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RESEARCH TOPIC

**AN ANALYSIS OF EFFECTS OF RETAILER-SUPPLIER
RELATIONSHIPS ON COMPANY COMPETITIVENESS:**

CASE OF TM PICK 'N PAY GWERU

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CONVENTIONAL

This dissertation is submitted in partial fulfillment of requirement of the

**Bachelor of Commerce (Honors) in Retail and Logistics
management at Midlands State University**

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DEDICATIONS

This project is dedicated to my father Mr. Mutero, my sister Prisca Mutero and my cousin sister Chiedza Makiwa for making it possible for me to reach this level of education through their perseverance, faith and commitment towards my studies.

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ABSTRACT

This research was carried out to analyze the effect of retailer-supplier relationships on company competitiveness; a case study of TM Pick 'n Pay Gweru branch supermarket. The study had three objectives, to determine the role of collaborative partnerships on enhancing company competitiveness, to establish strategies to maintain long-term successful retailer-supplier relationships and to determine challenges facing retailer that leads to business to business relationship failures.

The research design involved a survey of thirty-one respondents purposively sampled from the retailer management, employees and supplier agents. Data was collected using face to face interviews and questionnaires that were administered through “drop and pick” method. Percentages and frequencies were used to analyze the objectives and the findings are presented in tables, graphs and charts.

The study findings denotes that utilization of resources, enhanced procurement performance, forecast accuracy and mutual benefits are the outcome of collaborations that are achieved through trust, commitment, information sharing and mutual goal planning; the absence of these are the challenges the buyer and supplier face. The researcher has recommended retail companies and other organizations to embrace buyer-supplier relationships so as to reap the benefits; ensure effective communication between buyer and supplier to counter challenges associated with relationship management.

List of tables

Table		Page
Table 2.0	Levels of buyer-supplier relationships	9
Table 2.1	Benefits of buyer-supplier collaborative partnerships	16
Table 3.0	Population and sample frame	26
Table 4.1	Response rate	30
Table 4.2	Duration served	31

List of figure

Figure		Page
Figure 4.3	Products of collaboration to a company	32
Figure 4.4	Strategies to maintain long-term successful relationships	34
Figure 4.5	Challenges in business to business relationship	36
Figure 4.6	Relationship termination	39

List of appendices

Appendix		Page
Appendix 1	Reference list	46
Appendix 2	Survey questionnaire	51
Appendix 3	Interview guide	55

TABLE OF CONTENTS

APPROVAL FORM	1
RELEASE FORM	ii
DEDICATIONS	iii
ACKNOWLEDGEMENTS	iv
ABSTRACT	v
List of tables	vi
List of figure	vii
List of appendices.....	viii
CHAPTER ONE: GENERAL INTRODUCTION.....	1
1.0 Introduction.....	1
1.1 Background to the study	1
1.2 Statement of the problem.....	4
1.3 Objectives of the study	4
1.4 Research questions	4
1.5 Assumptions	4
1.6 Significance of the study	5
1.7 Delimitations	5
1.8 Limitations.....	6
1.9 Definition of terms.....	6
1.10 Chapter Summary	7
CHAPTER TWO: LITERATURE REVIEW	8

2.0 Introduction.....	8
2.1 Overview of supply chain management.....	8
2.2 Defining and explaining retailer-supplier relationship	9
2.2.1 Levels of buyer-supplier relationships	10
2.3 Defining and explaining competitive advantage	10
2.3.1 An overview summary of the resource- advantage (R-A) theory, according to Hunt (2000) and Morgan and Hunt (1996)	11
2.4 The impact of supplier on the retailer	12
2.4.1 Agency Theory	13
2.5 Role of Collaboration on retailer competitiveness	13
2.5.1 Temporal bonds	15
2.5.2 Social bond	15
2.5.3 Structural bond	16
2.5.4 Benefits of buyer-supplier collaborative partnerships.....	16
2.6 Variables for good long-term relationships	17
2.6.1 Trust	17
2.6.2 Commitment.....	19
2.6.3 Communication.....	20
2.6.4 Cooperation	21
2.6.5 Mutual goals	22
2.7 Challenges of B2B relationship management	22
2.8 Chapter summary	24
CHAPTER THREE: RESEARCH METHODOLOGY	25
3.0 Introduction.....	25
3.1 Research Design.....	25
3.1.1 Descriptive research.....	26
3.2 Exploratory research.....	26
3.4 Target Population and sample.....	26
3.5 Population and sample frame	27
3.6 Sampling frame.....	27
3.6.1 Sampling techniques	27
3.7 Data collection and research instruments	28

3.7.1 Secondary data	28
3.7.2 Primary data	28
3.8 Research instruments	29
3.8.1 Questionnaires.....	29
3.8.2 Interviews	29
3.9 Validity and reliability sampling.....	30
3.9.1 Validity.....	30
3.9.2 Reliability	30
3.10 Data Presentation and Analysis	30
3.11 Summary	30
CHAPTER FOUR: DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS.....	31
4.0 Introduction.....	31
4.1 Response rate	31
4.2 Duration served	31
4.3 The role of collaboration on retailer competitive advantage.	32
4.4 The strategies to maintain long term relationship management.....	35
4.5 The challenges that lead to business to business relationship failure.....	37
4.6 Breach of contract between buyer and supplier cause relationship to be terminated.....	41
4.7 Chapter summary	42
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS	42
5.1 Introduction.....	42
5.2 Summary of the research	43
5.3 Conclusions.....	44
5.4 Recommendations	45
5.5 Areas for future study	47

CHAPTER ONE

GENERAL INTRODUCTION

1.0 Introduction

The research focuses on investigating the effects of retailer-supplier relationships management on company competitiveness. This chapter highlights the background to the study, statement of the problem, objectives and research questions, assumptions, significance of the study, limitations, delimitations and definition of terms and acronyms.

1.1 Background to the study

TM Pick 'n Pay Gweru branch was opened in October 2014 with the vision of striving to address socio-economic challenges through the supply of high-quality, affordable food for all customers, while providing significant employment and economic opportunities across its value chain. In today's dynamic business environment, firms thus TM Pick n Pay included are seeking new methods of enhancing competitive advantage, as the competitiveness in retail sector is continuously increasing, Barrat, (2004). Procurement is becoming a strategic function and a key factor in competitive positioning. In order to supply high-quality, affordable food products to its consumers, TM Pick 'n Pay has adopted the concept of business to business marketing rather than just contractual agreements with its suppliers. According to Whipple et al, (2010), collaborative relationships provide greater advantages than transactional relationships.

Competition has further heat up the branch as illegal vendors with less priced goods increase on streets. The Zimbabwean economy that TM Pick 'n Pay is operating in, is characterized by low consumer disposable income and liquidity crisis. Challenges associated with getting the right product and service to the right place at lowest cost continue to intensify. Shortages of \$US has also caused suppliers to struggle in raising foreign currency to import raw materials leading to low supply against high demand of consumer products. The surrounding challenges require the supermarket to employ strategies that can increase customer satisfaction, competitiveness and profitability. It is more idealistic to engage and maintain long term relationships between the

retailer and its suppliers to gain mutual benefits on both parties. Collaboration reduces transaction costs because specific assets increase with contract frequency and higher levels of interdependence (Gadde and Hakansson 2001; Braxton, 2008). TM Pick 'n Pay and its major suppliers, Delta, Brand Africa, Lobels, Ivines and Dendairy are into collaborative relationships. A supplier- retailer relationship serves as an important source of a company competitive advantage. (Kaufman, Wood and Theyel, 2000)

Consumers have variety of choices to complete their purchase orders, be it other supermarkets, wholesalers or street vendors. The harsh economic situations creates more need for consumers to maximize value of their low incomes through purchase of less priced products. TM Pick 'n Pay supermarket engage in strategies that leads to availability of variety, quality and affordable products in order to satisfy and increase its market share. Among the strategies is the concept of business to business marketing thus between itself and its suppliers. The research is intended at assessing the effectiveness of retailer-supplier relationship marketing to competitive pricing of food products.

The competitiveness and financial performance of a firm is highly dependent on the firm's ability to handle its supply side, Nagurney, (2010). Firms have now realized that they do not have to increase efficiencies only within their organizations but their whole supply chain has to be competitive. Competitive advantage is emphasized by Barney, (1991) as a value- creating strategy which is not being implemented by any current or potential competitors. This therefore means TM Pick 'n Pay has to engage in value- creating strategies that the informal sector which has characterized the economy, is not able to implement and one of the strategies is collaborative partnership relationships. Unemployment, cash shortages and company closures has cause an increase in low consumer spending. The increases in informal retail sector also give rise to price sensitivity of consumers. To create a competitive advantage TM Pick 'n Pay need to learn faster than their competitors and to develop a customer responsive culture. Morgan and Hunt (2004) suggest that the importance of long-term and value-adding relationships, have a superior impact on performance and competitiveness outcome.

TM Pick 'n Pay undergoes through promotional campaigns aimed at creating value for money for its customers the biggest of all being, the big Bonanza. Cooperation between itself and its suppliers is more crucial to ensure enough stocks in its shelves and prices to be won. As

important as it is for a company to develop relationships with its customers, so it is for it to foster relationships with its suppliers to ensure quality goods and services, timely and assured deliveries and information flow to assist both organizations in planning. Procurement performance plays an important role in organization performance; it influences firm's quality performance, product innovation, customer responsiveness and firms' financial performance Kaufman, Wood and Theyel, (2000). Developing business to business relationships include a lifecycle of relationship, client involvement, confidentiality, relationship quality, trust and commitment. It is crucial for TM Pick 'n Pay to maintain long term relationships for mutual benefits; however challenges are faced in building and maintaining such relations. Cultural differences between TM Pick 'n Pay and its foreign partners, Brands Africa may also increase instability in development of collaborative business Athur, (2007).

According to Kannan and Tan, (2005), from the buyer's perspective, the benefits of close relationship with suppliers at an operational level are improved quality of products and services, reduced cost and reduced lead time. Kannan and Tan, (2005) also states that at the strategic level, the benefits are realized in the form of competitiveness, increased market share and innovation. Hanfield, (2001) pointed out that relationships can either take the form of buyer captive or supplier captive. Buyer captive arises in situations where the buyer has one supplier or manufacturer to complete the order with and supplier captive is when the supplier has less chances of changing the buyer, thus when it has few clients to deliver to Hanfield, (2001). In both cases, relationships have to be mutually beneficial for both firms to reduce costs and share profits. Global competition, changing markets and new technologies demand retailers to foster new relationships throughout. Buyer-supplier relationship marketing is not only economic exchanges between the buyer and seller but also social exchanges of trust and commitment of both parties Groomroos, (1997).

The research aims to assess the effectiveness of retailer-supplier relationship marketing on company competitiveness. It also aims to investigate challenges facing TM Pick 'n Pay in building and maintaining relationships with its suppliers and solutions to guard against such challenges. The study aims to shed light on the benefits of business to business relationships on procurement, sales, customer satisfaction and competitiveness of a retail supermarket.

1.2 Statement of the problem

TM Pick 'n Pay is operating under stiff competition and in a harsh economic situation yet its vision is to deliver value for money to its customers. To deliver quality affordable products and services, the supermarket has moved from traditional way of marketing to collaborative partnerships with its major suppliers. The study aims to find the impact of this adopted strategy by TM Pick 'n Pay and how it has enhanced the supermarket performance and competitiveness. It also aims to stress the challenges it is facing in maintaining business to business relationships.

1.3 Objectives of the study

- To determine the role of collaborative partnerships on enhancing company competitive advantage.
- To establish strategies to maintain long-term retailer-supplier relationships
- To determine challenges facing retailers that leads to B2B relationship failures

1.4 Research questions

- What is the role of retailer-supplier collaboration on retailer's competitive advantage?
- What strategies should a retailer employ to maintain long-term relationships with suppliers?
- What challenges do retailers face that lead to business to business relationship management failure?

1.5 Assumptions

The following assumptions are made in this research;

- Both questioners and interviews would co-operate and respond truthfully.
- The sample used would be a fair representation of the total population.
- A minimum response of 80% will be achieved to make the analysis possible and credible

- Costs of administering the research will be within the researcher's limits and that the top management will fully support the research project and implement the study recommendations.

1.6 Significance of the study

To the retail sector

- The research has helped to identify the positive effects of collaborations to the organization.
- The researcher believes the study will help the retailers in implementing business to business marketing and gain the advantages associated with it.

To the university

- The research will be used by the Midlands State University Library, if it is approved and will provide reference material for both lecturers and students when doing studies related to business to business relationship marketing.

To the student

- The research will help in the fulfilment of the requirements of attaining a Bachelor of Commerce degree in Retail and Logistics Management.
- The research will help in applying and analyzing the knowledge acquired from relationship marketing course.
- It will also help the student in adding more experience skills and knowledge in carrying other studies in future.

1.7 Delimitations

- A sample would be made from all the required groups to participate in the study and these are managers, employees and supplier representatives.
- The researcher used the company documents from 2010 up to the date of research to in order to compare and contrast information gathered for valid and reliable results.
- The researcher used the most, medium and least supplying suppliers who have collaborated with the supermarket in order to obtain a fair representation of suppliers.

1.8 Limitations

- There was limited time to spend with the employees and management as they had other pressing issues to attend to. However the researcher set up an appointment with management before the visit and gives employees to fill in questionnaires at a convenient time within two days.
- Sample size may not be the true representative of the target population. To ensure reliability of the research findings, researcher has used approved methods in drawing a sample size.
- Access to critical information may be a challenge as the organizations under study may not be able to disclose such information due to company privacy however the researcher ensured confidentiality in order to access the information.

1.9 Definition of terms

Competition - It is a rivalry of businesses offering the same products in the same market Braxton, (2008).

Procurement - Whipple et al, (2010) defines it as the business management function that ensures identification, sourcing and accessing the external resources that an organisation needs to achieve its goals and objectives.

Collaboration- According to Griffith and Myers, (2005) collaboration is an act of working jointly to bring resources into a required relationship to achieve operations of the parties involved in a mutually benefiting way.

TM Pick 'n Pay- it is a new branded supermarket formed after joint venture of South African giant supermarkets Pick 'n Pay and Thomas Meikles supermarkets in Zimbabwe.

Big Bonanza- it is an annual promotional campaign undertaken by TM Pick 'n Pay.

B2B- business to business

R-A theory- The resource advantage theory

SCM- Supply Chain Management

1.10 Chapter Summary

The chapter covered the background to the study which clearly states the problems that drove the researcher to carry out the study. The chapter also outlined the objectives of the study, the research questions and the assumptions relating to the study. Definition of key terms and acronyms, limitations and delimitations were also included in the chapter.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviews theories and previous studies from available literature relating to the subject of buyer-supplier relationship management, for the purpose of establishing a theoretical and empirical base for the study. A conceptual framework on which the study is based was also developed.

2.1 Overview of supply chain management

According to Maloni and Benton (2000) supply chain management (SCM) is a strategy to integrate marketing, distribution, manufacturing, planning and purchase functions to manage individual conflicts. It focuses on how firms utilize their supplier's processes, technology, capability to enhance competitive advantage, and the coordination of the manufacturing, logistics and materials management functions within an organization Maloni and Benton (2000). Supply chain management has become widely recognized as an important contributor to strategic success, helping firms meet the challenges of an increasingly competitive and dynamic environment Chen, (2004). These pressures have driven companies toward forming closer relationships with a smaller number of suppliers who have become increasingly involved in many aspects of strategy making and daily operations Hanfield, (2001). Such relationships are highly interactive and require constant monitoring and inter-personal connection between employees of both parties in order to be effective.

SCM have made positive contributions to basic financial indicators, indicators for productiveness, quality related indications, and basic company performance criteria among other performance indicators Lysons and Farrington, (2006). These contributions have become more significant in the developments of buyer-supplier relationship. According to Gunasekaran et al. (2001) SCM is a key strategic factor for increasing organizational effectiveness and for better realization of organizational goals such as enhanced competitiveness, better customer care and increased profitability. Lysons and Farrington, (2006) suggested that the major goals of SCM are

to minimize non-value-added activities and associated investment cost and operating cost, increase customer responsiveness and flexibility in the supply chain, and enhance bottom-line performance and cost competitiveness. Buyer-supplier relationships in the supply chain are one of the most important elements of supply chain integration Nagurney, A. (2010); establishing and managing effective relationships at every link in the supply chain is becoming the requirement of business success. Maloni and Benton (2000) found that strong buyer-supplier relationships have a significant positive effect on manufacturer performance, supplier performance, and performance of the entire supply chain. Maloni and Benton (2000) indicated that purchasing is a key to a firm's competitive advantage, and that increased profitability, market share and technological innovation can be achieved through an appropriate purchasing strategy. A company's purchasing practices can impact the effectiveness of its SCM strategy, financial and market performance. Gunasekaran et al. (2001) reported that effective management of the supply chain has been identified as being of significant importance to achieving and sustaining a competitive advantage for firms

2.2 Defining and explaining retailer-supplier relationship

Lysons and Farrington, (2006) defined a buyer as simple the recipient of the goods or services that results from all the processes and activities of the supply chain. A retailer is a buyer who purchases products for resale at a profit. Lysons and Farrington, (2006) went on to define a supplier as an organization or an individual that provides a physical product or a service. Relationships may be viewed as a type of intangible non-priced factors that contributes to a firm competitiveness Brencic (2001). Lyons and Farrington, (2006) defined that a relationship is an inter connection or association which applies when individuals, organizations and groups within and external to a firm interact. Retailer-supplier relationship is then the relationship between retailer and supplier with the aim of securing mutual benefits and the added value of competitive advantages to both parties Griffith and Myers, (2005). According Nagurney, (2010) an important aspect related to buyer-supplier relationships is that many buyers are developing single source suppliers because of the pressure to increase quality, reduce inventory, develop just-in-time systems, and decrease time to market. The ultimate goal in developing these capabilities is to reduce costs. Brencic (2001) additionally suggested that retailer-supplier relationships are the most important sources of competitive advantage of a firm which directly and indirectly influence the position and performance of the firm globally.

Buyer- supplier relationships, according to Nagurney, (2010) have become the cornerstone of economic activities in the modern world. It is an important source of organizational competitiveness, performance and long-term business success Veludo et al, (2006). It is when the retailer creates a more than transactional relationship with its suppliers for mutual benefits. Gadde and Hakansson, (2001) suggested that the competitiveness and profitability of a firm is highly dependent on its ability to handle the supply side. Additionally, Griffith and Myers, (2005) pointed out that the management of buyer-supplier relationships is a primary driver of both customer and shareholder value. Autry and Golicic, (2010) however highlighted that the link between buyer supplier relationship management and company competitive advantage is not a simple one. Nagurney (2002, 2010) then emphasized the need for companies to move from transactional marketing towards relational marketing.

2.2.1 Levels of buyer-supplier relationships

A brief description of the types and methods of buyer-supplier relationships according to Emmet and Crocker, (2006) are shown in table 2.0 below.

Table 2.0

Supply base	Relationship	Methods
Multiple sourcing	Arm's length	Competitive tendering and post buying
Fewer suppliers	Co operative	Negotiations and preferred suppliers with framework agreements
Possible single sourcing	Collaborative	Partnership and joint working and difficulty to break or change
Single sourcing	Friendship	Joint working towards continuous improvement

Source: Emmet and Crocker, The relationship driven supply chain (2006)

2.3 Defining and explaining competitive advantage

According to Peteraf and Barney, (2003), competitive advantage is the extent to which an organization is able to create a defensible position over its competitors. It comprises the capabilities that allow an organization to differentiate itself from its competitors and is a critical

outcome of management decision making. Price or cost, quality, delivery and flexibility are identified as important abilities necessary for competitiveness Emmet and Crocker, (2006). The dimensions for competitive advantage are competitive pricing, premium pricing value to customer quality, dependable delivery and product innovation Peteraf and Barney, (2003). The resource- advantage theory shed light on the perspectives that links relationship to competitiveness.

2.3.1 An overview summary of the resource- advantage (R-A) theory, according to Hunt (2000) and Morgan and Hunt (1996)

The resource advantage theory is a process theory of competitive firm behavior that stresses the importance of market segment and resources. Market segments are groups of consumers whose tastes and preferences towards a firm's output are relatively the same within each group but significantly different across the groups. The R-A theory suggests that resources are tangible and intangible entities possessed by a firm that enable it to produce efficiently and effectively to satisfy market segments. Competition among firms is an ongoing process and firms struggle among them to gain the higher competitive advantage in resources that will enable it to meet the expectation of its market segments and superior financial outcome. A firm's comparative advantage in resources enables it to achieve superior performance through a position of competitive advantage in some market segment. Competitors attempt to gain or neutralize the advantage of the firm by engaging into managing its current resources, acquire new ones, imitate the resource, finding the equivalent resource or finding superior resource.

The R-A theory proposes that the market share competitive advantage exists when a firm has resources that enable it to produce and offer consumers the perceived superior value of goods at a lower cost. The R-A theory also proposes that consumer's tastes and preferences differ greatly within a product category and those wants change significantly through time. The primary objective of a firm is to achieve superior profitability and is pursued under the conditions of imperfect and costly to obtain information about its stakeholders. The foundational propositions of the resource theory outline that a firm's resources are financial, physical, legal, human, organizational, informational and also relational.

With references to the R-A theory the retailer has to consider its relationship with both supplier and even customers to be of importance for it to gain a superior financial position and also

competitive advantage. Since competition is an ongoing process, maintain long-term relationships will yield long term benefits that give a competitive advantage to the firm against other competitors. Competitors attempt to neutralize the competitive of a firm through imitating the resources among other ways, thus a retailer should develop trust and cooperation with its suppliers to ensure uniqueness less costly products in order to gain high customer satisfaction leading to a competitive advantage. For a firm to be able to offer superior value at a lower costs to its customers, it has to foster an effective procurement performance and thus through relationship management with its suppliers. As pointed out by Griffith and Myers, (2005) that management of buyer-supplier relationships is the primary source of shareholder and customer value and Ganesan, (1994) then suggested that procurement performance is the focal point to a firm's competitive advantage.

2.4 The impact of supplier on the retailer

According to Bac (2000) the most suitable supplier relationship differs for different products. The relationship depends on the degree of business importance and the complexity of the supply market. It is more important for a retailer to choose the most appropriate relationship applicable for each individual supplier dependent upon the business situation and timing Bac (2000). The power of a supplier over the retailer is determined by the level of retailer's dependence on the supplier and the dependence results from the need to maintain the relationship in order to achieve the desired goals Griffith and Myers, (2005). The effective use of power either coercive or non-coercive can achieve coordination in channel activities increase satisfaction in buyer-supplier relationship, enhance the competitiveness of a firm and also enhance the entire supply chain Maloni and Benton, (2000) For are retailer and supplier to develop strong partnership, there is need for both parties to recognize and implement a number of features. These features include a continuing dialogue on issues beyond those normally covered in contractual negotiations, joint product development, joint actions on quality improvement and access to respective internal organizations Veludo et al, (2006).

Lemke et al, (2003) emphasized that suppliers have important impact on the overall performance of the firm through minimizing costs, joint product, services and product development. Additionally Yang et al, (2009) pointed the importance of supplier as the continuous improvement of quality across all business functions. The importance of supplier to a firm also

sheds light on the importance of procurement to supermarket that intends to deliver quality and good customer loyalty. According to Ganesan, (1994) procurement performance is the focal point to a firm's competitive advantage, it increases the profitability, market share and product innovation, quality performance and customer responsiveness can be achieved through appropriate purchasing strategy, Kaufman et al, (2000). Lambert and Cooper then defined the value of good buyer- supplier relationship in terms of cost, product and service information which adds value. Autry and Golicic (2010) pointed out three key perspectives that link relationship dimensions to competitiveness and these are the relationship marketing theory, resource-advantage theory and agency theory.

2.4.1 Agency Theory

Agency theory is applicable when one part the principal depends on another part the agent for doing something for the principal. An agency perspective can provide insight into inter-organizational relationships (Lassar and Kerr 1996; Rossetti and Choi 2008; Eisenhardt (1989) suggests that agency theory is relevant in situations of supplier and buyer relationship and product innovation. Agency theory handles principal-agent relationships within or between organizations where the principal delegates work to the agent. In this research, the principal represents the buying firm (TM Pick 'n Pay) while the agent is its suppliers. In agency theory the contract between the principal and agent is investigated with concerns on two problems, namely the agency problem and the problem of risk sharing. The agency problem involves basically two parts, goal conflict and verification Eisenhardt, (1989). Risk sharing concerns the difference in attitude towards risk of the principal and agent. Often agency theory takes the principal's point of view (Aulakh and Gencturk 2000; Rijdsijk and Van den Ende 2011) but some more recent studies take both the principal and agent's perspective (Dou et al.2009; Van der Valk and Van Iwaarden 2011)

2.5 Role of Collaboration on retailer competitiveness

Collaborative relationships are sometimes called creative relationships and they involve a limited number of suppliers that provide items or services that are essential to a company Skinner et al. (1992). Togar and Sridharam, (2002) defined collaboration two or more members working together to create a competitive advantage through sharing of information, making joint decisions and sharing benefits and this lead to profitability, customer satisfaction and overall firm competitiveness. Nagurney, (2010) proposes that collaborations between buyer and supplier

involve the willingness to work jointly new and better ways to operate and compete in the market. Collaborative partnerships between retailers and suppliers are a way to remove unnecessary costs from the supply chain and to add value to products by identifying and responding to consumer needs more effectively Kannan and Tan (2005). Kim, (2001) stated that in a collaborative model, both parties achieve lower costs through working together to lower both buyer's and supplier's operating costs and the reduction is accomplished through better inventory management and elimination of unnecessary tasks and procedure. Buyer-supplier collaboration have a significant effect on the overall firm's ability to flexibility, responsiveness and modularization capabilities which in turn helps the firm to have building capabilities towards increasing competitive advantage and gaining high customer value Squire et al,(2005)

The expectation of relationship is important for motivating collaboration in inter-organizational relationships Krause, (2006). Buyer-supplier collaboration is a movement from transactional business agreements to a relational exchange as the role of suppliers and buyers to no longer be only defined in terms of simple transfer of ownership of products but also as mutually beneficial partners Mac Neil, (2004). Kim, (2001) suggested that the requirements for effective collaborations are mutual objectives, integrated policies, joint decision making, communication and sharing of benefits and losses. Information sharing, joint decision making and incentive alignment are factors that facilitates collaborative action through information exchange between the buyer and supplier Handfield and Bechtel, (2002). Successful retailer-supplier collaboration can help alleviate pressure along all key points in the supply chain system and bring products to market faster, reduce production and logistics costs, drive market share and increase sales on both parties Squire et al, (2005). Collaboration should be a part of strategic business operations that is planned together between supplier and retailer not just a list of independent projects.

Retailers focus strongly on the development of closer collaborative bonds with suppliers in the search of competitive advantage and improved market share. According to Ganesan, (1994) long-term relationships enable firms to be more efficient in procurement as well as more effective in delivering quality and in reducing transaction costs. Bendapudi and Berry, (1997) defined relationship enhancement from a buyer's perspective as a broadening and deepening the relational bonds with the service providers. Bonds are building blocks of relationships that affect

the stability of the collaboration between buyer and seller. If the bond is strong the result will be seen in cooperation of both parties for a long time affecting the competitive advantage and positive financial performance Gronroos, (1994). Different kind of bonds between the retailer and supplier are developed due to mutual adjustment between the counterparts Morgan and Hunt, (2004) they affect the exchange process and the costs of switching to another supplier or buyer Chen, (2003). A bond can exist as an exit barrier thus reducing the value and bringing negative effects to the relationship Chen, (2003). According to McCall, (1970) collaborative bonds are the psychological, emotional, economic or physical attachment in a relationship that is developed through the association and interaction and serve to bind the parties together under relational exchange. The different bonds that can exist are temporal, social and structural [Johanson and Mattsson, (1987); Kock, (1995); Naude and Buttle (1999); Han (1991)].

2.5.1 Temporal bonds

Temporal bonds are dimensions of relationships. McCall (1970) mentioned that relationships are dynamic and evolve over time by providing a boundary for interaction and potential interactions. Fort et al (2003) pointed out relationship developments in four stages which are pre-relational, exploratory, developing and stable. Gronroos, (1994) suggest that the relationship development has three stages which are initiative, purchase and the use of the product. However Castro et al (2005) described relationship development with reference to experience, uncertainty, distance and commitment. Dwyer et al, (2007) argued pointing out relationship stages form from mutual awareness, exploration, expansion, commitment and dissolution stage. All the relationship stages vary with time and the bond between buyer and seller is affected with time.

2.5.2 Social bond

Social bonds are employed in building the relationship between the involved parties Dwyer et al, (2007); they are a psychological loyalty that is created between buyer and seller which is conveyed in the decision making. Social bonds serve as a motivation factor to continue a relationship. It causes the parties to stick closely to each other and represents a greater degree of mutual friendship that will lead the retailer and supplier to work jointly and achieve mutual benefits McCall (1970). It represents a marketing activity where the outcome of exchange may depend on bargaining, negotiation, power, and conflict and shared meaning between buyer and seller Wilson et al, (1995); negotiations and bargaining aspects of social bonding may occur at the beginning of the relationship while shared meaning is realized as the relationship grows.

McCall (1970) outlined that social bond develop over time as employees of both firms know each other during the cooperation and those that interact tend to have strong bond to each other. Social bonds create barriers to switching partners thus keeping the collaboration for longer.

2.5.3 Structural bond

Chen, (2003) asserts that structural bonds are created because of the need of one party to accomplish its goals and these bonds bring the members together, keep them together and cause them to interact in a relationship. Bendapudi and Berry, (1997) defined structural bonding as applying marketing programs that create value to the customer and require investments by the retailer that cannot be salvaged if the relationship ends and switching supplier may be expensive. According to Berry, (1995) relationship marketing has three levels, level one relies on pricing incentives to create customer loyalty however gaining competitive advantage is low as prices can be matched with competitors. Level two relies on the social bond and level three involve structural solutions to customer problems which include value-added benefits and expensive for customers to achieve on their own. Structural bonds exist only after the relationship has been in existence for a long time and that bond brings partners together from that point going forward through maintenance of the relationship Turnbull and Wilson, (1989). Hsieh et al (2005) defined structural bonds as the value adding services that are designed and include information and knowledge about the products and are not available elsewhere and expensive for buyer and seller to terminate the relationship. Structural bonds make it difficult for competitors to imitate and these thus creating a competitive advantage for a firm in collaborative partnership.

2.5.4 Benefits of buyer-supplier collaborative partnerships

Table 2.1

<i>Aspect</i>	<i>Collaboration brings</i>
Forecast accuracy	Increased external visibility will force better accuracy
Lead time	Reductions following sharing and joint improvements
Inventory	Reduced as stock levels fall
Utilization of resources	Improved in a leaner operation with less waste
Costs	Reduced and improved
Service levels	Increased and improved
People	Trust and improved relationships

Source: Emmet and Crocker, The relationship driven supply chain (2006)

2.6 Variables for good long-term relationships

Long-term relationships enable firms to meet changes in the consumer's demands Nagurney, (2010). In B2B markets achieving long-term orientation has become one of the main issues in relationship between buyer and seller Ford, (2001). Maintenance of relationships between buyer and supplier is viewed as crucial with Morgan and Hunt, (2004) when they highlighted that a long term relationship improve the procurement performance of a firm which in turn influences a firm's quality performance, product innovation, customer responsiveness and finally a firm's financial performance. Relationships tend to strengthen with time; it can often show improving results each year. It tends to improve more steadily when all parties involved, the buyer and seller interact more over time. According to Emmet and Crocker, (2006) relationships may last longer if the right elements are in place and both parties find it attractive to pursue greater involvement. Morgan and Hunt, (2004); Gronroos, (1994) mentioned that relationship management which focuses on approaches to building, developing and maintaining successful relational exchange, is changing marketing orientation from short-term transactional process to long-lasting intimate with involved parties. The prominent variables for long term buyer-supplier relationship are trust, commitment, cooperation, communication and mutual goals Winser and Tan, (2000). Without these aspects it is difficult for a firm to maintain long-term relationships and to achieve competitiveness.

2.6.1 Trust

Trust has been defined as the expectancy held by an individual or group that the word promise verbal or written statement of another party can be relied on Bac (2000). Anderson and Narus, (1990) defined it as the firm's belief that another company will perform actions that will result in positive actions for the firm as el as taking actions that would not result in negative outcomes. Trust can also be viewed as the confidence in the motives of the other party in conditions involving risk or believe of benevolent behavior to the other party, Smith et al (2002). The focus is on a partner's intention and ability to keep promises and deals with partners characteristics such as task specific competencies reliability in the delivery of goods and services and predictability in terms of job related behaviors Harwood, (2006). Trust is a collective behavior

which emerges over a period of time through the personality of traits of individuals in a business community Rajagopal and A. Rajagopal (2009).

Buyer-supplier relationships have typically four distinct entities according to Harwood, (2006), which are the buying organization thus TM Pick 'n Pay, the buyer who is an individual who represents the buying organization, the vendor organization and the sales representative who is an individual representing the vendor organization. Trust exists among these entities in various ways Harwood, (2006) which are firstly the interpersonal trust that exists between an individual buyer and a sales representative. The buyer and the sales representative can have different levels of trust in the selling and the buying organization and is referred as to organizational trust. Intra organizational trust can exist between a buyer and the buying organization, and a sales representative and the vendor organization thus trust between an employee and an employer. More so, trust can exist between organization and such trust is termed inter organizational trust. Organizations are a collection of individuals and the combination of individual levels of trust that exists between n multiple individuals and multiple hierarchical levels across the two organizations Hunt and Davis, (2008). All the four entities of trust are crucial to the retailer's abilities to maintain long-term relationships. The existence of these trusts enables the buyer and supplier to mutually commit to the strategic performance of an organization which leads to value creation Ulaga and Eggert, (2006). Consumer satisfaction and loyalty within retailing is enhanced by value of products and services, according to Hunt and Davis, (2008) purchasing performances is directly linked to value addition of goods and services hence competitive advantage.

Ganesan (1994) highlighted that trust leads to retail buyers and suppliers to the focus of long term benefits of the relationship and eventually enhance the performance outcome in buyer-supplier relationships as well as firm's competitiveness and transaction cost reduction. Morgan and Hunt (2004) found trust has a strong effect on achieving cooperation within a relationship while Handfield and Bechtel, (2002) asserts that the influence of trust to B2B collaboration is long- term relationships. Additionally, Smith et al (2002) demonstrated that trust is the key to maintaining continuity in buyer-supplier relationships. Trust was highlighted in the transaction cost economic theory as a driver of economic value because it reduces transaction costs, negotiation costs, monitoring and oversight costs and uncertainty in information sharing,

replacing control Dyer and Chu, (2003). Within the relational exchange theory, trust is seen as a critical element to foster and maintain relational exchange Handfield and Bechtel, (2002). The organizational profitability is increased through trust between the buyer and seller through the exchange of information and knowledge leading to joint learning process and will be sharing of cost for exploring and exploiting new opportunities (Inkpen, 2001; Lado et al, 2008). Overallly trust is one among other factors that leads to the maintenance of long term relationships and competitive advantage of both retailer and supplier

2.6.2 Commitment

A stable relationship is developed through the desire to commitment in a relationship, willingness to make short-term sacrifices to maintain the relationship and confidence in the stability of the relationship (Gounaris, 2005; Ulaga and Eggert, 2006). Ganesan (1994) suggested that commitment to a relationship goes beyond a simple evaluation of the costs and benefits associated with a relationship; it implies a willingness to make short-term sacrifices for the realization of long-term benefits. (Ulaga and Eggert, (2006); Ganesan 1994; Morgan and Hunt 2004) have indicated that trust is a major determinant of relationship commitment. Trust enhances commitment to a relationship by reducing the perception of risk associated with opportunistic behaviors by partners, increasing the confidence that short-term inequities will be resolved over a long period and reducing the transaction costs in an exchange relationship. Rajagopal, (2005) also pointed that similar to trust, commitment is also viewed as an essential indicator of relationship quality that may be defined as a desire to develop a stable relationship and the willingness to make short-term sacrifices to maintain and sustain the relationship.

Gounaris, (2005) argues that buyer-supplier commitment is the belief that trading partners are willing to devote energy to sustaining the relationship and Rajagopal, (2005) laid that commitment between buyer and supplier is an enduring desire to maintain a valued relationship. Through commitment partners dedicate resources to sustain and further the goal of the collaboration Heide and John, (2009). Commitment enables the retailers and suppliers to develop the belief that the existing relationship is important and it deserves maximum efforts to maintain it for long-term period thus improving the procurement performance Stanko et al, (2007). The willingness of both parties to invest in resources in a relationship is brought about by

commitment. Retailer and supplier are able to secure the relationship by identifying and internalizing the goals and values of another. Kwon, (2005) outlined that commitment is the key driver of long-term relationships and both parties involved should develop high level of commitment for developing and sustaining competitive advantage. Competitiveness of a retailer is based on its procurement performance Stanely, (2004) and the success of procurement performance is highly centered on the level of trust and commitment among retailer and its suppliers Gefen, (2000). Supply chain planning is based on sharing of information and commitment between partners that are important for the successful management of the supply chain and according to Ford, (2001) most strategic alliances have failed due to lack of commitment between parties involved.

2.6.3 Communication

Communication is an important aspect of the relationship and organizational success Ford, (2001) and quality of information sharing includes accuracy, timelessness, adequacy and credibility of information exchange. When buyers and suppliers share important information relating to materials and product design issues, they are likely to improve the quality of their products, reduce customer response time, and increase cost savings through greater product design and operational efficiencies Gounaris, (2005). The extent to which information is shared between the buyer and seller determines the success of a relationship. Substituting information for inventory is perceived as a potentially powerful source of competitive advantage. Anderson and Narus, (1990) define communication as a formal and informal sharing of meaningful and timely information between firms. Open sharing of information is indicated by the willingness of both parties to share important information Mavondo and Rodrigo (2001). Additionally lack of trust can lead to unwillingness to share information and can make it difficult to share sensitive information such as financial data thus hindering the strategic planning between the parties involved Fawcett and Marnan (2001). Mavondo and Rodrigo (2001) outlined the issue of difficulties in cross-cultural communication and information sharing as they can be a significant obstacle to business. Effective communication can enhance levels of channel member coordination, satisfaction, commitment levels, and performance Goodman and Dion, (2001). The presence of trust and support increase the willingness to pass information upward and promote bidirectional communication Bac, (2000) and it will help to match supply with demand and

increase profitability and relationship quality which will lead to company competitiveness Fawcett and Marnan (2001).

According to Goodman and Dion, (2001) effective communication is a critical component of buyer-supplier relationships. Procurement functions utilize a variety of media to communicate with suppliers, including phone, fax, face-to-face, mail, e-mail, Internet, and electronic data interchange (EDI) leading to improved procurement performance, customer satisfaction and profitability Mavondo and Rodrigo, (2001). Frequent communication between retailers and suppliers can expedite quick and accurate response to volatile market, and reduce the costs and impact of inaccurate forecasts Bird, (2005). Additionally under unequal power relationship a less powerful channel party has a tendency not to provide information and feedback to more powerful ones. Thus, the restricted information flow will impede the channel relationships and affect the supply chain performance as well. Bird, (2005) asserts that effective communication is crucial to maintain a long-term buyer-relationship and achieve high procurement performance.

2.6.4 Cooperation

Cooperation is defined as complementary coordinated actions taken by firms in an interdependent relationship to achieve mutual or singular outcomes with expected reciprocation over time Anderson and Narus (1990). Gefen, (2000) highlighted that cooperation between the retailer and supplier reflects the expectations of working together to achieve jointly mutual and individual goals. The cooperative B2B relationship is primarily based upon personal trust between business parties. Without close relationship, the suppliers or buyers are unwilling to share information and have less intention to cooperate Stanely, (2004). (Anderson and Narus 1990; Nagurney, 2010) has suggested that on channel distribution there is a positive relationship between cooperation and satisfaction. Cooperation between partner members will increase firm efficiency and effectiveness leading to achieve mutual goals and objectives Anderson and Narus (1990).

Gefen, (2000) asserts that cooperation is essential for exchange partners to achieve coordination in supply chains, to cope with highly uncertain demand in dynamic business environment which forces retailers to demand for greater supply flexibility and responsiveness from their suppliers. Cooperating partners understand each other's expectation and needs better, which eventually

help them to achieve their mutual goals thus improving relationship quality and competitiveness Liu and Wang, (2000). More so cooperating parties tend to maintain the long-term relationships and enhance performance. Cooperation is recognized as key to maintaining long-term relationships and contributing to firm's success because of increased procurement performance Liu and Wang, (2000). Cooperation among buyers and sellers is assessed by their integrity, credibility, trustworthiness, and reputation. Barrat, (2004) suggested that the presents of cooperation lead to exchange parties being more confident to engage in cooperative activities and avoid opportunistic behaviors thus improve procurement performance. According to Maloni and Benton, (2000) the supplier's power over the retailer is increased by the level of retailer's cooperation with the supplier. Cooperation results from the need to maintain the channel relationship to achieve desired goals and reflects the essentiality and ability of the goods and services provided by the supplier thus successful outcomes Maloni and Benton, (2000).

2.6.5 Mutual goals

The concept of mutual goals is defined by Kwon, (2005) as the degree to which partners share goals that can only be accomplished through joint action and the maintenance of the relationship. Kwon, (2005) provided the view that mutual goals provide a strong reason for relationship continuance. Mutual goals influence performance satisfaction which, in turn, influences the level of commitment to the relationship. Shared- values is a similar but broader concept and is defined by Morgan and Hunt (1994 p25) as “the extent to which partners have beliefs in common about what behaviors, goals and policies are important, unimportant, appropriate or inappropriate, and right or wrong.” Mutual goals to a greater extend encourage both mutuality of interest and stewardship behavior that will lead to achieving the mutual goals Morgan and Hunt, (1994). The concept of mutual goals leads the buyer and seller to being committed to the relationship and leads to long-term relationships and mutual competitive achievements.

2.7 Challenges of B2B relationship management

Barrat, (2004) suggested that long-term relationships foster relational dynamics that dampen the positive or negative impact of trust, commitment, and involvement on use. They argue that parties in long relationships acquire a high level of experience with each other, which may cause

clients to believe that their service providers might have lost their ability to be objective or have become stale or too similar to them in their thinking and therefore have less value to add Barrat, (2004). The author also suggested that in the long-term relationships partners may begin to have higher expectations for the other provider thus increasing the likelihood of dissatisfaction or that the other provider is taking advantage of the trust between the two parties and acting opportunistically. Narain and Singh (2012) suggest that breakups between buyer and supplier are often driven by one party believing that, as the relationship progresses, the other party becomes stale. Liu and Wang, (2000) and Kwon, (2005) argued long-term relationships brings the sense and feeling that the agency no longer puts energy into its creative ideas for the client. The desire for more creative ideas is a primary reason that clients switch partners. Narain and Singh (2012) exclaimed that trust and communication is what which can make or destroy relationships between buyers and suppliers.

Relationship achievements are as well hindered by the following summarized aspects according to Emmet and Crocker, (2006).

- *Absence of trust:* The fear here is usually of giving information that will be made available to the competition or used against the providers.
- *Poor Communication:* This usually means the absence of inadequate up-to-date information sharing and the format and method of communication being used will be inappropriate.
- *No big picture view:* focusing on own issues and problems without employing new ways and methods.
- *No risk taking:* Fear of depending on one partner and risk associated with such.
- *Wanting quick and short-term wins:* In reality success will depend on time and effort over longer periods.
- *No sharing of benefits:* The power view of keeping it all, whereas all should save from mutual collaborations.
- *No planning, all kick and rush:* Collaboration involves hard work and skills to build the relationship and there is need for adequate strategic planning.
- *Lack of top support:* rigid company rules or lack of top management support.

- *Fear of change:* Remaining with the status quo in times of change and stable turbulence.
- *Prefer power-based adversary transactional approach:* some firms prefer the old way of marketing management the use of Porter's theory.

2.8 Chapter summary

This chapter was a review of literature by other authors on the effect of retailer-supplier relationship management on company competitiveness. In this chapter the researcher focused on the secondary sources of data reviewing the literature focusing on the objectives of the study. Abstracted information was presented according to its relevancy and relation to the study. The next chapter will focus on research methodology.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

The chapter takes a look at the method that was used to conduct the study. The main features to be covered are the research design, target population and sample, data collection methods, sources of data research instruments, reliability and validity as well as data presentation and analysis plan.

3.1 Research Design

Research design is defined Creswell (2009) as the plans and procedures for research that span the decision from broad assumptions to detailed methods of data collection and analysis. He went on to outline that there are three types of research design which are qualitative, quantitative and mixed methods. When using qualitative method, questions and procedures and data is collected and interpreted while with quantitative method tests objective theories by examining of relationships against variables. Mixed method is a combination of both qualitative and quantitative methods.

Kumar (2005) suggested that a research design is the routine plan that the researcher uses to reply to questions of reliability, objectivity, truthfulness and economic situations. He also categorizes research into three categories, descriptive research, co relational research, and explanatory research. Saunders et al (2007), defines research method as a process that involves the forms of data collection, analysis and interpretation that research propose for their studies. The researcher used both descriptive quantitative and explanatory qualitative for collecting data and analysis of information. The exploratory was used to find out ideas and insights whereas the descriptive research was used to define the population under study according to some essential variables. Mixing qualitative and quantitative research designs improves reliability, validity and dependency of the research.

3.1.1 Descriptive research

Shuttleworth (2008) defined descriptive research design as a scientific method which involves observing and describing the behavior of a subject without influencing it in any way. Dawson (2002) defined it as information oriented and aims to identify the situation, problem or attitudes towards an issue that exists at a particular time. Descriptive research design allows the researcher to obtain an insight of the effects of retailer- supplier relationship on retailer competitive advantage through the use of questionnaires and interviews. Descriptive research is a very flexible way of reporting on happenings. Dawson (2002) highlighted that it is useful in identifying the areas of research that can be as an aid in analyzing abstract information where models cannot be developed.

Descriptive method helped the researcher to apply different data collection techniques and have explanation provided on them. It enables one to understand the future of a problem. The researcher is also able to report on what is happening and what has happened even though control cannot be established over the variables.

3.2 Exploratory research

Explorative research design is the use of unstructured and informal way to collect information for a study. It is qualitative in nature and includes the identifying and attending of people's responses in very carefully made atmosphere. It is made to clarify and define a problem. The decision to use both the methods was to get information which is not biased and reduce formalities.

3.4 Target Population and sample

Sullivan (2007) defines population as individuals considered in a research study. Saunders et al (2007) described population as people, individuals, organizations or groups and communities. This refers to a specified group of people with a specific characteristic of interest which the researcher used to conduct the study. The target population comprised of 18 employees involved in buying functions and 3 managers involved in decision making of TM Pick n Pay Gweru branch. On the supplier's side the target population was 10 sales representatives of the supermarket suppliers under study.

3.5 Population and sample frame

Table 3.0

Sample elements	Target population
Management	3
Retailer departmental buyer (supervisors)	6
Supplier agent (sales representatives)	10
Merchandiser	12
Total	31

The above information was obtained from the TM Pick 'n Pay Gweru data base

3.6 Sampling frame

According to Saunders et al, (2007) sampling is a selection of a part of the total population to be of representation to the set of entire population. A sample frame is list of population members which the author referred to on obtaining a sample. The researcher used the whole population as the sample size thus a total of 31 respondents since the population is too small to sample. The researcher used the top management, procurement department employees and supplier's agents as they are the once who interact together in the buyer-supplier relationship and merchandisers to gather information on the competitive position of the firm and level of customer satisfaction.

3.6.1 Sampling techniques

The researcher used probability and non probability sampling which is judgmental sampling and census method. Census sampling method was used to choose the sample size from the target population. Mugenda and Mugenda (2003) highlighted that when the population is too small, census is the most preferred method. A census comprises the use of the whole population members. The researcher used the whole target population as the sample size since the population is too small.

Judgmental sampling was used on choosing the target population because of the need to get information of those directly involved with suppliers. It bases on the information the researcher have and the judgment which is expertly put. This involves deliberate selection of individuals

from the population given, basing on the ability of the researcher to do it. The researcher used the employees and managers that are directly involved with the suppliers in the procurement department. Kent (2007) outlined that purposive sampling is based on the researcher judgment, basing on the criteria used in relation to selecting the sample. The advantage of purposive sampling is that it provided a wide range of non probability sampling techniques for the researcher to draw results from and these various techniques provide different desired results which gives justification to the sample under study. Purposive sampling however is highly prone to researcher bias because of the fact that it is based on the individual judgment.

3.7 Data collection and research instruments

3.7.1 Secondary data

Secondary data is information that is collected from sources other than the direct area of the study. The information may be directly or indirectly related to the study issue, and may at times carry the opinion of the referred author, which is subject to the author's perceptions. The researcher used textbooks, journals, feedback file, TM Pick 'n Pay supplier data base records and websites on the internet to get detailed insight into the subject of study. The secondary sources were used to compliment primary data and as mainly used in the review of literature, definition and explanation of terms. The advantage of secondary data is that it is already available so it saves time for the researcher however the information was not collected directly from respondents and specifically for the purpose of the study so it might be biased.

3.7.2 Primary data

Primary data is the first hand information and is also unprocessed information. The data is collected during the time of the research and may be used in the future as secondary data. It is the information that is collected from respondents specifically for the research objectives. In order to obtain reliable information about effects of retailer-supplier relationship, fieldwork was done through the use of questionnaires, interviews and observations. It was of importance for the researcher to obtain primary data, since actual individuals involved in the retailer-supplier relationship management were questioned hence more consistent to the research objectives.

3.8 Research instruments

These are tools used to gather data for the research. The researcher selected to use several research instruments for the purposes of establishing as much information as possible. The instruments include interviews which are considered when surveying few individual and in need of a lot of information; and questionnaires which are normally considered appropriate in the survey researches where a wide coverage is needed. Both techniques were used to obtain information after taking into account the reliability, and pros and cons, of each technique in data extraction.

3.8.1 Questionnaires

The researcher used questionnaires with open and closed questions. The structured standard questions gave the respondents the option to choose responses and open-ended questions to which the respondents gave their answers and explanation where used. Questionnaires give the respondents room to express their views freely without fear of being identified Saunders et al, (2007). The researcher was able to administer the population and saves time in a cost effective way in analyzing primary data. However documentation and analysis was time consuming. The researcher personally handed over the questionnaires to the TM Pick 'n Pay employees and collected them after they have finished answering thus “drop and pick” method. To the suppliers’ representatives the researcher used email to distribute the questionnaires and this was because of the distance barrier between the researcher and supplier respondents.

3.8.2 Interviews

Collins and Hussey (2003) defined interview as a method of collecting data in which selected participants are asked questions in order to find out what they do, think or feel in the context of the chosen aspect of inquiry. Interviews in which specified and uniform questions were thrown to the management were used so as to ensure consistency of enquiry and detailed information. The researcher carried out interviews using the interview guide and one-one series of communication between the researcher and the respondent. It helped the researcher in getting first hand information on key areas of the study. The interviews were carried out in a space of not more than 20 minutes per participant. The researcher had first made an appointment in advance to the TM Pick 'n Pay management to carry out the interviews. The interviewer was able to make use of information relayed by the respondent through non verbal communication

and also get clarity and further explanation on salient points of inquiry. The data obtained from the interviews was recorded by writing it done.

3.9 Validity and reliability sampling

3.9.1 Validity

Saunders et al (2007) defined validity as the ability of an instrument to measure what it is supposed to measure. It is concerned with whether the findings are real about what they appear to be about. The researcher ensured that the items used in the research measure capture adequately the domain of the study and that validity was ensured through the use of reasonable judgment.

3.9.2 Reliability

According to Jalil, (2013) a reliable sample should be 30% and above of the target population which has less than 100 sampling units. The sample size used was a true representation of the departments in the supermarket.

3.10 Data Presentation and Analysis

After the collection of data, the researcher finally presented the findings into understandable and clearer information. The information was presented inform of histograms, pie charts, tables and other presentation tools which were relevant to use.

3.11 Chapter Summary

The chapter outlined the methodology for the research project, which was based on the data sources, research design, and data collection instruments. The collected data helped the researcher to come up with all the information which is going to be presented in chapter 4.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.0 Introduction

The chapter provides the data presentation, analysis and discussion of information gathered from the questionnaires and interviews. The results findings on the research were presented using tables, graphs and pie charts in this chapter.

4.1 Response rate

The researcher collected data using questionnaires and interviews. There was a response rate of 27/28(96%) on questionnaires and 3/3(100%) on interviews as shown on the table below. Dawson (2002) cited that the response rate must be 30% and above to be considered valid thus the results are viewed to be valid and a true representation of the population sample.

Table 4.1

Respondents	QUESTIONNAIRES				INTERVIEWS
	Buyer supervisor	Supplier agent	Merchandiser	Total	Management
Distributed	6	10	12	28	3
Response	6	10	11	27	3
Percentages (%)	100%	100%	92%	96%	100%

Source: primary data 2017

4.2 Duration served

The table below shows the data in which the respondents have served in the positions they are at date.

Table 4.2

Position	Experience				Total
	Less than 1 yr	1-3 yrs	4-6 yrs	More than 7 yrs	
Buyer supervisor	1	2	3	0	6
Supplier agents	1	0	7	2	10
Merchandiser	3	5	3	0	11
Total	5	7	13	2	27
Percentage (%)	19%	26%	48%	7%	100%

Source: Primary data 2017

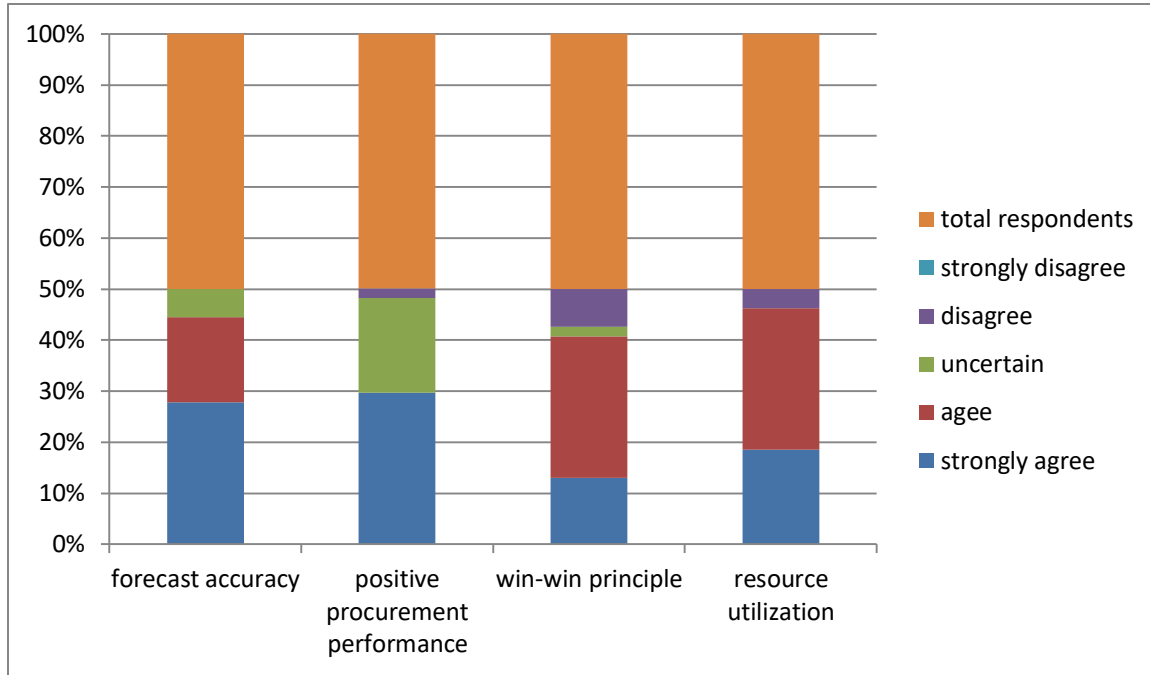
The table 4.2 below shows that 5/27 of the total respondents which is 19% have less than one year experience and 7/27 of the total respondents which is 26% is in the range of one to three years of experience. The range of four to six years of experience had 13/27 of the total respondents thus 48% and 2/27 respondents which is 7% of the total population had more than seven years of experience in the positions they were when the research was conducted. Knowledge of the experiences helped the researcher to draw conclusions on validity and reliability of the data provided. The absence of TM Pick 'n Pay supervisors who have more than seven years of experience is probably explained from the fact that the new brand changed most of the workforce when the two supermarkets TM and Pick 'n Pay combined

4.3 The role of collaboration on retailer competitive advantage.

The researcher intended to find out the impact of collaboration on company performance in the process of buyer-supplier relationship management. The respondents which are supplier agents, buyer supervisor and merchandiser gave their responses to questions on this objectives ranging from strongly agree to strongly disagree; the responses consolidated and presented on the graph below.

Figure 4.3

Products of collaboration to a company



Source: primary data 2017

From the findings presented on the above figure 15/27 thus 56% of the respondents which are supplier agents, buyer supervisor and merchandiser strongly agree that collaboration brings forecast accuracy. 9/27 (33%) agree and 3/27 thus 11% were uncertain to that aspect that collaboration bring forecast accuracy to the parties involved in a relationship. The higher percentage of the total respondents 89% believed a collaboration partnership enables future predictions to be accurate.

On the aspect of positive procurement performance which is believed to be a product of collaboration between buyer and supplier 16/27 which is 60% of the respondents strongly agree to it 10/27 (37%) were uncertain 1/27 which only 4% disagree to the fact. The findings show that the higher percentage of the respondents is in agreement of the fact that collaboration enhances the procurement performance of buyer positively.

The supplier agents, buyer supervisor and merchandiser spread their views in to 7/27(25%) strongly agreeing, 15/27 which is 56% agreeing, 1/27(4%) was uncertain and 4/27 thus 15%

disagreeing to the element that mutual benefit principle is applicable in the process of buyer-supplier relationship management. The findings shows 81% of the respondent believed that win-win principle is applicable in B2B relationships.

Furthermore the findings also shows that 10/27 (37%) of the respondents which are supplier agents, buyer supervisor and merchandiser strongly agree, 15/27 of these respondents which made 56% agree and 2/27 thus 7% of these respondents disagreed to the fact that within buyer and supplier collaboration there is full utilization of the resources. 93% of the supplier agents, buyer supervisor and merchandiser which gave their responses through the questionnaires believed that collaboration brings resources of the involved parties into full use of the.

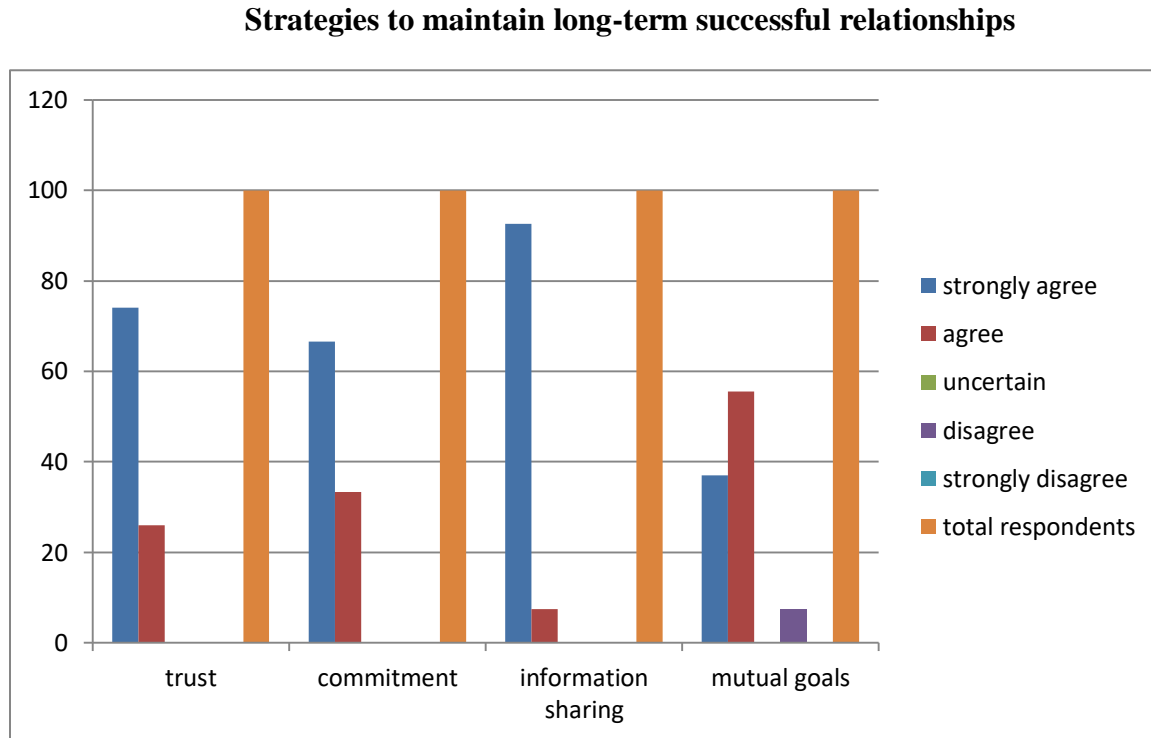
The researcher conducted the interviews with TM Pick 'n Pay management on the questions that intended on obtaining information on the role of collaboration on company competitiveness. Information obtained by the researcher was that the company moved from transactional marketing to collaborative marketing by forming buyer-supplier relationships with its major suppliers with the view of improving quality of the products, reduce costs, reduce inventory in their warehouse by getting just in time delivery and increase customer satisfaction by providing affordable pricing. Apart the intended benefits the supermarket has enhanced its buying functions positively, full utilize its financial resources and enables long-term planning.

The researcher has observed from the findings that forecast accuracy, increased procurement performance, full utilization of resources and application of win-win principle are products of collaborations that TM Pick 'n Pay supermarket has engaged in with its suppliers. According Nagurney, (2010) buyers are developing single source suppliers because of the pressure to increase quality, reduce inventory, develop just-in-time systems, and decrease time to market. The author suggests collaboration brings enhanced procurement performance, thus agreeing to the research findings. Ganesan, (1994) brought forth that procurement performance is the focal point to a firm's competitive advantage. Lyons and Farrington, (2006) also suggested that the aim of buyer supplier collaboration is to secure mutual benefits and added value of competitiveness thus also resource utilization, profitability, customer satisfaction and enhanced financial performance. As indicated with the research findings the suggested outcome of collaboration by the authors are also being experienced by TM Pick 'n Pay.

4.4 The strategies to maintain long term relationship management.

The objective intended at finding out the ways of obtaining long-term relationships to be able to experience the benefits associated with long-term collaborations between buyer and supplier.

Figure 4.4



Source: primary data 2017

The finding indicated that 20/27 which is 74% of the respondents which are supplier agents, buyer supervisor and merchandiser strongly agrees and 7/27 of these respondents who add up to 26% agree that trust between buyer and supplier is essential or long-term relationship management. All of the supplier agents, buyer supervisor and merchandiser who responded were in agreement to the laid fact that trust is important for relationship success.

The respondents which are supplier agents, buyer supervisor and merchandiser also believed that commitment between the parties involved in a relationship is another aspect to long-term relationship success. These was shown by the findings from the research which shows that 18/27 (67%) of these respondents strongly agree and 9/27(33%) of these respondents agreeing thus a

higher percentage 67% of the supplier agents, buyer supervisor and merchandiser strongly agreed and none disagreed or was uncertain.

More so, the findings show that information sharing is another element for long-term relationship success. This is shown by 25/27 of the population which is the supplier agents, buyer supervisor and merchandiser which make 93% strongly agree and the remainder 2/27 of this population also agree that information sharing is essential and leads to long term relationship success. The whole population supplier agents, buyer supervisor and merchandiser of were in agreement and none percent was disagreeing or was uncertain.

The above table indicates that 10/27 which made 37% of the responses from supplier agent; buyer supervisor and merchandiser strongly agree that mutual goals as an element for maintaining long term relationships. 15/27 (56%) of these respondents agree and 2/27 which made the last 7% of these respondents disagree to the fact. Despite the disagreement of the 7% of the questionnaire responses, findings indicated that mutual goal planning is also as an aspect for long-term relationship success since the higher percentage 93% agreed to such.

The two of the management indicated frequent and effective communication as the main aspect to long-term relationship success. This information was obtained by the researcher through the interviews conducted and after being questioned on the strategies that lead to the maintenance of long-term relationship management. The researcher also find out that trust which two of the management believed is obtained from successful communication is an element of relationship success and long- term maintenance together with mutual strategic planning and commitment. The two managers also highlighted that the long-term relationships they have managed to maintain were due to joint-working, honesty and frequent negotiations between them and the supplier and it has lead to trust and commitment leading to long-term relationships.

The researcher has observed through the findings results that mutual goal planning, information sharing trust and commitment are the strategies a buyer and seller can take to maintain long-term successful relationships as shown by the research findings. According to Emmet and Crocker, (2006) relationships may last longer if the right elements are in place and both parties find it attractive to pursue greater involvement. The prominent variables are indicated with Winsor and Tan, (2000) as trust, commitment, cooperation, communication and mutual goals. Togar and

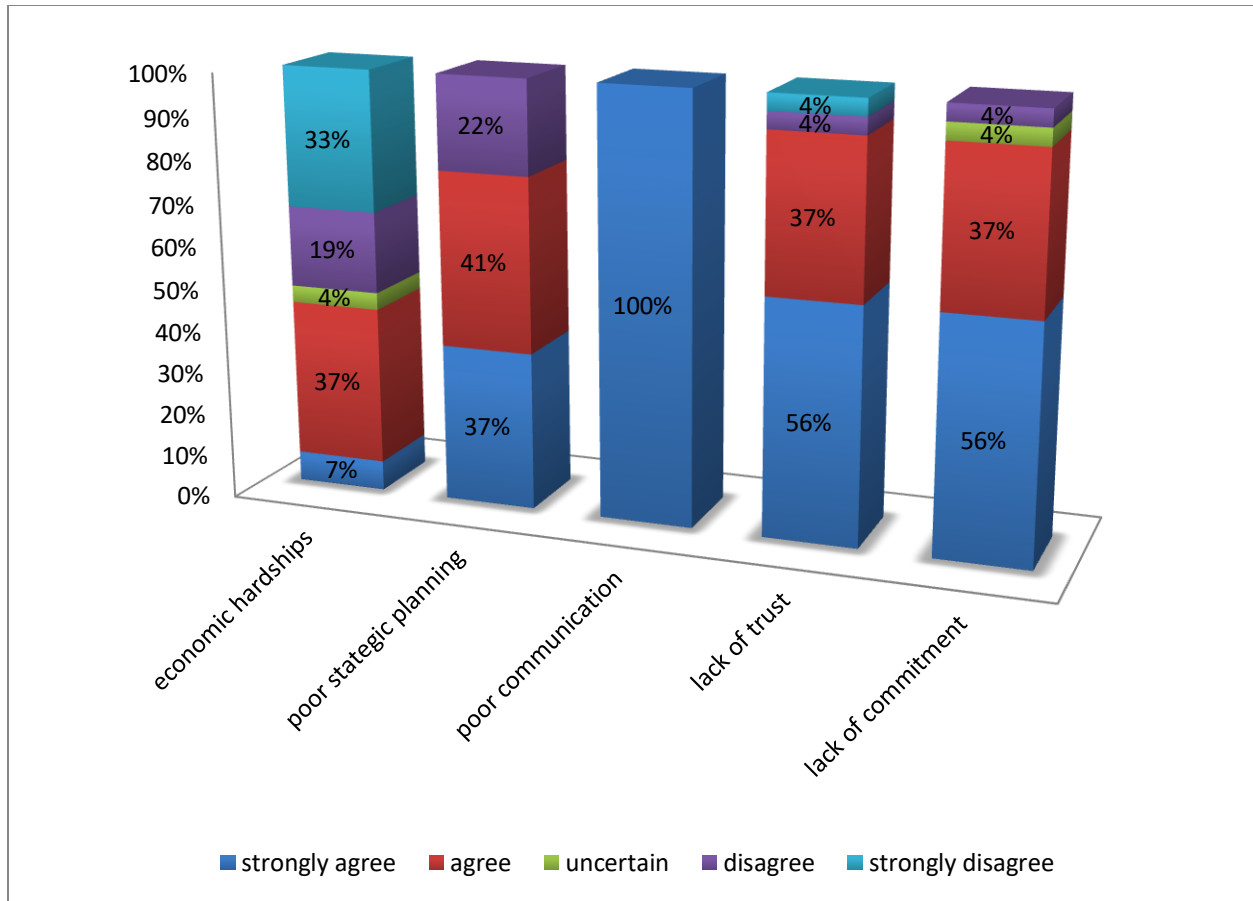
Sridharam, (2002) competitive advantage is created through sharing of information, making joint decisions and sharing benefits and this lead to profitability, customer satisfaction and overall firm competitiveness.

4.5 The challenges that lead to business to business relationship failure.

The researcher aimed at gathering the information on the challenges facing retailers in business to business relationships and their failure. Buyer supervisors, supplier agents and merchandisers respondents to four questions under this objective and their responses are summarized in the diagram below. They ranged their views from strongly agree to strongly agree on the five elements that are believed to be a challenge to relationship success which are economic hardships, lack of trust, poor communication, lack of strategic planning and lack of commitment.

Figure 4.5

Challenges in business to business relationship



Source: primary data 2017

Findings show that 2/27(7%) of the respondents strongly agree that Zimbabwean economic hardships is a challenge facing companies in the relationship success. 10/27 (37%) respondents agree, 1/27(4%) respondents was uncertain, 5/27 which is 19% respondents disagree and 9/27(33%) respondents strongly disagree that economic challenges in Zimbabwe are leading to relationship failures. The results show that the economic challenges facing the country are not the reason to relationship failures since 52% of the response were against it which is higher than the 44% that who believed the idea was correct.

Figure 4.5 also show that 10/27 which is 37% of the population strongly agree, 11/27 (41%) of the population agree and 6/27 which is 22% of the population disagree that poor strategic planning is the challenge of B2B relationship management success. The findings shows 78% of the respondents are in alignment with the aspect that poor strategic planning lead to relationship failure and is a challenge facing companies in relationship management

The above graph shows that all the 100% of respondents of questionnaires thus buyer supervisors, supplier agents and merchandisers strongly agree that poor communication is the challenge of buyer-supplier relationship management

Additionally the findings presented at figure 4.5 indicate that lack of trust is a challenge to B2B relationship success. It is evidenced by the higher percentage of 15/27 (56%) strongly agree and 10/27 (37%) agree which both add up to 93% of the population believing that lack of trust is a challenge. The agreeing respondents were against 1/27 (4%) that disagree and the same percentage of 1/27 (4%) strongly disagreed; which both add up to a lower percentage of 8% of the population being against the idea of lack of trust as a challenge.

Furthermore the results from the findings on figure 4.5 are that 15/27 (56%) of the respondents strongly agree, 10/27 (37%) of the respondents agree, 1/27 (4%) of the respondents uncertain and 1/27(4%) of the respondents disagree that lack of commitment is a challenge to relationship performance. The results show that lack of commitment is also a challenge of B2B relationship management as evidenced by 93% of the population responding in favor of the idea.

The researcher based on the findings observed that poor communication is the key challenge of relationship success. The researcher also observed that lack of commitment, poor strategic planning and lack of trust are the challenges associated with relationship management between buyers and sellers. The findings also suggest that economic hardship thus liquidity crisis, informal business, shortages of supply and stiff competition among others are not the reason to relationship failures but rather are the challenges that are addressed by successful buyer-supplier relation management.

Fawcett and Marnan (2001) has indicated that lack of trust can lead to unwillingness to share information and can make it difficult to share sensitive information such as financial data thus hindering the strategic planning between the parties involved. Trust, commitment and information sharing interlink thus the absence of another hinders the success of others. According to Mavondo and Rodrigo, (2001) procurement functions utilize a variety of media to communicate with suppliers, including phone, fax, face-to-face, mail, e-mail, Internet, and electronic data interchange (EDI) leading to improved procurement performance, customer satisfaction and profitability. This shows that there is need of finances and willingness to

participate in the success of communication in order to reap the benefits of effective communication between buyer and supplier. Frequent communication between retailers and suppliers can expedite quick and accurate response to volatile market, and reduce the costs and impact of inaccurate forecasts Bird, (2005) and likewise poor communication leads to failure of relationship success.

The highlighted challenges of business to business relationship success with the management, the procurement and general manager were in agreement with those of questionnaire which are lack of commitment, lack of trust and poor strategic planning. The information was obtained when the management was responding during interviews with the researcher. The information gathered was that the relationships that failed were highly due to poor communication thus the management stress the importance of communication to the achievement of a relationship. TM Pick 'n Pay managers who were interviewed strongly believed that poor communication is the one which leads to lack of trust, commitment and cooperation thus it is the aspect they pointed out to highly cause relationship failure.

The management also emphasizes that the reasons of relationship failures especially with small suppliers were lack of finance to perform effective logistics, poor performance on products and services quality; lack of knowledge on the subject of business to business relationship marketing. Information gathered also indicated that effective and efficient communication; frequent negotiations, honesty and quality performance on products and services are the elements that lead to trust and commitment hence the solutions to long-term successful relationship management.

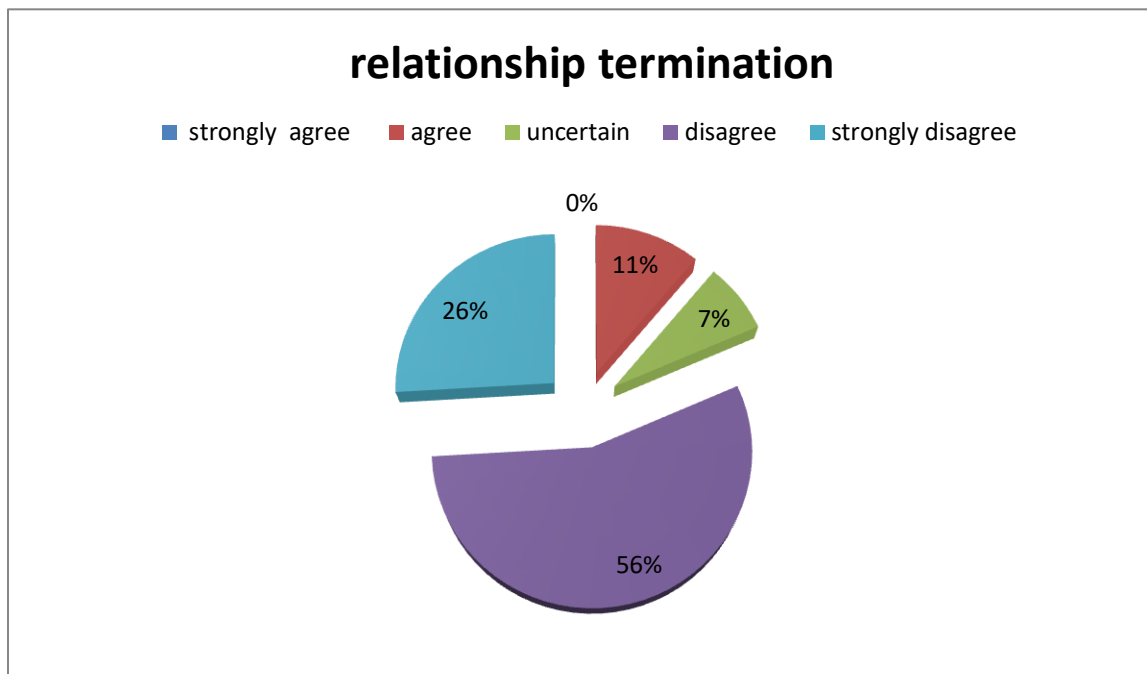
Furthermore, data gathered suggested that ignorance of employees in valuing the relationships and their importance as a challenge being faced by the company. Most employees still believe the relationship between their company and its suppliers are just but transactional, yet there is more to the relationship other than just exchange of goods and finances. Fear of risks of having one or few suppliers is also a challenge to the organization hence dragging in developing more relationships and to some extent causing relationship failures. As indicated by various authors [Bac, (2000); Gounaris, (2005) Rajagopal, (2005) Ganesan (1994)] that success of buyer supplier relationships lies in the willingness of both parties to partake in joint working, information sharing, trust, commitment among other elements. These shows lack of willingness

on either party leads to relationship failure thus the entire workforce has to be devoted and willing to partake in relationship success.

4.6 Breach of contract between buyer and supplier cause relationship to be terminated.

The researcher also gathered information from an open question on whether breach of contracts is a challenge that leads to relationship termination and also to add more knowledge of the subject of buyer-supplier relationship management.

Figure 4.6



Source: primary data

The findings show that no percentage strongly agreed, 3/27 which is 11% of the population agreed, 2/27 which is 7% of the population was uncertain, 15/27 which is 56% of the population disagreed and finally 7/27 which is 26% of the population strongly disagreed that in case of breach of contract the relationship should be terminated. The responses show that breach of contract is not the reason for termination of the relationship as evidenced by 82% of the population against the idea. However, the respondents mentioned that the reason behind the breach of contract is the element that will lead to the relationship termination. The reasons

mentioned include unable to communicate, unable to adapt to changes in the market and damaged financial position of the other party.

4.7 Chapter summary

The chapter provided the data presentation, analysis and discussion with the use of tables, graphs and pie charts. The data was obtained from the research findings from the selected respondents through questionnaires and interviews. The following chapter presents conclusion and recommendations.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The research aimed at analysis of the effects of buyer-supplier relationship management on company competitiveness. The study was aimed at achieving mainly three objectives which are determining the role of collaboration on company competitiveness, to determine the strategies to

maintain long term relationships and to determine the challenges facing retailers in business to business relationship management. The chapter outlines the summary of the research; conclusion is drawn on research findings on the objectives and information gathered during the research and recommendations made based on the fact findings and the secondary data presented in chapter two.

5.2 Summary of the research

The research focused on the effects of retailer-supplier relationship management on company competitiveness. The aim was to determine the role of collaborative partnerships on company competitiveness and the strategies to maintain long-term successful relationships. It also aims to stress the challenges TM Pick 'n Pay is facing in maintaining business to business relationships. The study was impelled due to the intense competition facing supermarkets and the need to find out the extent at which buyer-supplier relationship management can enhance competitiveness.

Literature was provided as put forward by different academic authors on the research topic. The chapter explained the research objectives the benefits of buyer-supplier relationship management and the theories contributing to the research topic as put forward by other authors. The vast of the highlighted literature pointed out profitability, positive procurement performance and competitive advantage as the outcome of buyer-supplier collaborative partnerships.

The research focused on the research design which was more descriptive in nature. It looked at the research techniques that were used by the researcher in gathering information, the population sampling techniques, validity and reliability of data collected. The target population consisted of top managers, buyer agents, supplier agents and the merchandisers of both the buyer and suppliers which were under study.

Data analysis and presentation and discussion of research findings were highlighted in the research. Questionnaires and interviews were used to collected data during the field research. The collected data was processed into information by the researcher and it was presented in the form of tables, graphs, and pie charts. Hence the basis for summary, conclusion and recommendation for the research was established.

The research findings indicated that the role of collaboration is to bring positive procurement performance, forecast accuracy, utilization of resources and mutual benefits between buyer and supplier. Communication, trust, mutual planning, commitment and information sharing are essential elements for long-term relationship success; respondents emphasizing communication more important especially in the Zimbabwe harsh economic arena. Information gathered on the research also pointed to lack of communication, poor strategic planning, poor performance of the other party in a relationship, lack of trust and lack of commitment as challenges being faced by retailers in the relationship success.

5.3 Conclusions

➤ The role of collaboration on company competitiveness

The research concluded that the role of collaboration is to enhance procurement performance of a firm, enable accurate future planning, facilitate win-win principle and utilization of resources. As evidenced from the research findings, 89% of the responses from the questionnaire were in agreement with the aspect that collaboration facilitates forecast accuracy, a total of 97% in acceptance with the idea that enhanced procurement performance is an outcome of buyer-supplier collaborations. The research finding also indicated that 93% of the population agreed there is full utilization of resources if a firm collaborates with its suppliers and 81% of the population accepted that mutual benefits are achieved with involved parties in a collaboration. The interviews conducted indicated that collaboration between buyer and supplier enhances quality, reduces cost, just-in-time delivery and positive financial performance and its outcome leads to consumer satisfaction, high sales and profitability. The research has proven and concluded that the role of collaboration is to positively affect the company's competitive advantage.

➤ Strategies to maintain long-term successful relationships

Trust, commitment, information sharing, mutual goals and joint working are the strategies brought forth by the research findings that lead to long-term planning. A total of 74% of the responses provided by research questionnaires strongly agreed that trust is essential for long-term relationships. Commitment was also indicated as essential since 100% of the population believed

to the laid fact, 93% of the population accepted that information sharing is another strategy of long- term successful relationships. Mutual goals were also highlighted as essentials since a total of 93% of the respondents agreed to such. The evidence provided from interviews suggested that joint working between buyer and supplier is an aspect that leads to long-term relationships. The research then conclude that strategies for long term successful relationships are trust, commitment, cooperation, information sharing and mutual goal planning.

➤ **Challenges facing retailers in business to business relationship management**

For all the challenges that have been highlighted in the research poor communication has been identified as the key challenge that causes other challenges. Poor communication leads to lack of trust and lack of commitment which are the essential elements of relationship success. A total of 100% of the responses strongly agreed that poor communication is a challenge in the retail-supplier relationship management. The research also indicated that economic challenges in Zimbabwe, thus liquidity crisis ,informal business among others are not the reasons for relationship failures but rather the push factor to formation of buyer-supplier relationships to enhance business performance. The research has then concluded that lack of trust, poor communication, lack of commitment poor strategic planning, poor performance and fear of risk are the challenges that leads to B2B relationship failure.

The research findings have concluded that competitive advantage of buyer is achieved through trust, commitment cooperation, communication and mutual goals; the absences of these elements are the challenges that lead to relationship failures. Buyer- supplier relationship management affects a positively thus resource utilization, enhanced procurement, reduced cost and forecast accuracy.

5.4 Recommendations

The company is recommended to continue to maintain relationships with its suppliers and to develop more new once. The recommendation is based on the fact that the findings have proven that collaborations are an essential aspect that enhances company competitive advantage. Brencic (2001) suggested that retailer-supplier relationships are the most important sources of competitive advantage of a firm which directly and indirectly influence the position and

performance of the firm in global arena. Veludo et al, (2006) additionally pointed out that buyer-supplier collaborations are an important source of organizational competitiveness, performance and long-term business success. Nagurney, (2010) proposes that collaborations between buyer and supplier involve the willingness to work jointly new and better ways to operate and compete in the market. The researcher based on the literature recommends the supermarket and its suppliers to work willingly together in relational marketing concept so as to reap the benefits of relational marketing.

Nagurney, (2010) suggested that long-term relationships enable firms to meet changes in the consumer's demands. The findings suggested that trust, commitment, communication and mutual goals planning are the elements that lead to long-term relationship the researcher then recommend TM Pick 'n Pay to employ these strategies in order to increase its competitiveness by maintaining long-term successful relationships. Maintenance of relationships between buyer and supplier is viewed as crucial with Morgan and Hunt, (2004) when they stated that a long term relationship improve the procurement performance of a firm which in turn influences a firm's quality performance, product innovation, customer responsiveness and finally a firm's financial performance. When the procurement performance is enhanced the firm is able to reduce cost, provided quality affordable goods and services thereby meeting the company vision. By maintaining good relationships with their suppliers, retail supermarkets are assured of enhanced performance in its functions which will lead to greater consumer satisfaction and company competitive advantage. Emmet and Crocker, (2006) asserts that relationships may last longer if the right elements are in place and both parties find it attractive to pursue greater involvement thus for the achievement in obtaining mutual benefits TM Pick 'n Pay should practice the strategies hence the following the researcher's recommendation.

The researcher recommends the company together with its suppliers to perform effective and efficient communication in order to curb for the challenges that might lead to relationship failures. Communication is an important aspect of the relationship and organizational success Ford, (2001) and quality of information sharing includes accuracy, timeless, adequacy and credibility of information exchange. The company is also recommended to be patient and willing to work jointly involving consistence in communication between them and their supplier; as literature shows that relational marketing is more beneficial in the long run than it is in short

term. According to Emmet and Crocker, (2006) relationships tend to strengthen with time; it can often show improving results each year it tends to improve more steadily when all parties involved, the buyer and seller interact more over time.

The research study has confirmed that buyer – supplier relationships are a very significant and essential form of enhancing the competitiveness of a retail organization. Buyers and suppliers are advised to embrace the concept so that they can be able to reap the benefits of developing buyer–supplier relationships.

5.5 Areas for future study

There is need for further researches on the effects of buyer-supplier relationships on performance in the service industry. The researcher observed that this research was limited to product providers. A further broad study is also necessary on the effects of collaboration partnerships and on the on supply chain performances since the current study only forecasted on a single branch.

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SURVEY QUESTIONNAIRE

My name is Valerie V Mutero, a final year student at Midlands State University. I am undertaking a research study based on the topic **EFFECTS OF BUYER-SUPPLIER RELATIONSHIP MANAGEMENT ON COMPANY COMPETITIVENESS** in partial fulfillment of Bachelor of Commerce Honors Degree in Retail and Logistics Management. I kindly request you to complete this questionnaire .All the information obtained will be purely for academic reasons and will be treated with utmost confidentiality.

Please tick where appropriate and insert your answers where appropriate in the spaces provided. Thank you for your contributions.

NB: Do not write your name on the questionnaire

1. Position in your organization

Buyer supervisor Supplier agent Merchandiser

2. Experience in the current position

Less than 1yr 1-3yrs 4-6yrs more than 7 yrs

3. Information related to collaborative partnering on company competitiveness

i. Collaboration brings increased external visibility which force better accuracy

Strongly agree Agree Uncertain Disagree strongly disagree

ii. Buyer-supplier collaboration influence the buyer procurement performance positively

Strongly agree Agree Uncertain Disagree Strongly disagree

iii. The principle of mutual benefits is applicable in managing Buyer-Supplier Relationship

Strongly agree Agree Uncertain Disagree Strongly disagree

iv. There is full utilization of resources between the buyer and seller

Strongly agree Agree Uncertain Disagree Strongly disagree

4. Information relates to long-term relationships management

v. Trust between buyer and supplier leads to long-term relationships

Strongly agree Agree Uncertain Disagree Strongly disagree

vi. Commitment between buyer and supplier leads to long term relationship

Strongly agree Agree Uncertain Disagree Strongly disagree

vii. Communication between buyer and supplier leads to long term relationship

Strongly agree Agree Uncertain Disagree Strongly disagree

viii. Mutual goals between buyer and supplier lead to long term relationships

Strongly agree Agree Uncertain Disagree Strongly disagree

5. Information relates to challenges of buyer-supplier relationship management

ix. Economic hardships in Zimbabwe are negatively affecting the relationships

Strongly agree Agree Uncertain Disagree Strongly disagree

x. Absence of trust affects success of the relationship

Strongly agree Agree Uncertain Disagree Strongly disagree

xi. Poor communication affects the relationship success

Strongly agree Agree Uncertain Disagree Strongly disagree

xii. Lack of strategic planning leads to relationship failure

Strongly agree Agree Uncertain Disagree Strongly disagree

xiii. Lack of commitment affects success of the relationship

Strongly agree Agree Uncertain Disagree Strongly disagree

6 In case of breach of contract between the buyer and the supplier the relationship should be terminated

Strongly agree Agree Uncertain Disagree Strongly disagree

Mention the reason.....
.....
.....

THANK YOU FOR YOUR CONTRIBUTION.

INTERVIEW GUIDE FOR MANAGEMENT

- 1) What lead the company to form collaborative partnerships?
- 2) How has the collaboration helped in the competitive position of your company?
- 3) What are the factors that have lead to long term relationships?
- 4) Are there any relationships that have failed in the past if so why?
- 5) What challenges are you facing in keeping relationships and what are your suggesting solutions to the challenges?

