team working and communication/rapport are all included under this category and several respondents clearly stating that such factors led to a “seamless operation” from the customer perspective. The suppliers' knowledge of the products or services and working practices accounts for some of these benefits, as does understanding of regular client needs and experience of past events.

When suppliers are familiar with standards and working practices and therefore time is saved in explaining requirements each time which speeds delivery in times of emergency where World Vision finds itself in times of crisis. If they suppliers understand customer needs, get to know organizational trends and can question anomalies with honest concern this optimises service delivery which one primary objective of humanitarian work during response to disasters. Respondents described consistency or reliability of the suppliers' performance as a key benefit arising from long-term supplier relationships. In particular, there is a

perception that long-term suppliers bring a lower level of risk in relation to the level of service quality that is received. To this end in order to pre-position supplies to enable World Vision respond to disasters within 24 hours engagement with strategic suppliers who can deliver goods immediately to give a first line response is key in the realization of those in dire need.

The speed with which suppliers respond to requests at short notice is felt to be important in this sector because it helps build confidence. Clearly then, the non-cost benefits of long-term supplier relationships are clearly highly valued by buying firms. However, while these benefits are more intangible in that they cannot easily be measured or reported on, they are likely to improve the efficiency and effectiveness of a business operation by freeing up management time and improving the quality of service delivery. An effective organisational structure for implementing the emergency plan will require a good safety culture to avoid any hesitation in implementing the plan and a good command and control structure for managing the incident. This operation cannot be successful if supplier selection with the ability to pre-position supplies and deliver as and when required.

Fewer respondents provided a response about disadvantages arising from long-term supplier relationship and a narrower range of views on the nature of the disadvantages were expressed. The most frequently described problem has been termed “supplier complacency”, providing a response to this question worrying that standards can slip due to over-familiarity, abuse of trust, or lack of new ideas. Unfortunately, with the passage of time, this situation frequently produces buyer complacency. Too often buyers feel that consummating a contract with a carefully selected supplier ends the buyers’ major responsibility, at least for the time being. Such buyers feel that the supplier is legally bound to perform and that using departments will inform the buyer whenever a supplier fails in his obligation; interestingly the respondents cherished this argument. But it came out clearly that there is a desire to form associations with suppliers in order to improve quality and reduced cost of products, which they are optimistic, will result into partnership.

Most respondents generally felt that partnerships help in enhancing service delivery because it will enable them to get their requirements on time, non-returns and no wastages. Through the delivery of quality products the organization in turn is able to offer quality services that meet the needs of their clientele, hence making savings to the organization. To ensure benefits are sustained managers should be aware that, as Emiliani (2003) argues, a degree of separateness is healthy to avoid supplier/purchaser complacency and maintain vitality in the relationship.

It was apparent in the study that most personnel in the organization realize the importance of establishing sustainable relationships because of the benefits that will accrue from the relations such as improved quality of goods and better service, extended credit periods, efficient and timely delivery of requirements, after sales service, etc hence reducing cost and this factors impinge on public image of organizations.

Price emerges from this study as the key driving force behind supplier-buyer relationships, which rather undermines the current concepts, based on larger businesses, which promote collaboration in supply chains, Hines (1994).

Conclusions, Limitations and Research Opportunities

This paper has examined current research exploring supply chain relationships between firms. The review illustrated that purchasing had become recognised as an important management consideration and that current theory based on the practices of larger firms had been based on conceptions of collaboration. When concluding current thinking on purchasing a number of problems were identified:

The dominance of large firms in supply chains and their consequent power in relationships brings into question the concept of collaboration when viewed from the perspective of supply chain management professionals. Consequently, adversarial practices continue in relationships despite the rhetoric of collaboration expressed through the purchasing policies of larger businesses. One of the weaknesses of prior research has been to use theory and empirical study, which is based on larger businesses, assuming that it can be applied to smaller enterprises. Supply chain management practices in purchasing are still successful and may be quite different from the usual conceptions of 'best' practice. Studies have tended to erroneously assume homogeneity of the supply chain management population.

The empirical study conducted was designed to explore some of these problems and issues by exploring what supply chain professionals can do when managing supplier and customer relationships. In conclusion, it is likely that the specialist nature of many suppliers makes long-term ties mutually beneficial for the supplier and buyers alike. Short-term or arms-length relationship modes may simply not be seen as a viable or efficient mode of contracting for specialist services where alternative suppliers in the geographic area may be limited. The large number of smaller and local sources of supply possibly also contributes to the greater emphasis on informality and close-knit relationships with a motivation of developing local sources as corporate social responsibility.

Three principal theories used to explain strategic alliances, especially joint ventures, are transaction cost economics, organization theory and business strategy Kogut (1988). Transaction cost economists have argued that alliances are intermediate hybrid forms Borys and Jemison (1989) between the extremes of markets and hierarchy Gulati (1995). Transaction cost economics was developed by Williamson (1975), who suggested that firms chose alternative arrangements that minimize the sum of production and transaction costs. According to Kogut (1988), transaction costs refer to the expenses incurred for writing and enforcing contracts, for haggling over terms and contingent claims, for deviating from optimal kinds of investments in order to increase dependence on party or stabilize a relationship, and for administering a transaction. Transaction cost theory predicts that strategic alliances are designed to achieve such a minimum cost arrangement Garcia-Canal (1996). Horaguchi and Toyne (1990) theorize that the strategy to form an alliance is not just reactive (cost reducing internalization markets), it is also proactive in that it creates new products, new markets, new organizations, new management techniques, and new technology.

The second approach suggested by Kogut (1988) was the organization theory approach, specifically the resource dependency approach Kogut (1988); Gulati (1995); Varadarajan and Cunningham (1995). The resource dependence approach posits that organizations depend on other organizations within their environment to acquire needed sources Pfeffer and Salancik (1978). The formation of joint ventures is a means for stabilizing the flow of resources that a company needs and for reducing the uncertainty confronted by the company Pfeffer and Nowak (1976).

The third approach to strategic alliances deals with competitive strategies of firms. Porter (1986) stated that the formation of strategic alliances depends on the five forces; the threat of new entrants, the bargaining power of suppliers, the bargaining power of buyers, the threat of substitute products, and rivalry among firms. The competitive strategies approach states that alliances are formed also as a defensive mechanism in order to hedge against strategic uncertainty Kogut (1988). Varadarajan and Cunningham (1995) suggest that the three conceptual frameworks [transaction cost approach, the organization theory approach, and the competitive strategy approach] mentioned above should be considered as complements, rather than as rivals.

Supplier management and customer relationship practices are also an important feature of an organisation's journey to achieving business excellence, which can itself bring useful competitive accolades. The analysis of the data proceeded to examine the key drivers of relationships development and the idea of collaboration. It was identified that buyer-seller organizations tend to be more price driven in their management of supplier and customer relationships. The data collected focusing specifically on managers, therefore, is in direct contradiction to current theories of collaboration Hines (1994).

When the analysis was focus on the role of trust in relationships further interesting results were highlighted. Across the survey 'trust' was shown to be a fundamental element of the way in which buyer-supplier manage relationships. When asked to highlight the key factors that mattered respondents highlighted socially-based factors like openness; honesty. It can be concluded for this work and in direct confirmation of humanistic assumptions Cousins (2002) that buyer-supplier use social factors in commercial relationships to build trust and manage the relationship. In conclusion this research provides evidence supporting the view that supply chain management use different methods when engaging in purchasing relationships and should, therefore, be viewed differently.

The study also has limitations that suggest avenues for further research. Then an extension that the current model in including other antecedents such as relationship value Ulaga and Eggert (2006), communication, or length of relationship. One could also attempt to find out if there is a significant link between relationship quality and financial outcomes.

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