ASSESSING THE CHALLENGES OF MANAGING BUYER SUPPLIER RELATIONSHIP IN PRIVATE ORGANIZATION A CASE OF CRDB BANK PLC HEAD OFFICE.

By
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A Dissertation Submitted to the Procurement and Logistics Department in Partial Fulfilment of the Requirements for Award of Degree of Master of Science in Procurement and Supply Chain Management of Mzumbe University- Dar-es-salaam Campus.

2013
CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation/thesis entitled Assessing the challenges of Managing Buyer-Supplier Relationship In Private Organization A case Study of CRDB BANK PLC Head office in partial/fulfillment of the requirements for award of the degree of Master of Science in Procurement and Supply Chain Management of Mzumbe University-Dar es salaam.

Signature

___________________________
Major Supervisor

Signature

___________________________
Internal Examiner

Accepted for the Board of ……………

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AND
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I, Asbestus Mwasamila, declare that this thesis is my own original work and that it has not been presented and will not be presented to any other university for a similar or any other degree award.

Signature ___________________________

Date________________________________

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First and foremost, I thank the ALMIGHTY GOD for keeping me healthy to date and for turning my studies a success.

I would like to express my sincere appreciation to those who in one way or another contributed to the successful completion of this study through giving assistance, guidance, suggestions, encouragement and contractive ideas.

Special appreciation goes to my supervisor DR K.P.F.MTEY, whose enormous assistance and guidance contributed in shaping this work the way it looks for its successful completion.

I also extend my appreciation to my family, who have always been together with me in prayers, moral and materials support to the completion of this study.

Special thanks go to CRDB BANK PLC Head office (Procurement Department and Finance Department) Head office-Dar-es salaam, particularly to Manager of Procurement and General Services (MAGS) Mr. Leeva Spanish Maro, for their cooperation, moral support and suggestions during data collection.
DEDICATION

I would like to dedicate this paper to my beloved parents Mr. and Mrs. Mwasamila, My wife Josephine Abdalah Kingazi and daughter Beatrice Mwasamila, my brothers; Wilfred Mwasamila and Aulelius Mwasamila, my sisters Lucy Mwasamila and Happy Mwasamila.
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tr>
<td>BMC</td>
<td>Bugando Medical Centre</td>
</tr>
<tr>
<td>CIPS</td>
<td>Chartered Institute of Purchasing and Supplies</td>
</tr>
<tr>
<td>FIFO</td>
<td>First in First out</td>
</tr>
<tr>
<td>IBM</td>
<td>International Business Machines</td>
</tr>
<tr>
<td>ITC</td>
<td>International Trade Centre</td>
</tr>
<tr>
<td>JIT</td>
<td>Just in Time</td>
</tr>
<tr>
<td>LIFO</td>
<td>Last in First out</td>
</tr>
<tr>
<td>MU</td>
<td>Mzumbe University</td>
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<tr>
<td>NIMR</td>
<td>National Institute for Medical Research</td>
</tr>
<tr>
<td>RPT</td>
<td>Relation Positioning Tool</td>
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<td>SLA</td>
<td>Service Level Agreement</td>
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ABSTRACT

This study titled “Assessing the Challenges of Managing Buyer-Supplier Relationship in private organization a case study of CRDB BANK PLC Head office” was carried out as a case study at CRDB BANK PLC Head office.

The overall objective of the study was assessing the challenges of managing Buyer-Supplier relationship in private organization with particular focus at CRDB BANK PLC Head office, the researcher aimed at determining the perception on the relationship between Buyer and Supplier in the whole process of procurement, to investigate the problems affecting Buyer-Supplier Relationship in the whole process of procurement and to determine how does Buyer-Supplier Relationship contribute to Business improvement. The study involved a case study design as the researcher collected data from Tender Board, employees of procurement department, Suppliers and Employees of Accounts department. Questionnaires, interviews and documentary review were the methods used to analyze and collect data.

The findings from the study revealed some challenges including late payments to suppliers which actually caused the relationship between them to be low, win- wins relations also was one of the challenges of managing Buyer-Supplier relationship in whole process of procurement, unfavorable prices and long procedures of approving documents were also some of the challenges revealed by respondents and researcher.

The purpose of this research study was to explore on the challenges of managing Buyer – Supplier relationship in private organization a case study of CRDB BANK PLC Head office whereby three questions were asked to fulfil the objectives of the study. Whereby the first question was asked to show the perception of the Relationship between Buyers and Suppliers in the whole process of procurement at CRDB BANK PLC Head office? The second one was to identify the problems affecting Buyer-Supplier Relationship in the whole process of procurement at CRDB BANK PLC Head office? The third one was how Buyer does –Supplier Relationship contributes to Business improvement at CRDB BANK PLC Head office and their Partner to Business? Base on the research findings and data analysis the researcher come out with the following conclusion.
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CHAPTER ONE

INTRODUCTION OR PROBLEM SETTING

1.1 Introduction
This chapter introduces the background information of the study, the statement of the problem, objective of the study, research questions, and significance of the study, scope and limitation of the study.

1.2 Background information of the study
Buyer-Supplier relationship are the big issue these days throughout the world because is a success and failure of the most organizations. Therefore there is rapid increase on demand of the most organization to find the best ways to manage the relationship.

During the dark days of reactive purchasing relations between sales persons representing suppliers and their counter parts in purchasing were reasonably cordial but frequently adversarial. A gain for one resulted in a loss for the other, which is often called a win-lose outcome (Burt et al; 2003:79)

The interaction between render and purchasing was often characterized by highly manipulative tactics by both parties designed to maneuver the other side into a position where one’s gain would be the other’s loss. As purchasing become more professional, buyers and suppliers began to see benefits of more collaborative relationships, where the outcome can result in a win-win relationship for both parties (Burt et al; 2003:79)

www.vontagepartners.com (accessed 28th Feb., 2013) explains the value of effective relationship management remains as an important differentiator and driver of value and satisfaction during implementation of the deal is the ability of a buyer and provide to work together to solve problems, to manage change and to continue or evolve the deal as circumstances change.
To achieve effective relationships management it not enough to recognize that “the relationship matters” To benefit from the potential gains available from effective relationship management, one has to understand more specifically how the benefits manifests, and what it takes to achieve them. A good relationship with a provider does not entitle a buyer to a discount, any more than a good relationship with a customer entitles a provider to a premium.

Relationships that work effectively, do however deliver savings and value to the parties compared to those that don’t. (www.vontagepartners.com on 28th Feb, 2013).

According to www.vontagepartners.com (accessed 28th Febr,2013) the objectives of the good relationship management is to achieve customers satisfaction, delivery of value added projects on time and on budget Quick response time to requests, innovation and thought leadership and resources feed internally to do other work, however there has been resource waste due to in ability to trust or delegate greater need to monitor/ audit, frequent conflict escalations, low internal customer satisfaction, ineffective execution and follow through and decision made based on limited information’s due to poor relationship management. Therefore, this study was conducted to assess the challenges of managing supplier-buyer relationship.

1.3 Statement of the problem
Today these relationships have become “strategic” and the process of relationship development is accelerated as firms strive to create relationships to achieve their goals. In this stressful environment of relationship acceleration, there is less time for participants to carefully explore the range of long term relationship development. The expectations of performance have increased, making the development of a satisfactory relationship even more difficult. (Wilson, 1995).

Experience in recent years demonstrates that the most successful relationship management results when the buyer and the supplier view their relationship as a “partnership”. Partnerships are based on mutual interdependency and respect. Supplier partnerships begin with careful source selection during the product design
and development process. At this point, the buying firm needs a dependable supplier to provide the required design and technological input if a marketable, profitable product or a satisfactory service is to result. In turn, the supplier needs a responsible customer for its products and services. Professional buyers need suppliers as much as the supplier needs them. This interdependence grows continuously from design into production. Unexpected problems arise which require a “We shall overcome” attitude by the partner (Wilson, 1995). The desired goal or purpose of the Researcher was to explore on the Challenges of Managing Buyer- Supplier Relationship in the whole process of procurement in Private Organization with a particular focus at CRDB BANK PLC Head Office. The consequences of the problem or results of the problem were late payments, win-wins Principle, Long procedures of approving documents and unfavourable prices which was revealed by the Researcher and respondents in the whole process of procurement at CRDB Bank PLC Head office and their Suppliers.

Different organizations in the world as a whole when they are in the process to sign the contract of their planned issue, they normally rely on the principle of win-win whereby each part of the contract became more confident and trustful to the other part. But in the early stages of the contract since it commenced is when the problems starts and forgetting the principle of win-win which reflect to the principle of win-wins which normally used to cause an injury to either of the parts. CRDB BANK PLC is a fast growing Buyer, having several Suppliers like those who supply different office equipment (Office table and Office chairs), Information Technology Equipment (computer, I pad and IBM Servers), different cash deposit slip and cash withdrawal forms, different type of printer and photocopy machines, Mobile Branches, Cheque Book leaves, Photocopy paper, ATM Journal Rolls and different items used by CRDB BANK PLC Head office and her respective Branches.

This prompts set ups and growth of several Suppliers’ who used to supply some of the mentioned equipments and stationeries above. Similar to most Buyer – Supplier organizations, poor relationship management has been apparent to these organizations resulting into; resource waste due to inability to trust, frequent conflict
escalation, low-internal customer satisfaction, ineffective execution and follow-through.

Additionally, both Buyers and Suppliers should regularly monitor the health of their relationship and probe whether additional value can be had through conducting relationship Health checks; assess the health of the relationship through reviewing strengths, weaknesses, and opportunities and developing recommendations for improving the other all relationship value discovery sessions. So due to above explanations the researcher wanted to assess the challenges/problems of managing Buyer-Supplier relationship in private organization the case study of CRDB BANK PLC Head office. These sessions will bring Buyer and Supplier together to discuss and tap the value potential that often gets through the complexity of the contract, resistance to change and limited information exchange between parties.

1.4 Research Objectives

General Objectives
The objective of this study is to assess the challenges of managing buyer-Supplier relationship in private organization with particular focus at CRDB BANK PLC Head office.

1.4.1 Specific Objectives
(i.) To determine the perception on the Relationship between Buyer and Supplier in the whole process of procurement.
(ii.) To investigate the problems affecting Buyer–Supplier Relationship in the whole process of procurement.
(iii.) To determine how does Buyer–Supplier Relationship contribute to Business improvement.

Research Questions
(i.) What is the perception on the relationship between Buyers and Suppliers?
(ii.) What are the problems affecting Buyer – Supplier Relationship?
(iii.) How does Buyer- Supplier Relationship contribute to business improvement?
1.5 **Significance of the Study**

Findings of the study would help managers and policy makers in organization to appreciate the role of established relationship between suppliers and solving problems of buyer-Supplier relationship in the organizations.

The study would be useful to other researchers who would venture to the same area of research.

1.6 **Scope and Limitations of the Study**

1.6.1 **Scope of the Study**

This study would mainly deal with Procurement Department and suppliers of CRDB BANK PLC by assessing the relationship between buyer and Supplier in fulfilling organizations objectives.

1.6.2 **Limitations of the study**

The following would be some of the limitations in this research study:

(i.) Insufficient fund. Due to limitation in financial resources, this study was administered at CRDB BANK PLC head office.

(ii.) Time: since assessing buyer-supplier relationship requires more data and information, the time given to conduct this study by Mzumbe University was short short. This would limit to collect data from many other private organizations.

(iii.) Sample size: the sample size of this study was limited to CRDB BANK PLC Head office only.

1.7 **Study delimitations**

Due to the limitations mentioned the researcher used additional time or more working hours so as to ensure the completion of the work to collect required data, also due to insufficient fund to collect data the researcher used case study design which allowed the researcher to concentrate in a single unit (CRDB BANK PLC Head office), this method at least solved the problem of insufficient fund, which at the end of the day allowed the researcher to complete the research
1.8 Chapter summary

The main focus for chapter two was to see how different authors, journals and books tried to discuss about the challenges of managing Buyer-suppliers relationship in the whole process of procurement on different grounds like defining different terms, looking on levels of Buyer-supplier relationship, Buyer expectations, seller’s perceptions, the basic elements of relationships what supplier needs, and benefits of better relationship.

The main focus on Chapter three was to see the research design which defined the research problem, sample and sample size (Primary and Secondary Data), Data Collection Methods and Approach, Data Reliability and Validity of Data.

On Chapter four the main focus was to get the facts findings and analysis. The analysis of findings based mainly on the qualitative information has obtained from accessing the Challenges of managing buyer-supplier relationship in Private Organisation a case study of CRDB Bank PLC Head Office. Responses from sample of employees and Suppliers who were interviewed, and filled in the questioners sets enabled the researcher to come up with findings presented in this Chapter.

The main focus on Chapter five was just to discuss the findings on Chapter four which came from thirty respondents from CRDB Bank PLC Head Office on the challenges of managing Buyer-supplier relationship in the whole process of procurement were by three specific objectives guided this discussion. To determine the perception on the relationship between buyer and supplier in the whole process of procurement, to investigate the problem affecting Buyer-supplier relationship in the whole process of procurement and to determine how does Buyer-supplier contribute to business improvement were the specific objectives used by the researcher to discuss the findings on Chapter five.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction
This chapter reviews concepts, theories, and previous studies from available literature relating to the subject under the study, 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.

2.2 Theoretical Bases of the Study

2.2.1 Definition of Key Terms

Buyer
A buyer or customer is simply the recipient of the goods or services that result from all the processes and activities of the supply chain. A function or subsystem can be the customer of the preceding or succeeding link in supply chain (Lysons and Farrington, 2006).

Supplier
According to ISO 9000:2000, the definition of a supplier is “an organization or person that provides a product”. Product can be a physical as well as a service.

Relationship
A relationship is defined, inter alia, as a “connection or association”. It applies when individuals, organizations and groups within and external to an enterprise interact (Lyons and Farrington, 2006).

Buyer-Supplier Relationship
Refers to a relationship between buyers and suppliers with a view to securing mutual benefits and the added value of competitive advantages to both parties (Lyons and Farrington, 2006).
Adversarial Relationship

The traditional type of relationship at arm’s length with win-lose relationship portrayed by multisource purchasing, short-term contracts, maintaining secrecy regarding costs, sales and product design and make no improvement suggestions to or from suppliers (Lyons and Farrington, 2006).

Relationship Assessment

Is a systematic process of rating key elements of the way in which both sides do business with each other, against best practice (Emmet and Crocker, 2006).

Relationship Level

Refers to the stages through development of the long-term relationship, each level being longer and more permanent in duration than the preceding one, from adversarial, preferred supplier, single sourcing, and network sourcing to strategic alliances (Lyons and Farrington, 2006).

Service Level Agreement

A negotiated agreement designed to create a common understanding about service priorities and responsibilities (Karten, 1996).

2.3 Levels of Buyer-Supplier Relationship

These may be briefly described as follows:

Table 2.1: Types of Buyer-Supplier relationships

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Supply base</th>
<th>Methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arm’s length</td>
<td>Multiple sourcing</td>
<td>Competitive tendering and post buying</td>
</tr>
<tr>
<td>Coop erative</td>
<td>Fewer suppliers</td>
<td>Negotiation and preferred suppliers with framework agreements</td>
</tr>
<tr>
<td>Collaborative</td>
<td>Possible single sourcing</td>
<td>Open book</td>
</tr>
<tr>
<td>Friendship</td>
<td>Single sourcing</td>
<td>Joint working towards continuous improvement</td>
</tr>
</tbody>
</table>

(Emmet and Crocker, 2006)
2.3.2 Transactional and collaborative Relationship

Changing from the traditional transactional/responsive to collaborative supply chains makes an interesting comparison. Another ‘ideal-typical’ comparison follows.

Table 2.2: Transactional and Collaborative Relationship

<table>
<thead>
<tr>
<th><strong>Transactional</strong></th>
<th><strong>Collaborative</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Price/Risk</strong></td>
<td></td>
</tr>
<tr>
<td>Price orientation</td>
<td>Total cost of ownership</td>
</tr>
<tr>
<td>Price Dominates</td>
<td>Shared destiny dominates</td>
</tr>
<tr>
<td>One way</td>
<td>Two-way exchanges</td>
</tr>
<tr>
<td>Customer demands sensitive data</td>
<td>Exchanges of sensitive data</td>
</tr>
<tr>
<td>Customer keeps all cost savings</td>
<td>Mutually reduce cost, time &amp; waste</td>
</tr>
<tr>
<td>All risk with supplier, little buyer’s</td>
<td>Shared risks and benefits</td>
</tr>
<tr>
<td>Short term</td>
<td>Long term</td>
</tr>
<tr>
<td><strong>Negotiations</strong></td>
<td></td>
</tr>
<tr>
<td>Strong use of ploys in negotiations</td>
<td>Mutual gains ‘rule’ discussion</td>
</tr>
<tr>
<td>Power based</td>
<td>Equality based</td>
</tr>
<tr>
<td>Win/Lose</td>
<td>Win/win</td>
</tr>
<tr>
<td>‘One-off’ deals</td>
<td>‘For ever’ together</td>
</tr>
<tr>
<td>‘One night stand’</td>
<td>‘Marriage’</td>
</tr>
<tr>
<td>Walk in and out, change is easy</td>
<td>Difficult to break, difficult change</td>
</tr>
<tr>
<td>Adversarial/inefficient to one party</td>
<td>Challenging to execute &amp; continue</td>
</tr>
<tr>
<td>‘Partnershaft’</td>
<td>Partnership</td>
</tr>
</tbody>
</table>

| **Interpersonal Relationships** |                   |
| No personal relationships | Strong personal relationships |
| Separated/arm’s length | Close/alliance |
| Low contact/closed | Shared vision/open |
| Predatory power based | Proactive and more people based |
| Hierarchical/superior subordinate | Equality |
| Blame culture | Problem-solving ‘gain’ culture |
| Alternated employees | Motivated employees |

| **Trust** |                   |
| Trust based on what the contract says = contractual trust | Trust based on goodwill, commitment and cooperation |
| Little ongoing trust | Continual trust plus risk |

| **Controls** |                   |
| Strong on tactical/departmental controls | Strong on marketing strategy and supply chain alignment |
| High formal controls | Self controlled |
| Rigid contracts | Flexible contracts |
| Resource and capacity capabilities | Mutual long-term capabilities |
| Measure by non-compliance | Both measure and degree remedial action |

Emmet and Crocker, 2006)
2.3.4 4C’s of Buyer-Supplier Relationship

Counterproductive Relationships

Skinner et al (1992) says in counterproductive relationships – also called antagonistic or lose-lose relationships – the parties actively work against each other’s interests. In addition, neither party feels a need to assume responsibility for anything that transpires. This scenario fails creating new value and frustrates success.

Competitive Relationships

Competitive relationships – also referred to as distributive, win-lose, or adversarial relationships – as supply chain members acting in their self-interest to capture a larger share of value from a relationship. The parties compete over a fixed amount of value rather than pursuing activities that create new value or mutual opportunities, such as cost reductions that would lead to an increase in market share and, in turn, more business. (Skinner et al, 1992)

Cooperative Relationships

Cooperative relationships – also referred to as integrative or win-win relationships – recognize the potential value of closer interaction and open sharing of information. These relationships are most often associated with suppliers that are expected to be longer-term members of a reduced supply base. Relationships with these suppliers are often formalized through longer-term contracts that lead to discussions about how to improve cost, quality, delivery, packaging, inventory management, product innovation, and service – all of can affect supply chain performance. This relationship is essential in product development. (Skinner et al, 1992)

Collaborative Relationships

Collaborative relationships, sometimes called creative relationships, involve a limited number of suppliers that provide items or services that are essential to a company’s success. It involves willingness to work jointly new and better ways to operate or compete in the marketplace. (Skinner et al, 1992)
Collaborative relationships represent the most sophisticated and intensive relationship possible between a buyer and seller. They feature executive-to-execute interaction, joint strategy-development sessions, and an intense sharing of resources. (Skinner et al., 1992)

2.3.5 Relationship Formation and Development

Holmulund and Strandvick (1999) classify interaction between two or more enterprises as taking place on five different aggregation levels – actions, episodes, sequences, relationships and partner base. These are hierarchical levels, ranging from a single exchange to the portfolio of relationships of one particular enterprise.

(i.) Actions ‘individual initiatives by the focal enterprise’, such as a telephone call or plant visit, that may relate to products, information, money or social contacts.

(ii.) Episodes groups of interrelated actions, such as a negotiation encompassing a number of actions.

(iii.) Sequences larger and more extensive entities of interactions. This level may be defined in terms of contract, product, or project.

(iv.) Relationships comprised of the sequences, which, in turn, are comprised of all related episodes and actions in one particular relationship between two firms.

(v.) Partner base the relationship portfolio of a particular enterprise – that is all the relationships that a particular enterprise has at a particular point of time.

The formation of long-term personal relationships usually develops by going through the same stages. Thus a meeting (action level) may develop into friendship (episode level). Courtship (sequential level) and marriage (relationship level). Each level is longer and more permanent duration than the preceding one. Below is a model of supplier integration.
Figure 2.1:  Stages of Supplier integration

![Diagram showing stages of supplier integration](image)

Source: Johnson, 1997

Emmet and Crocker (2006) depict a primary factor in the development and maintenance of sound buyer-Supplier collaborative relationships as the partners’ expectations and perceptions of each other’s performance. An approach to developing and maintaining collaborative relationships is therefore detailed in five stages:

**Stage 1: Buyer’s Expectations**
A primary reason for buying organizations to develop collaborative relationships with suppliers is to become more competitive. A competitive advantage can be enhanced by contributions from suppliers in areas of quality, cost, delivery, product development, product and process innovations and productivity. Buyers must know their needs and expectations before developing a collaborative relationship arrangement, and these must be communicated explicitly to the potential partner.

**Stage 2: Seller’s Perception**
A seller’s perception and knowledge of its targeted customers’ needs should drive its operational and strategic decisions. Additionally, a clear perception of a specific buyer’s needs and expectations facilitates a seller’s response.

**Stage 3: Mutual Understanding and Commitment**
Awareness and detailed knowledge of each partner’s requirements and expectations are necessary to achieve a mutual understanding of performance requirements for collaborative relationships. The partners must express a genuine commitment to the relationship and desire to work toward its continuous improvement.
Stage 4: Performance Activity
During this culminating stage of the collaborative relationships, the roles of each participant usually become firmer and clearer. As each organization successfully fulfils its responsibilities, the original expectations are usually reinforced, leading to the development of satisfaction and mutual trust. Successful fulfilment of the relationship’s performance requirements is shown as performance feedback to the buyer’s expectations (stage 1) and the seller’s perception (stage 2).

Stage 5: Corrective Action Stage
When a variation from expected performance occurs, the stability in stage 4 of the relationship can be lost and that may jeopardize the viability of the collaborative relationships. Such variations often result from ambiguous responsibilities or anticipated events in the relationship environment. Partners can respond to these performance variations by taking appropriate corrective actions.

2.3.7 The Basic Elements of Relationships
Wilson (1995) identifies the basic elements of relationships being those variables that have been successful predictors of relationship performance. Below is the list of relationship variables.

Table 2.3: The Basic Elements of Relationships

<table>
<thead>
<tr>
<th>Extended List of Relationship Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitment</td>
</tr>
<tr>
<td>Trust</td>
</tr>
<tr>
<td>Cooperation</td>
</tr>
<tr>
<td>Mutual goals</td>
</tr>
<tr>
<td>Interdependence/power imbalance</td>
</tr>
<tr>
<td>Performance satisfaction</td>
</tr>
<tr>
<td>Adaptation</td>
</tr>
<tr>
<td>Non-retrievable investments</td>
</tr>
<tr>
<td>Shared technology</td>
</tr>
<tr>
<td>Structural bonds</td>
</tr>
<tr>
<td>Social bonds</td>
</tr>
</tbody>
</table>
Commitment
Commitment is the most common dependent variable used in buyer-seller relationship studies (Anderson and Weitz, 1990). Commitment implies importance of the relationship to the partners and a desire to continue the relationship into the future. Hardwick and Ford (1986) point out that commitment assumes that the relationship will bring future value to the partners. There is little doubt that commitment is a critical variable in measuring the future of a relationship.

Trust
Trust is a fundamental relationship model building block and as such is included in most relationship models. Most definitions of trust involve a belief that one relationship partner will act in the interests of the other partner. Schurr and Ozanne (1985) define trust as the belief that a party’s word or promise is reliable and a party will fulfil his/her obligations in an exchange relationship.

Cooperation
Cooperation has been defined as “similar” or complementary coordinated actions taken by firms in interdependent relationships to achieve mutual outcomes or singular outcomes with expected reciprocation overtime (Anderson and Narus 1990). Morgan and Hunt (1994) seem to accept the above definition but continue to expand the definition by emphasizing the proactive aspect of cooperation versus being coerced to take interdependent actions. The interaction of cooperation and commitment results in cooperative behaviour allowing the partnership to work ensuring that both parties receive the benefits of the relationship.

Mutual goals
Mutual goals can defined as the degree to which partners share goals that can be accomplished through joint action and the maintenance of the relationship. These mutual goals provide a strong reason for relationship continuance. Wilson et al (1995) suggest that mutual goals influence performance satisfaction, which, in turn, influences the level of commitment to the relationship.
**Interdependence and Power**

Interdependence and power imbalance are important relationship variables. The power of the buyer or seller is closely tied to the interdependence of the partners in a relationship (Anderson and Narus, 1990). Anderson and Weitz (1990) defined power imbalance as the ability of one partner to get the other partner to do something they would not normally do. Power imbalance is directly related to the degree of one partner’s dependence on the other partner.

**Performance satisfaction**

Performance satisfaction is the degree to which the business transaction meets the business performance expectations of the partner. Performance satisfaction includes both product specific performance and non-product attributes. Partners, especially sellers, must deliver high-level satisfaction on the basic elements of the business transaction. Buyers need to satisfy their partner’s business needs or they risk becoming marginalized.

**Non-retrievable Investments**

This is relationship-specific commitment of resources that a partner invests in the relationship. These non-retrievable investments (capital, improvements, training, and equipment) cannot be recovered if the relationship terminates. The existence not only of these non-retrievable investments but also of the amount at stake creates hesitancy within the parties to terminate relationship.

**Adaptation**

Adaptation occurs when one party in a relationship alters its processes or the item exchanged to accommodate the other party. Hallen et al (1991) found that both the buyer and seller make adaptations to the other. In early states adaptation will be a means to develop trust, and in the mature stage it will expand and solidify the relationship. Adaptations tend to bond the buyer and seller in a tighter relationship and create barriers for entry to a competing supplier.
Shared technology
This is the degree to which one partner values the technology contributed by the other partner to the relationship. It may range from product level technology to the linking of computer systems. The creation of shared technology has been found to strain a relationship in early stages of the development of the technology but inevitably it contributes to a stronger relationship when the technology is up and working report that technology contributes to increasing the commitment to the relationship. (Han and Wilson, 1993)

Structural bonds
The concept of structural bonds is the vector of forces that create impediments to the termination of the relationship. Structural bonds develop over time as the level of the investments, adaptations, and shared technology grows until a point is reached when it may be very difficult to terminate a relationship. Firms with high levels of structural bonding were found to have a higher level of commitment to the continuance of the relationship than firms with lower levels of structural bonding (Han and Wilson, 1993).

Social bonds
Social bonding is the degree of mutual personal friendship and liking shared by the buyer and seller. Social psychologists have used social bonding to investigate friendships, sexual relationships, and family and group interactions. Mummalaneni and Wilson (1991) found that buyers and sellers who have a strong personal relationship are more committed to maintaining the relationship than less socially bonded partners.

2.3.9 Supplier’s Needs and Buyer’s Roles in Relationship Management
To create a cooperative or collaborative relationship and gain that competitive advantage, companies need to know what their suppliers expect from a relationship.
**What Suppliers need?**

(i.) Longer term business arrangements  
(ii.) Fair financial return  
(iii.) Adequate time for planning  
(iv.) Accurate forecasts  
(v.) Minimum change orders  
(vi.) Ethical treatment  
(vii.) Opportunities for early involvement during product development  
(viii.) Sharing of costs – savings  
(ix.) Clear material specifications and performance requirements  
(x.) Parts designed to match supplier’s prices  
(xi.) Smoothly timed order releases  
(xii.) Open sharing of information including technology roadmap  
(xiii.) Objective performance feedback  
(xiv.) Protection of intellectual property  
(xv.) Payment in reasonable time  
(xvi.) Efficient negotiating process  
(xvii.) Opportunity to become a preferred supplier (Wisner and Tan, 2000).

**What Buyer’s should do?**

Typically we think of customers as being the one pursued rather than the pursuer. Gut buyers should be proactive in their pursuit of better supply chain relationships. The following are buyer’s responsibilities;

(i.) Assign individuals to manage relationship including executive managers assigned to manage the most critical relationships  
(ii.) Provide timely and complete supplier performance feedback formally assess the supplier’s perception of the buyer  
(iii.) Invite suppliers to be part of an executive buyer supplier council  
(iv.) Emphasize trust building activities and actions practice co-operative cost management approach  
(v.) Provide resources to develop supplier performance capabilities  
(vi.) Solicit supplier improvement suggestions with joint sharing of savings
(vii.) Involve suppliers early during production planning and development
(viii.) Implement supplier relationship management information system
(ix.) Meet with suppliers to understand supplier relationship expectations
(x.) Invites suppliers to participate agreements that create mutual value (Wisner and Tan, 2000).

2.3.10 Relationship and Time
Relationships tend to strengthen with time, it can often show improving result each year. This implies that the relationship stands to improve steadily as all involved, including the buyer and the supplier, interact more over time. Relationship may last longer if the right elements are in place and both parties find it attractive to pursue greater involvement. Emmet and Crocker (2006)

2.3.11 Benefits of Better Relationships
Today buyer-supplier relationships have become “strategic” and the process of relationship development is accelerated as firms strive to create relationships to achieve their goals.

An important phenomenon related to buyer-seller relationships is that buyers are developing single source suppliers because of the pressure to; increase quality, reduce inventory, improved technology flow from suppliers, improved continuity of supply, develop just-in-time (JIT) systems, and decrease time to market. The intensity of contact needed to accomplish high quality, implement JIT, and reduce time to market could not be achieved with multiple sources of supply. The ultimate goal in developing these capabilities is to reduce costs. These cost reductions can be obtained through one of two models. In an adversarial model, buyers pit suppliers against each other to achieve lower costs. In cooperative model, both parties achieve lower costs by working together to lower both buyer’s and seller’s operating costs. This reduction is accomplished through better inventory management and elimination of unnecessary tasks (Wilson, 1995).
Emmet and Crocker (2006) summarize the benefits in below table:

**Table 2.4: Relationship Benefits**

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

2.3.13 Relationship Assessment

Relationship assessment involves measuring the relationship between a firm and its supplier. It identifies the strengths and weaknesses in the customer-supplier relationship and encourages discussion between their personnel in a way that avoids blaming individuals. Its focus is on evaluating actual performance with contract or service level agreement, hence creates a joint agenda for improvement activities. (Emmet and Crocker, 2006)

Relationship Positioning Tool (RPT) aids in measuring the relationship by systematic process of rating key elements of the way in which both sides do business with each other, against best practice.

The focus of customer-supplier relationship focuses on contract performance built on quality, delivery, cost and innovation resulting from supplier capability, information flow from supplier to customer, information flow from customer to supplier and customer strategy.

These are broadly described below; (Emmet and Crocker, 2006)

(i.) *Supplier Capability;* measured based on employee skills, company profile, process capability and supplier management.
(ii.) *Information flow-Supplier to customer*; measured based on involvement of supplier with customer and people who make contact.

(iii.) *Information flow-Customer to supplier*; measured based on involvement of customer with supplier and people who make contact.

(iv.) *Customer Strategy*; based on attitudes adopted towards supplier, how customer requirements are specified, systems and people.

(v.) (Emmet and Crocker, 2006)

To most organizations, the achievement of relationship benefits is hindered by barriers to collaboration, these include the following:

(i.) *No trust*: The fear here is usually of giving information that will be made available to the competition or used against the providers.

(ii.) *Poor Communication*: This usually means there is no up-to-date sharing and also this makes a comment on the format of communication being used

(iii.) *No big picture view*: Too focused on own issues and problems

(iv.) *No risk taking*: Fear of having all eggs in one basket and a preference for “playing off”

(v.) *Prefer power-based adversary transactional approach*: Annual contracts and three quotes, common in the public sector, continues to perpetuate adversary approaches.

(vi.) *Wanting quick and short-term wins*: In reality success will depend on time and effort over longer periods.

(vii.) *No sharing of benefits*: The power view of keeping it all, whereas all should save from mutual collaborations.

(viii.) *No planning, all kick and rush*: Collaboration is hard work involving soft skills. It also will need adequate planning.

(ix.) *Lack of top support*: No support for any changing ‘how we do things’

(x.) *Fear of change*: Remaining with the status quo in times of change and stable turbulence that is akin to the analogy of burying the head in the sand (Emmet and Crocker, 2006).
2.3.14 The Termination of Relationships

Lyons and Farrington (2006) states that no relationship can or should be expected to last forever as organisations operate in a dynamic environment. The ending of a relationship does not necessarily mean failure and there may be positive as well as negative outcomes for one or both of the parties involved.

Reasons for Termination

In practice, most partnership break-ups derive from: Inadequate understanding ‘partnership’ and rapidly changing circumstances causing one or both parties to concentrate on achieving own organisational objectives at the expense of the partnership, such circumstances include:

(i.) *Changes in business direction(s)* an existing partnership may no longer have value if either the purchasing or supplier organisation has shifted its strategic direction

(ii.) *Product obsolescence* the product or service provided by the supplier is becoming obsolete without any replacement options

(iii.) *The supplier is unable to meet service levels* certain objectives basic to the partnership can no longer be met

(iv.) *Short-term attitude* either partner may consider that the long-term benefits of the partnership have not been realised sufficiently quickly or have been insufficient to warrant a continued commitment to a particular supplier/purchaser

(v.) *Economic factors* a supplier has become ‘at risk’ financially, with the danger of potential liquidation

(vi.) *External Economics* a recession may force supplies to cut back on product development, training and other resources, such as product engineers, and consequently, they will be unable to meet ‘continuous improvement’ objectives of the partnership

(vii.) *Mergers and acquisitions* such ventures can create new business models for either the purchasing or supplier

(viii.) *Corporate divestiture* may create a situation where, because parts of the business have been sold, the organisation can no longer provide a product
2.4 Empirical Bases of the Study

2.4.1 Abroad Studies

After Ellram (1995) in his study on “Why do collaboration relationships fail” respondents were asked to reflect on previous collaborative relationships that did not reach full potential or had to be dissolved. The results are displayed below:

Table 2.5: Factors Contributing to Failed Collaboration

<table>
<thead>
<tr>
<th>Factors contributing to failed collaboration</th>
<th>Buyers’ response (rank)</th>
<th>Suppliers’ response (rank)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor communication</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Lack of top management support</td>
<td>2</td>
<td>10</td>
</tr>
<tr>
<td>Lack of trust</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Lack of total quality commitment by supplier</td>
<td>4</td>
<td>18</td>
</tr>
<tr>
<td>Poor upfront planning</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Lack of distinctive value-added quality/benefit</td>
<td>6</td>
<td>13</td>
</tr>
<tr>
<td>Lack of strategic direction</td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td>Lack of shared goals</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>Ineffective mechanism for conflict resolution</td>
<td>9</td>
<td>7</td>
</tr>
<tr>
<td>Lack of benefit/risk sharing</td>
<td>10</td>
<td>6</td>
</tr>
<tr>
<td>Agreement not supporting partnership philosophy</td>
<td>11</td>
<td>9</td>
</tr>
<tr>
<td>Partner organization lacks top support</td>
<td>12</td>
<td>8</td>
</tr>
<tr>
<td>Changes in the market</td>
<td>13</td>
<td>16</td>
</tr>
<tr>
<td>Supplier base too large</td>
<td>14</td>
<td>15</td>
</tr>
<tr>
<td>Corporate culture differences</td>
<td>15</td>
<td>17</td>
</tr>
<tr>
<td>Top management differences</td>
<td>16</td>
<td>14</td>
</tr>
<tr>
<td>Lack of central purchasing</td>
<td>17</td>
<td>12</td>
</tr>
<tr>
<td>Low status of purchasing</td>
<td>18</td>
<td>11</td>
</tr>
<tr>
<td>Distance barriers</td>
<td>19</td>
<td>19</td>
</tr>
</tbody>
</table>

First, poor communication ranked as the most important cause of collaborative relationship failure for both groups. Also important to both groups were lack of trust, poor upfront planning and lack of shared goals.

Suppliers saw lack of central coordination of buyer’s purchasing function as a significantly more important factor in failure than did the buyer’s. Lack of strategic direction of the relationship and a lack of shared goals are among factors which suppliers so as contributing more to failure than buyers saw. Suppliers also saw a lack of benefit/risk sharing as much more important cause of dissolution of partnerships than did buyers.

The only items buyers considered significantly more important contributing to the relationship dissolution than the suppliers were lack of distinctive value added benefits by the supplier and lack of a total quality commitment by supplier.

The items considered being relatively unimportant to failure to both buyer and supplier includes distance barriers, top management differences, too many suppliers, corporate culture differences and changes in the market.

2.4.2 Supplier relationship management: A case study from abroad

Humburg and Cannon, (2001) demonstrated that “a study viewed the current state of the art in the field, translated and amended the current findings for the organization performance context, and presents a case study illustrating the impact of the implementation of Supplier Relationship Management principles in a leading Swiss hospital”.

It pointed out that, Supplier relationship management plays an important role in the reduction of costs and the optimization of the performance in the industrial enterprises. Despite enormous investments in innovation, the organizational performance has not experienced fundamental change yet. However, increased market dynamics and the implementation of economic principles will force organizations to optimize cost structures as well as effectiveness and efficiency of business relationships.
Although today’s reason for implementing Supplier Relationship Management is mostly driven for cost savings and efficiency increase prepositions, substantial improvements in effectiveness and quality in different areas of parastatal organizations can be achieved. The described case study shows a first attempt for doing so. By exchanging product and supply information with other organisations, the purchasing department under study has made the first move to establish strategic aspects of Supplier Relationship Management.

The availability of comprehensive and up to date product information can definitely enhance the bargaining power of the organisation purchasing department.

2.4.3 Local Studies

Mashimbi (2009) in his study on “The assessment of challenges of managing Buyer-supplier relationship in private organization”, a case study of Bugando Medical Centre (BMC), examined the challenges of managing Buyer-Supplier Relationship in all the process of procurement in private organizations, particularly at BMC.

Mashimbi (2009) findings revealed that BMC and their suppliers have minimum relationship in the process of procurement. Where by greater percent of the respondents and the researcher do observations showed that effective relationship between the parties used to be at the early stages only, once it matured every part starts to operate under the principle of win-wins. BMC have moderate rate of handling suppliers claims in time, because they have unsystematic payment policy, that means they have payment policy but they don’t follow it. It was also noted that, BMC provides clear specifications to suppliers in order to make them comply accordingly in supplying the requirements to the organization.

Andrew (2009) in his study “The Impact of Buyer-Supplier Relationship in fulfilling the organizations objective”, the case study of the National Institute for Medical Research Mwanza examined the role of buyer-supplier relationship in achieving organizations’ objectives.
On the course of the research process, the findings revealed that buyer-supplier relationship at NIMR is to some extent good. The organization tries to maintain buyer-supplier relationship through different ways including; supplier development and supplier mutual meeting during contract execution.

However, there are some shortcomings including; late payment of suppliers and low knowledge of buyer-supplier relationship. These call upon little effort for making rectifications.

2.4.4 Research Gap

In this study, the researcher went further on analysing the aspects of relationship level achieved and mutual relationship assessment made by collaborating organizations. Furthermore, the researcher analysed the way in which relationship assessment is made, as to whether it is one or two directional. These propositions were to be put into test the assessment of managing Buyer- Supplier Relationship in the whole process of procurement at CRDB BANK PLC Head office.

2.5 Conceptual Framework and Research Model
Figure 2.2: Conceptual Framework

Independent Variables

Relationship Development

Parameters

- Long-Term Relationship
- Clear Joint Objectives
- Openness and Trust
- Cooperation
- Flexibility
- Planned Communication
- Conflicts Resolution
- Culture Compatibility
- Total Quality Management
- Top Level Commitment

Relationship level achieved

Relationship Assessment

Intermediate Variables

Win-Win Relationship

- Minimized Total Cost
- Obtain Competitive Advantage
- Maximized Product and Service Development

Dependent Variables

- The perception of Buyer-supplier relationship

Source: Researcher, 2013
The perceptions of Suppliers to Buyer (CRDB BANK PLC) was to get early payments to make them continue making deliveries, other Supplier perceptions was to have permanent Business with their Buyers, frequent negotiations was another perceptions Suppliers expected from Buyer. Quality and after sells services, quantity, fair prices and timely service delivery was the Buyers perceptions from their Suppliers.

(ii). Factors affecting Buyer–Supplier Relationship
Late payments, win-wins relationship, unfavorable prices long procedures of approving documents were one of the problems affecting Buyer –Supplier relationship in the whole process of procurement.

(iii). Buyer- Supplier Relationship contribution in Business
Fair prices, quality commodities, promotion of 7RS and guarantee to business were one of the factors contributed to business Improvement, because every part a least was operating under the principle of win –win.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction
Research methodology is the systematic approach through which research undertaken. The research methodology consist of research paradigms, design, type of measurement, data collection methods, sample and sample size, sampling procedure, area of study, reliability and validity, data management and analysis.

3.2 Research Design
The formidable problem that follows the task of defining the research problem is the preparation of the design of the research project, popularly known as the “research design”. Decision regarding what, where, when, how much, by what means concerning an inquiry a research study constitute a research design (Kothari; 2004)

A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. In fact the research design is the conceptual structure within which research is conducted; it constitutes the blue print for the collection, measurement and analysis of data. (Kothari; 2004).

One may split the overall research design into the following parts:-
The sampling design which deals with the method of selecting items to be observed for the given study, the observational design which relates to the conditions under which the observations are to be made, the statistical design which concerns with the question of how many items are to be observed and how the information and data gathered are to be analyzed and the operational design which deals with the technique by which the procedures specified in the sampling, statistical and observational designs can be carried out (Kothari; 2004).
A research design is the framework or plan for a study used as a guide in collecting and analyzing data. It is the blueprint followed in completing the study. (Churchill; 2004). It is specifies how each activity should be conducted to accomplish the research objectives, which includes specifying the information required designing the instruments, selecting the sample, collecting and analyzing the data (Robson; 2002).

A good design is often characterized by objectives like flexible, appropriate, efficient, and economical and so on. Generally the design which minimizes bias and maximizes the liability of the data collected and analyzed is considered a good design. The design which gives the smallest experimental error is supposed to be the best design in many investigations. Similarly a design which yield maximal information and provides an opportunity for considering many different aspects of a problem is considered most appropriate and efficient design in respect of many research problems. (Kothari; 2004)

The research design used in this study is a case study design. This enabled the researcher to obtain information needed for the study, also it helped the researcher to focus on a single unit study and also findings would not be generalized as only single study unit would be used in data collection. CRDB BANK PLC Head office was selected as a case study due to the following reason.

The case study was expected to provide the researcher enough information for the data collection method. Single unit focus was possible for the researcher to focus well on the study.

3.3 Population/Sampling frame
Kothari (2005) described population as consisting of individuals and things or elements that fit a certain specification. The study aimed at assessing the challenges of managing buyer-supplier relationship on private organization the case study of CRDB BANK PLC Head office, the targeted population of the study was procurement department and suppliers of CRDB BANK PLC.
Sampling frame was a list of all members of the population used as a basis for sampling (ibid). The study conducted at CRDB BANK PLC Head office relying on buyer-supplier relationships.

### 3.4 Sample and Sample size

According to Kothari (2005), sample is a definite plan for obtaining a sample from a given population. It refers to the techniques or the procedure the researcher would adopt in selecting items for the sample. Sampling means drawing only a part of the population study it and then making inferences about the population (Churchill, 2004).

#### Table 3.1: Sample and Sample Size

<table>
<thead>
<tr>
<th>Targeted population</th>
<th>Total number of staffs</th>
<th>Sample size</th>
<th>Percentage of sample size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tender board</td>
<td>10</td>
<td>5</td>
<td>16.66%</td>
</tr>
<tr>
<td>Employees of procurement department</td>
<td>24</td>
<td>12</td>
<td>40%</td>
</tr>
<tr>
<td>Suppliers</td>
<td>10</td>
<td>5</td>
<td>16.66%</td>
</tr>
<tr>
<td>Employees of Accounts department</td>
<td>12</td>
<td>8</td>
<td>26.66%</td>
</tr>
<tr>
<td>Total</td>
<td>56</td>
<td>30</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: (Researcher manipulation 2013)

### 3.5 Sampling Procedures

The researcher used the passive or judgment sampling technique for the purpose of obtaining information from specific target sample of population at CRDB BANK PLC Head office. The chance that a particular case would be selected for the sample depended on the subjective judgment of the researcher. The researcher used judgment because of less costly and more convenient; it guaranteed inclusion of relevant element in the sample.
Source of Data
The researcher used different types of data for the study. The researcher applied both primary and secondary data.

3.5.1 Primary data
The primary data are those which are collected afresh and for the first time (Kothari; 2005) and are the sources of information on the dependent as well as independent variables in the study. The researcher administered questionnaires to CRDB BANK PLC Head office and suppliers as well as conducting interviews with CRDB BANK PLC procurement department in order to collect primary data.

3.5.2 Secondary data
Secondary data are data that are already available and refer to data that have already been collected and analyzed by someone else (Kothari; 2005). Secondary data obtained through documentary review, which included published and unpublished documents, reports.

Data Collection Methods and Approach
Three sources were used to collect data for this study. These techniques included questionnaires, interview and Documentation.

Questionnaire
In this study the questionnaire was the main instrument for data collection. The researcher adopted the questionnaire because it is fast, cheap, give the respondents enough time to reflect on the questions, thus give well thought answers. Since each respondent would be asked to respond to the same set of questions, it provided an efficient way of collecting responses from a large sample prior to quantitative analysis. (Saunders et al; 2007)

The questionnaire comprised both open-ended questions that allowed the interviewees to respond freely to the subject in their own words rather than being limited to choosing from a set of alternatives.(Churchill;2004)
Interviews
Interviews involves the presentation of oral stimuli and reply in terms of oral responses (Kothari; 2005). The use of interviews helped the researcher together valid and reliable data that was relevant to the research questions and objectives. This method enabled the researcher to generate information that was related to an individual’s experiences and perceptions regarding the relationship between supplier and buyer at CRDB BANK PLC Head office and it would aim at collecting data from management and personnel of CRDB BANK PLC Head office.

Documentation Review
Various documents used to collect information needed. In this regard, the relevant information from published and unpublished documents like textbooks, journals, and CRDB BANK PLC annual reports were used to obtain information.

3.6 Data Analysis
This involved analysis of data collection in relation to the particular research objectives and questions to find out whether the findings supported the hypothesis, research findings support the hypothesis, research objective and research questions which later gave the results of the research study. Questionnaires, interview and documentary were the methods which used to analyze and collect data, qualitative analysis which seeks to general statement and quantitative approach involved the application of various statistical techniques.

Research paradigms
Paradigm in research are accepted ways of looking at reality and are methods or approaches of generating knowledge that are held by a group of intellectual how have a wide influence on the subject matter. The idea behind is based on how people view reality. There are two research paradigms, phenomenology and positivism (Churchill, 2004).
3.8 Phenomenology approach
Phenomenology is a social science approach which works with observable social reality. It is a method of inquiry based on the premise that reality consists of objective and events as they are perceived or understood in human consciousness situations are complex and unique and are function of a particular set of circumstances and individuals raising questions about the generalization of the research that aims to capture a rich complexity of social situations (Churchill; 2004)

3.9 Positivism Approach
Positivism is a natural science approach that which works with an observable social reality. Positivists relay mainly on statically and quantitative estimation to arrive at conclusions and they hold the assumption that natural phenomenon follow some universal pattern. (Churchill; 2004.). Positivists also emphasis a highly structured methodology to facilitate replication and quantifiable observation that leads to statistical analysis (Kothari; 2005). The quantitative approach involves gathering factual data and studying relationships between facts and how such facts and relationships agree with the theories and findings of previous and result of such research can be law-like generalization similar to those produced by physical and natural scientists.

In this study the researcher used ant-positivism paradigm in assessing the challenges of managing buyer supplier relationships in private organization, a case study of CRDB BANK PLC Head office.

3.10 Data Reliability and Validity

3.10.1 Reliability of Data
Reliability is consistency of measurement or; the degree to which an instrument measures the same way each time used under the same condition with the same subjects. The data collected from different buyer-supplier covered relevant
information that required by the researcher. This means that internal estimates reliability by grouping questions, questionnaires that measured the same concept. Reliability is the extent to which data collection methods yield consistent results (Kothari, 2005).

All data collected by the researcher were cross-checked in order to ensure that the instruments used were able to measure what was expected to be measured, and obtained from the reliable sources.

3.10.2 Validity of data
Validity is the agreement between the value of measurement and its true value, also as the way a researcher interpreted and used measurement results. It involved the degree of which researcher measured what you are suppose to do the accuracy of measurement.

Validity is concerned with whether the findings are real about what they appear to be about (Saunders et al, 2007). This shows whether the means of measurements are accurate and whether they are actually measuring what they were intended to measure.

In this study, the researcher ensured that the items within the measure adequately captured the domain of the construct being studied, that is content validity and used reasonable judgment so as to ensure that the measure is indeed related to the construct being studied, that is face validity.

3.11 Management and Analysis of data

3.11.1 Data Management
Data and information organized into forms that were relevant to the study in relation to assessment of Buyer-Supplier relationship in private organization the case study of CRDB BANK PLC Head office.
3.11.2 Data Analysis

The term analysis refers to the computation of certain measures along with searching for patterns of relationship that exist among data-groups. Thus, “in the process of analysis, relationships or differences supporting or conflicting with original or new hypothesis should be subjected to statistical tests of significance to determine with what validity data can be said to indicate any conclusions” (Kothari, 2004).

In this study, both quantitative and qualitative methods of data analysis were used. Therefore, tables, percentages, and graphs where necessary to examine and compare the collected data from questionnaires, interviews and Observation were used.
CHAPTER FOUR

FACTS FINDINGS AND ANALYSIS

4.1 Introduction
The analysis of findings based mainly on the qualitative information as obtained from assessing the challenges of managing Buyer – Supplier Relationship in private organizations a case study of CRDB BANK PLC Head office. Responses from sample of employees and suppliers who were interviewed, and filled in the questionnaires sets enabled the researcher to come up with findings presented in this chapter. The findings were presented on tables and pie charts.

4.2 Data analysis and Interpretation
Data were collected by using questionnaires and interviews. The collected data were shown and analyzed as follows:-

4.2.1 The first objective was to determine the perception on the relationship between Buyer and Supplier in the whole process of procurement
In the whole process of procurement Buyer relationship with Supplier is transaction based relationship that is once the transaction and payment are done that is the end of relationship.
The perception that Buyers and Suppliers expected to each other were as follows in the table below:
Table: 1 below presented summary of findings.

**Table 4.1: Buyers perception from Suppliers**

<table>
<thead>
<tr>
<th>Perceptions</th>
<th>Tender Board</th>
<th>Employees &amp; Procurement department</th>
<th>Employees &amp; accounts department</th>
<th>Suppliers</th>
<th>Total</th>
<th>percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality and after sells services</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>1</td>
<td>12</td>
<td>40</td>
</tr>
<tr>
<td>Quantity</td>
<td>__</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>5</td>
<td>16.66</td>
</tr>
<tr>
<td>Fair prices and corporation</td>
<td>1</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>7</td>
<td>23.33</td>
</tr>
<tr>
<td>Timely service offering</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>6</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5</strong></td>
<td><strong>12</strong></td>
<td><strong>8</strong></td>
<td><strong>5</strong></td>
<td><strong>30</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Researcher findings 2013.

**Figure 4.1:** Buyers perception from Suppliers
From the number of findings on the table above, revealed that twelve respondents out of thirty who were equal to 40 percent said that CRDB BANK PLC Head office (Buyer) her perception from their Suppliers were to get quality goods and services from their suppliers in the whole process of procurement. They continued to say that once their Suppliers delivered to them these quality goods and services would assist to minimize the rate of Managing Buyer–Supplier relationship in the whole process of Procurement.

Furthermore five respondents out of thirty equals to 16.66 percent of the respondents said that CRDB BANK PLC Head office perceptions from their Suppliers were to get quantity of goods and services from their Suppliers in the whole process of procurement. These five respondents out of thirty said that by getting this quantity of goods and services ordered by CRDB BANK PLC would make their relationship in whole process of procurement be strong.

In connection to above seven respondents out of thirty equals to 23.33 percent said that the perceptions of CRDB BANK PLC Head office from their Suppliers is to get
fair prices charged to different goods and services being derived or received by CRDB BANK PLC as Buyer, but also they expected to get total corporations from their Suppliers in different areas which at the end of day would make the relationship between them be good and which would be adding value day after day and at last would help to minimize the rate of managing challenges of Buyer–Suppliers relationship in the whole process of procurement.

Lastly six respondents out of thirty respondents who made 20 percent said that Buyers (CRDB BANK PLC Head office) perceptions from their Suppliers was to get timely service and goods deliveries, these respondents said that once their Suppliers would fulfill this, it would at least minimize the rate of managing the challenges of their relationship in whole process of procurement.

Due to the findings on the table number one above, observation made by researcher revealed that CRDB BANK PLC Head office perceptions from their Suppliers was to get quality goods and service, this was because large percent of respondents on this objective made forty percent relied on this point, but also the researcher at CRDB BANK PLC Head office saw the perceptions of this Bank from their Suppliers was to get quality goods and service, fair prices and corporations, and timely service offering.

4.2.2 The perceptions Suppliers expect from Buyers in the whole process of procurement.

Table 4.2: Suppliers Perception from Buyer in the Whole Process of Procurement

<table>
<thead>
<tr>
<th>Perceptions</th>
<th>Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tender Board Employees of Procurement Department</td>
<td>Employees of account department</td>
</tr>
</tbody>
</table>

39
## Figure 4.2: Suppliers perception from Buyer in the whole process of procurement

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>3</th>
<th>4</th>
<th>2</th>
<th>10</th>
<th>33.33</th>
</tr>
</thead>
<tbody>
<tr>
<td>Early payment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Permanent business</td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>8</td>
<td>26.66</td>
</tr>
<tr>
<td>Frequent negotiation</td>
<td></td>
<td></td>
<td>1</td>
<td>1</td>
<td>5</td>
<td>16.66</td>
</tr>
<tr>
<td>Frequent health checking</td>
<td></td>
<td></td>
<td>1</td>
<td>1</td>
<td>7</td>
<td>23.33</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5</td>
<td>12</td>
<td>8</td>
<td>5</td>
<td>30</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Researcher findings 2013.
From the findings on table 2 above 10 respondents out of thirty which was equal to (33.33%) said that suppliers perceptions from CRDB BANK PLC Head office was to get early payments to make them continue making deliveries at CRDB BANK PLC Head office, which in fact would help to manage the challenges of managing Buyer – Supplier relationship in the whole process of procurement.

Also eight respondents out of thirty respondents (26.66%) said that Suppliers of CRDB BANK PLC Head office perceptions are to have permanent Business with their Buyers (CRDB BANK PLC Head office) in the whole process of procurement. Furthermore five respondents out of thirty respondents (16.66%) said that suppliers of CRDB BANK PLC Head office perceptions is to have frequent negotiations in the whole process of procurement in any issue concerning their relationship which at the end of the day would help to manage the challenges of Buyer- Supplier relationship. This frequent negotiations may base on changing market situations quality of items and different things concerning their relationship in the whole process of procurement.

7 respondents out of thirty respondents which is equal to (23.33%) said that suppliers of CRDB BANK PLC perceptions is to have frequent health checks concerning their relationship in whole process of procurement concerning Business situations, terms and conditions of their Business and service level agreement.

The researcher found that the greater percent of respondents which was 33.33% said that Suppliers perceptions from their Buyer is to get early payments in the whole process of procurement which at the end of the day would help managing Buyer-Supplier relationship, but not only that the researcher found Suppliers of CRDB BANK PLC perceptions were to have permanent business, frequent negotiations and also frequent health check of their relationship in the whole process of procurement, what I saw was that almost all Buyer and Suppliers were working under the principle of win – wins which actually could cause an injury to the other part of the Business and this would lead to challenges of managing Buyer –Supplier relationship in the whole process of procurement.
4.2.3 The second objective was to investigate the problems affecting Buyer – Supplier Relationship in the whole process of procurement

Table number 3 below presented summary of the findings.

Table 4.3: Problems Affecting Buyer-Supplier Relationship in the Whole Process of Procurement

<table>
<thead>
<tr>
<th>Problems</th>
<th>Number of respondents.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tender Board</td>
</tr>
<tr>
<td>Late payment</td>
<td>2</td>
</tr>
<tr>
<td>Win-Wins relations</td>
<td>1</td>
</tr>
<tr>
<td>Unfavorable prices</td>
<td>1</td>
</tr>
<tr>
<td>Long procedures of approving documents.</td>
<td>1</td>
</tr>
<tr>
<td>Total.</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: Researcher findings 2013.

Figure 4.3: Problems Affecting Buyer-Supplier Relationship in the Whole Process of Procurement
12 respondents out of 30 respondents (40%) who were interviewed and filled the questionnaires; on the above objective, revealed that late payments were one of the problems affecting Buyer-Supplier relationship in the whole process of procurement, these respondents said that many suppliers used to blame that CRDB BANK PLC Head office frequently fail to pay them as they had agreed in service level agreement concerning their business, some of the respondents said that these payments used to fail due to different reasons like those suppliers who have got no account with CRDB BANK PLC used to pay them by using cheques which used to take more than three days, and long number of approving personnel.

In connection to above 7 respondents out of thirty which was equal to 23.33 percent said that win-wins principle is one of the problems used to affect Buyer–Supplier relationship in whole process of procurement, these respondents revealed that normally each part was selfishness because they normally think on getting benefits on their own without considering their partner to the Business, they said this situations used to cause an injury to other part of the Business or loss.

Furthermore 4 respondents out of thirty which was equal to 13.33 percent said that unfavourable prices were one of the problems affecting Buyer–Supplier relationship in whole process of procurement, these respondents said that frequently our Suppliers used to rise prices unnecessary in their different items they used to supply to CRDB BANK PLC Head office, these respondents said that our suppliers normally used to raise the price of Information Technology equipments like IBM servers, satellite dishes which were very technical and needs IT personnel to make a good feasibility study on these equipments to make the prices favourable, unfavourable prices used to cause lose to Buyer( CRDB BANK PLC Head office).

Lastly 7 respondents out of thirty which is equal to 23.33 percent said that long procedure of approving documents is one of the problems affecting Buyer–Supplier relationship in the whole process of procurement, these respondents said that at CRDB BANK PLC the process of authorizing documents is too long, they continued to say that some of the documents used to take more than 7 days on the que of approving those documents, they said this situation used to cause a lot of blaming
from Suppliers of CRDB BANK PLC Head office. Also the researcher saw this situation of long procedure of approving those documents, it’s true that Suppliers were blaming to this situations, this process used to affect Buyer- Supplier relationship in the whole process of procurement.

4.2.4 (a) Objective three said that how does Buyer- Supplier Relationship contributes to Business improvement at CRDB BANK PLC Head office.

Table number 4 below presented summary of the findings.

Table 4.4: How Does Buyer-Supplier Relationship Contribute to Business Improvement?

<table>
<thead>
<tr>
<th>Contributions</th>
<th>No. of respondents</th>
<th>Suppliers</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tender Board</td>
<td>Employee of Pr. Department</td>
<td>Employees of acc. Department</td>
<td></td>
</tr>
<tr>
<td>Fair prices</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Quality commodities</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Promotion of 7RS</td>
<td>_</td>
<td>2</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Gives guarantee</td>
<td>1</td>
<td>4</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>5</td>
<td>12</td>
<td>8</td>
<td>5</td>
</tr>
</tbody>
</table>
From the findings of table 4 above, it revealed that 8 respondents out of thirty respondents (26.66%) said that fair prices between Buyers and Suppliers of CRDB BANK PLC Head office would contribute to improvement of Business relationship in the whole process of procurement, this was because both parties to this business relationship between Buyer and Supplier would at least know what was going on in the whole process of procurement, but also these two parties to business relationship would help them to know the health of their business relationship as to whether they are in good conditions or not and what should be done to make an improvement in case of any bad relationship or where things are in good order to continue making some improvements.

9 respondents out of 30 respondents (30%) said that quality commodities which would be supplied by Suppliers of CRDB BANK PLC Head office would facilitate to improvement of Business between Buyer and Suppliers, these respondents continued to say that since CRDB BANK PLC Head office would be receiving
quality commodities like printing stationeries, photocopy paper, photocopy machines, cashier printers, note counting machine, document scanners, IBM servers, Satellite dishes and different equipments supplied by suppliers of CRDB BANK PLC Head office all these would help to contribute to business improvements in the whole process of procurement which would continue to build good Buyer –Supplier relationship.

5 respondents out of thirty respondents (16.66%) said that promotion of 7RS between Buyer( CRDB BANK PLC Head office) and Suppliers of CRDB BANK PLC Head office like paying Suppliers at right time, supplying right quality of goods and services to buyer, supplying right quantity as ordered by Buyer, delivering goods and services at right place, Suppliers purchasing goods and services at right source, and paying Suppliers at right price but also charging Buyers right price to different goods and services all these would help Buyer – Supplier relationship contribute to business improvements in the whole process of procurement, they said that all this would contribute to business improvement in the whole process of procurement. Furthermore 8 respondents out of thirty respondents said that giving guarantee to each other(Buyer and Supplier) like when Buyer (CRDB BANK PLC Head office) gives guarantee to her Suppliers to Supply different requirements like Mobile Branches, good standby Generators, current and modern motor vehicles, strong and modern branches building, but also Suppliers must again gave guarantee to Buyer(CRDB BANK PLC Head office) that they would supply all the mentioned requirements by the Buyer in a high standard as requested by the Buyer, all this guarantee would help to Buyer-Supplier relationship contribute to business improvement in the whole process of procurement.

The observation made by the researcher and the answer from the respondents showed fair prices, quality commodities, promotion of 7RS and guarantee to each other, would make Buyer- Supplier relationship would contribute to Business improvement in the whole process of procurement between (CRDB BANK PLC Head office and their Suppliers) .But also fair negotiations, delivery time maintenance that should be
in the Buyers point of view all these would contribute to business improvement between Buyer and Supplier in the whole process of procurement.

4.2.5 (b) Suggestions for improving Buyer- Supplier relationship in CRDB BANK PLC Head office.
Table number 4 below presented summary of the findings.

Table 4.5: Suggestions for Improving Buyer-Supplier Relationship in CRDB BANK PLC Head Office

<table>
<thead>
<tr>
<th>Suggestions</th>
<th>No. of respondents</th>
<th>Suppliers</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tender Board</td>
<td>Employee of Pr. Department</td>
<td>Employees of acc. Department</td>
<td></td>
</tr>
<tr>
<td>Early payments</td>
<td>1</td>
<td>3</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>Quality commodities</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Win- win principle</td>
<td>1</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Frequent negotiations</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5</strong></td>
<td><strong>12</strong></td>
<td><strong>8</strong></td>
<td><strong>5</strong></td>
</tr>
</tbody>
</table>

Source: Researcher findings 2013.

Figure 4.5: Suggestions for improving Buyer-Supplier relationship in CRDB BANK PLC Head office
From the findings of table 4 above, it was revealed that 8 respondents out of thirty respondents (26.66%) said that early payments would help to improve Buyer – Supplier relationship in the whole process of procurement, they went far by saying once Buyer have been paid earlier it would help them to supply different requirements to Buyer(CRDB BANK PLC Head office), but also once Buyer have received her requirements as they have been ordered it would help to improve Buyer –Supplier relationship in the whole process of procurement.

In connection to above other 8 respondents out of thirty equals to 26.66 percent revealed that quality commodities supplied by Suppliers of CRDB BANK PLC Head
office would facilitate improving Buyer-Supplier relationship because buyer would be getting quality goods and services but also Buyer paying Suppliers earlier would improve Buyer-Supplier relationship in the whole process of procurement.

Furthermore 7 respondents out of thirty respondents equals to 23.33 said that win-win principle of checking the health of their relationship basing on different challenges which would distort Buyer-Supplier relationship in the whole process of procurement like late payments, delivering goods of low quality, long lead time delivery of some of goods and services and others, would help to improve Buyer-Supplier relationship in the whole process of procurement, also frequent negotiations between Buyer and Supplier basing on frequent rise of price of different goods and services, low quality of goods and services being supplied and received by Buyer (CRDB BANK PLC Head office), change in technology of different Information Technology equipments like Printer, Photocopy Machines, document scanners, Currency verifiers of different currency in the world, all these once done would improve Buyer–Supplier relationship in the whole process of procurement.

The researcher observations and respondents answers showed that early payments, quality commodities, win-win principle and frequent negotiations would improve Buyer–Supplier relationship in the whole process of procurement.
CHAPTER FIVE

DISCUSSION

5.1 Introduction

This chapter presents research discussions whereby the researcher presents his discussion by use of objectives. The results have been summarized and presented in tables. This research paper aimed at assessing the challenges of managing Buyer - Supplier relationship in private organizations a case study of CRDB BANK PLC Head office. The study was guided by the following specific objectives:-

(i.) To determine the perception on the relationship between Buyer and Supplier in the whole process of procurement

(ii.) To investigate the problems affecting Buyer- Supplier Relationship in the whole process of procurement

(iii.) To determine how does Buyer- Supplier Relationship contribute to Business improvement

The finding contained in this chapter originates from 30 respondents who were interviewed to collect primary data. The respondents were selected from CRDB Tender Board, employees of procurement department, employees of accounts department and suppliers of CRDB BANK PLC Head office.

5.2 To determine the perception on the Relationship between Buyer and Supplier in the whole process of procurement.

In this objective the researcher wanted to determine the perception on the relationship between Buyer and Supplier in the whole process of procurement. The first objective was to determine the perception on the relationship between Buyer and Supplier in the whole process of procurement

In the whole process of procurement Buyer relationship with Supplier is transaction based relationship that is once the transaction and payment are done that is the end of relationship.
From the findings revealed in table number one in chapter four, 12 respondents out of thirty (40%) said that Buyer perceptions from Suppliers is to get quality goods and after sells services, in connection to above 5 respondents which is equal to 16.66 percent, said that Buyers perceptions from Suppliers is to get quality goods and services from Suppliers so that this situation would to manage the challenges of managing Buyer Supplier relationship in whole process of procurement at CRDB BANK PLC Head office.

furthermore 7 responds out of thirty responds which is equal to 23.33 percent revealed that Buyers perceptions from Suppliers is to get fair prices and corporations from Suppliers which at the end of the day would help to manage the challenges of managing Buyer –Supplier in the whole process of procurement in addition to above other 6 respondents out of thirty which is equal to 20 percent said that Buyers perceptions from Suppliers is to get timely and service delivery, they said that suppliers are suppose to deliver goods and service as at per Service Level Agreements(SLA) of which they continued say that once all these are done would help to manage the challenges of Managing Buyer- Supplier relationship in the whole process of procurement at CRDB BANK PLC Head office.

The researcher revealed that Buyers perceptions from Suppliers is to get quality goods and services, after sells services, fair prices and corporations, timely and service offering which at the end of day would help to manage the challenges of managing Buyer –Supplier relationship in the whole process of procurement at CRDB BANK PLC Head office.

A primary reason for buying organizations to develop collaborative relationships with suppliers is to become more competitive. A competitive advantage can be enhanced by contributions from suppliers in areas of quality, cost, delivery product development, product and process innovations and productivity. Buyers must know their needs and expectations before developing a collaborative relationship
arrangement, and these must be communicated explicitly to the potential partner. Emmet and Crocker (2006)

5.3 To determine Suppliers perception from Buyers in the whole process of procurement.
In this objective the researcher wanted to determine Suppliers perceptions from Buyers in the whole process of procurement at CRDB BANK PLC Head office. From the findings on the table number 2 on chapter four 10 respondents out of thirty respondents said that Suppliers of CRDB BANK PLC Head office perceptions are to get early payments from different goods which they used to supply at CRDB BANKPLC Head office, these goods which they used to supply are like photocopy papers, different type of tonners, fax machine, IBM servers, different computers, different type of printers, Note counting machine, Mobile Branches, motor vehicles, respondents continued to say once these suppliers delivered all these items, their perceptions is to get early payments from Buyer, by doing this it would facilitate to manage the challenges of managing Buyer-Supplier relationship in the whole process of procurement.

In connection to above 8 respondents out of thirty respondents which is equal to 26.66 percent said that Suppliers perceptions from Buyer is to make permanent Business with their business partners, respondents said these Suppliers perceptions would be to make permanent Business like those who used to different equipments like office tables of different type, office chairs of different type, different stationeries like cash deposit slip and different with draw forms their perception is to make Business permanently, this means that they expect that Buyer would not change their suppliers in different category of Business.

Furthermore 5 respondents out of thirty respondents which is equal to 16.66 % said that Suppliers perceptions from Buyers are to make frequent negotiations in different thing which would be taking place in their Business like change in price in different goods and services, to make negotiations in different products which are suppose not to be supplied due to change in technology, they said that all this would help to
manage the challenges of managing Buyer Supplier relationship in the whole process of procurement at CRDB BANK PLC Head office.

Also 7 respondent out of thirty respondents which were equal to 23.33 % said that Suppliers perception is to make frequent heath check in their relationship as per Business But also the researcher agrees with the respondents answers but also the researcher witnessed that the perceptions of Suppliers of CRDB BANK PLC is to get early payments, permanent business, frequent negotiations and frequently heath checks as per business concerns which at the end of the day would to help to manage the challenges of managing Buyer Supplier relationship in the whole process of procurement at CRDB BANK PLC Head office. A seller’s perception and knowledge of its targeted customers’ needs should drive its operational and strategic decisions. Additionally, a clear perception of a specific buyer’s needs and expectations facilitates a seller’s response.

Emmet and Crocker (2006) concerned basing on delivering items of low quality to Buyers, late payments to Suppliers different office suppliers, delivering incomplete items to Buyer, and different undertakings which could make Buyer and Supplier operate under the principle of win- wins instead of win –win principle, Service Level Agreement(SLA) and different terms and conditions as per Business concern.

5.4 To investigate the problems affecting Buyer- Supplier Relationship in the whole process of procurement.

Here the researcher was interested to investigate if there are some problems affecting Buyer- Supplier relationship in the whole process of procurement at CRDB BANK PLC Head office.

From the findings on the table number 3 on chapter four, 12 respondents (40%) said that late payments are one of the problems affecting Buyer-Supplier Relationship in the whole process of procurement, these respondents revealed that some of payments used to stay at CRDB BANK PLC Head office more than three months without
being paid, they said that this is not good at all because could cause problems between them.

7 respondents out of thirty respondents which is equal to 23.33% said that win-wins relationship is one of the problem which could cause Buyer-Supplier relationship to be affected, they said sometimes Suppliers are selfish because they used not to deliver goods and services on time but they used to claim to be paid on time, like wise to Buyer (CRDB BANK PLC Head office) used to force Suppliers to supply goods and service on time while they used to pay Suppliers in time.

4 respondents out of thirty respondents which is equal to 13.33% said that unfavourable prices is also one of the problems which would affect Buyer – Supplier relationship in the whole process of procurement, these respondents said that sometimes Suppliers used to rise up the price of goods and service unnecessary of which CRDB BANK PLC Head office used to blame, they continued to reveal that this situation could affect Buyer-Supplier relationship in the whole process of procurement at CRDB BANK PLC Head office.

7 respondents out of thirty respondents which is equal to 23.33% revealed that long procedures of approving documents is one of the problem which could affect Buyer-Supplier relationship in the whole process of procurement, these respondents continued to say that the system of approving documents at CRDB BANK PLC Head office, they said sometime some of the documents could pass through more than 8 signatories which could sometime take more than a week on approving stage only.

But also the researcher saw that the mentioned problems could affect Buyer-Supplier relationship in the whole process of procurement, furthermore the researcher agrees with respondents that it’s true some of documents took long time until they complete the whole cycle of approval especially Information Technology equipments like IBM servers, N computing, satellite dishes and other Information Technology equipments.
When a variation from expected performance occurs, the stability of the relationship can be lost and that may jeopardize the viability of the collaborative relationships. Such variations often result from ambiguous responsibilities or anticipated events in the relationship environment. Partners can respond to these performance variations by taking appropriate corrective actions. Emmet and Crocker (2006)

5.5 How does Buyer –Supplier relationship contributes to business improvement in the whole process of procurement at CRDB BANK PLC Head office.

From the findings on the table number four in chapter four, 26.66% of the respondents out of thirty respondents said that fair prices in different goods services supplied by different suppliers like office tables, office chairs of different types, Motor vehicles of different types, different file cabinets, computers and I pads all these items should be treated with fair prices which at the end of the day would help to build their relationship in the whole process of procurement which automatically would contribute to business improvement.

9 respondents out of thirty respondents which is equal to 30% said that quality commodities supplied by suppliers of CRDB BANK PLC Head office would bring to contribute to business improvement in the whole process of procurement, they continued to reveal that once suppliers would be delivering quality goods and service while the Buyer would be receiving quality goods and service automatically it would act as a catalytic of contributing business improvement.

5respondents out of thirty respondents which is equal to 16.66% revealed that promotion of 7RS which are right quality , place, source, price and others would contribute to business improvement in the whole process of procurement at CRDB BANK PLC Head office and their Suppliers. In connection to above 8 respondents out of thirty which is equal to 26.66% revealed that giving guarantee to each other in the whole process of procurement would improve the business, because every part to business would get confidence to their relationship, and automatically would contribute to business improvement, even the researcher agree with the respondents
answers that all these once are done would help to contribute to business improvement in the whole process of procurement at CRDB BANK PLC Head office with their suppliers.

Suggestions for improving Buyer–Supplier relationship in CRDB BANK PLC Head office. 8 respondents out of thirty percent which was equal to 26.66 percent said that early payments to Suppliers would help to improve Buyer–Supplier relationship in whole process of procurement, they said that Suppliers would be able to supply different requirements as ordered by the Buyer and at last would help to improve Buyer-Supplier relationship in the whole process of procurement.

Furthermore 8 respondents out of thirty respondents which was equal to 26.66% said that Supplying quality commodities to Buyer it would improve Buyer–Supplier relationship, this is because Buyer would be happy to get quality goods and services, but also this situation would made Buyer to pay them as they agreed on Service level Agreement (SLA) automatically this would help to improve Buyer–Supplier relationship in the whole process of procurement at CRDB BANK PLC Head office. In connection to above 7 respondents out of thirty respondents which is equal to 23.33% said that Buyers and Suppliers are suppose to make sure they operate their business under the principle of win-win, where by each decisions made by one part to the Business should not harm the other side or should not cause lose to other side, instead a such decisions should help to make each part enjoy their relationship in the whole process of procurement.

Lastly but not least 7 respondents out of thirty respondents which was equal to 23.33% said that frequent negotiations in different situations which would took place during Business operations like rise of price of different goods and services, change in technology, inflation, change in market situation, change in test of different goods and service, all this should get frequent negotiations to whatever which would be taking place in the whole process of procurement. Respondent’s answers plus researchers views agree with the respondents that once all these situations are done
would help improve Buyer-Supplier relationship in the whole process of procurement at CRDB BANK PLC Head office.

5.6 Today buyer-supplier relationships have become “strategic” and the process of relationship development is accelerated as firms strive to create relationships to achieve their goals.

An important phenomenon related to Buyer-Supplier relationships is that buyers are developing single source suppliers because of the pressure to; *increase quality, reduce inventory, improved technology flow from suppliers, improved continuity of supply, develop just-in-time (JIT) systems, and decrease time to market.* The intensity of contact needed to accomplish high quality, implement JIT, and reduce time to market could not be achieved with multiple sources of supply. The ultimate goal in developing these capabilities is to reduce costs. These cost reductions can be obtained through one of two models. In an adversarial model, buyers pit suppliers against each other to achieve lower costs. In cooperative model, both parties achieve lower costs by working together to lower both buyer’s and seller’s operating costs. This reduction is accomplished through better inventory management and elimination of unnecessary tasks (Wilson, 1995).

Relationship assessment involves measuring the relationship between a firm and its supplier. It identifies the strengths and weaknesses in the customer-supplier relationship and encourages discussion between their personnel in a way that avoids blaming individuals. Its focus is on evaluating actual performance with contract or service level agreement, hence creates a joint agenda for improvement activities.

Relationship Positioning Tool (RPT) aids in measuring the relationship by systematic process of rating key elements of the way in which both sides do business with each other, against best practice.
The focus of customer-supplier relationship focuses on contract performance built on quality, delivery, cost and innovation resulting from supplier capability, information flow from supplier to customer, information flow from customer to supplier and customer strategy.

These are broadly described below;

(i.)  *Supplier Capability*; measured based on employee skills, company profile, process capability and supplier management.

(ii.)  *Information flow-Supplier to customer*; measured based on involvement of supplier with customer and people who make contact.

(iii.)  *Information flow-Customer to supplier*; measured based on involvement of customer with supplier and people who make contact.

(iv.)  *Customer Strategy*; based on attitudes adopted towards supplier, how customer requirements are specified, systems and people.

(v.)  (Emmet and Crocker, 200
CHAPTER SIX

CONCLUSION AND RECOMMENDATIONS

6.1 Introduction
The chapter aims of summarizing and concluding the findings that has been obtained in the course of conducting study in the actual area, hence made the researcher to bring his suggestions and recommendations basing on the theories of the Buyers of CRDB BANK PLC Head office and the suppliers of CRDB BANK PLC Head office. In that respect, this summary has been extracted from interviews and questions are sets conducted from the Tender Board of CRDB BANK PLC Head office, employees of procurement department, employees of accounts department, and suppliers of CRDB BANK PLC Head office.

6.2 Summary of the Study
The purpose of this research study was to explore on the challenges of managing Buyer – Supplier relationship in private organization a case study of CRDB BANK PLC Head office whereby three questions were asked to fulfil the objectives of the study. Whereby the first question was asked to show the perception of the Relationship between Buyers and Suppliers in the whole process of procurement at CRDB BANK PLC Head office? The second one was to identify the problems affecting Buyer-Supplier Relationship in the whole process of procurement at CRDB BANK PLC Head office? The third one was how Buyer does –Supplier Relationship contributes to Business improvement at CRDB BANK PLC Head office and their Partner to Business? Base on the research findings and data analysis the researcher come out with the following conclusion.

6.3 Conclusion
Buyers perceptions from their Suppliers are to get quality goods and service in the whole process of procurement, actually CRDB BANK PLC they expect to get quality goods which at the end of the day would make Buyer achieve what they have been planning of serving customers as at per Bank standards, also receiving
quantities as they ordered is another perceptions which Buyer expect from Suppliers, meaning what they expect to receive what they have been ordered, further more fair prices and corporations are another aspects which Buyer expect to get from Suppliers, CRDB BANK PLC Head office expectations are to get fair prices in different and services of which it would be reasonable to make the Bank get profits from different services and products which have been provided by CRDB BANK PLC Head office, firstly but not least they expect to get total corporation from their Suppliers of sharing different changes which would be taking place in the market. Lastly Buyers expect timely deliver of different goods and service as they agreed in the Service Level Agreement (SLA), all these once are done it would help to manage the challenges of managing Buyer –Supplier Relationship in the whole process of procurement.

Supplier’s perception in the whole process of procurement from Buyer is to get early payments in different goods and service which they used to supply to Buyer so that those payments would help continual supplying goods and services to Buyer. But also suppliers perceptions is to make permanent business with Buyer, the meaning of this is that they expect to make as per contract signed between them, if the contract is for four quarter they expect to supply different goods and services to Buyer for all this four quarter. Supplier’s perception is to make frequent negations with Buyer CRDB BANK PLC Head office; such negotiations would be concerning change in price of different goods and service, change in technology of different equipments like different printer, different computer, photocopy machines, scanner and different equipment being supplied with suppliers of CRDB BANK PLC and changing in market situations. Other perceptions which suppliers would expect from Buyer are frequent health check concerning their relationship basing on the principle of win-win or win-wins.

In fact if the relationship was based on the principle of win-wins that the gain of one part in the Business caused an injury to the other part, now in this situation these two parties to business were supposed to sit-down and check how would they do to make sure that the gain of one would be the gain of other partner to the business, but also
if these two parties to the business are operating under the principle of win-win of which the gain of one is the gain of the other part to the business, by doing all these it would fulfil Suppliers perceptions from the buyer.

Late payments to Suppliers was the problems which would be affecting Buyer – Supplier relationship in the whole process of procurement, from the findings from the findings and researchers comments is that frequently Suppliers have been blaming of being not paid according to the service level agreement, this would cause problems to Buyer and Supplier too, because Suppliers would not be able to deliver goods and service as per Service Level Agreements, but also Buyer would not get different goods and service from Suppliers earlier because of failing to pay Buyer on time, even the researcher saw this situation of failing to pay suppliers on time and automatically it causes the problems of Managing Buyer- Supplier relationship in the whole process of procurement at CRDB BANK PLC Head office.

Win –wins relationship was another problem affecting Buyer- Supplier relationship in the whole process of procurement at CRDB BANK PLC Head office, every part to the contract is shellfish whereby they were thinking on getting benefits on their own, that means the gain of Suppliers would be the loss of Buyer, therefore the benefits of one part to the contract was the loss to the other part to a such contract, the researcher also agrees with the respondents this behaviour is very common to CRDB and their Suppliers whereby CRDB BANKPLC want quality goods and services but with low price while Suppliers of CRDB BANK PLC want to supply low quality goods and services with high prices, this situations used to cause challenges on managing Buyer-Supplier relationship in the whole process of procurement at CRDB BANK PLC Head office and their suppliers.

Unfavourable prices also is another problem affecting Buyer-Supplier relationship in whole process procurement at CRDB BANK PLC Head office and their Suppliers, Suppliers want to charge high prices to different goods and services being supplied to (Buyer) even though those goods and service being supplied by them are of low quality, out of technology or fashion, but also Buyer(CRDB BANK PLC Head
office) want Suppliers to supply them goods and service of high quality but they want to pay them low prices which used to create conflict of interests between them in the whole process of procurement, this situations is agreed by the researcher that unfavourable price is the problem affecting Buyer- Supplier relationship in the whole process of procurement at CRDB BANK PLC Head office and their Suppliers. Long procedure of approving documents is another problem affecting Buyer- Supplier relationship in the whole process of procurement, respondents revealed this, but also the researcher saw a such situation that some of the documents took longer time in approving process until they complete a such cycle, those documents are like those of purchasing Automatic Teller Machine(ATM), cash safe, Mobile Branches and Building new Branches, all these equipments consumes a lot of money and it passes in different authorities until they are complete.

Fair prices being charged to different goods and service, would contribute much on improving business to Suppliers and even to Buyer because of every part to the contract would be enjoying the Principle of win- win and at last business of both parties would be improving. Quality commodities being ordered and supplied by Suppliers of CRDB BANK PLC Head office would help to improve the business between both parties, this is because every part to the contract would be enjoying what they have been expecting from their partner to Business. Supplying and receiving Right goods, from the Right price, from the right source and being delivered to the place would contribute to the improvement of the Business to both parties.

Lastly guarantee to business would facilitate the improvement of the business to both parties, this is because every part to the business would be feeling that he or she is part and parcel of the business, so everyone would strive to his or level best to make sure they satisfy her partner to business.

All the above were respondents answers but also the researcher agrees that once fair prices charged to different goods and services, quality goods being supplied by Suppliers, promotion of 7RS and guarantee, early payments, win-win Principle and
frequent negotiations to business would help to improve business in the whole process of procurement at CRDB BANK PLC Head office and their Suppliers.

**Contribution to knowledge**

As far as the researcher made study at CRDB BANK PLC Head office as concerned, the Buyer –Supplier relationship is not good at all, and it is important to assess the challenges of Managing Buyer –Supplier relationship in the whole process of procurement at CRDB BANK PLC Head office. The objective of managing Buyer –Supplier relationship is to maximize relationship between the parties in meeting day to day requirements of the parties while minimizing operation costs. Therefore, contribution to knowledge as far as the research study conducted at CRDB BANK PLC Head office was as follows:

(a) **To the research.**

Through research study made at CRDB BANK PLC Head office the researcher has widened his knowledge following the findings obtained, because was able to reveal the strengths and weakness in the relevant study.

(b) **To CRDB BANK PLC Head office.**

It will facilitate more researchers to be conducted in other private organizations in Tanzania like CRDB BANK PLC Head office so as to come up with general condition of assessing challenges of managing Buyer –Supplier relationship so as to improve efficiency of the relationship between the parties and reduce complains from both parties in the all process of procurement.

(c) **To other researcher students.**

On the other hand research report will help other students undertaking the study to acquire more knowledge and making deeper investigation on the study by making sure that they are covering the gaps not covered by the researcher.
6.4 Synthesis from the findings

Buyer-Supplier relationship is very important for the organization survival. It is important for both Buyers and Suppliers to regularly monitor the health of their relationship and probe whether additional value can be added through conducting health relationship checks, which CRDB BANK PLC Head office and her suppliers do not used to. By health checks means CRDB BANK PLC Head office and her suppliers must assess the health of the relationship through reviewing strengths, weakness and opportunities and developing recommendations for improving the other all relationship value discovery.

6.5 Recommendations

(i.) Relationship management.

Generally cooperative relationships or partnership’s have been characterized as being based upon the sharing of information, and openness, mutual benefits and sharing of risks, a recognition of mutual interdependence/shared goods and compatibility of cooperate philosophies.

(ii.) Trust is another key factor for consolidating the relationship between Buyer and Suppliers. Whereby trust means being confident that the other part will do what she or he says it will do. Therefore, CRDB BANK PLC Head office and her suppliers must adhere to these factors which actually operate in a minimum rate in their relationships.

(iii.) But CRDB BANK PLC Head office also is required to establish or start operating on the Principle of win –win whereby both parties will start to see the benefits of more collaborative relationships whereby the loss of her suppliers should be the loss or pinch to the organization also. Therefore CRDB BANK PLC Head office must implement this Principle and if it exists already they should make it effective for better of both parties.
(iv.) CRDB BANK PLC Head office must make sure that they reduce the number of people who are authorized in approving different documents of which it will help to reduce different claims from Suppliers, but also they must consolidate the principles of first in first out (FIFO) and last in first out (LIFO) in making payments to her suppliers and solving different demands from her suppliers, whereby these two principle are suppose to be systematic followed. CRDB BANK PLC Head office should regularly monitor the health of their suppliers through reviewing the strengths, weaknesses and opportunities for developing recommendations to every point where it needs correction and by doing this CRDB BANK PLC Head office and their Suppliers will increase the rate of improving business to both parts in the whole process of procurement.

6.6 Future Area of the Study

This study was done as a case study of CRDB Head Quarter Dar as salaam. The same study can be broadened to cover the entire supply chain by involving ultimate customers, middle players which mostly are medium and large organizations and original suppliers in the supply chain. Considering it as a network, will provide the results that provides a conclusion adding value to all key players in the supply chain.
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APPENDICES

QUESTIONNAIRE

AN ASSESSMENT OF MANAGING BUYER-SUPPLIER RELATIONSHIPS:
THE CASE STUDY OF CRDB BANK PLC HEADS OFFICE.

The below questions have been formulated by the researcher to assist him to collect data for research purposes on assessment of managing buyer-supplier relationships. Not otherwise, any information given will be treated with special care and confidentially.

Question 1:
What are the perceptions on the relationship between Buyers and Suppliers in the whole process of procurement?

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1(a) What are the perceptions Buyers expect from Suppliers in the whole process of procurement? Mention them
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1(b) What are the perceptions Suppliers expect from Buyers in the whole process of procurement? Mention them
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2(a) Is there problems affecting Buyer-Supplier relationship in the whole process of procurement? Put a tick in a correct answer

(i.) Yes ( )
(ii.) No ( )

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2 (b) If yes mention them
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3. How does Buyer-Supplier relationship contribute to business improvement? Mention them
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4(a) Is the principle of win-wins applicable in managing Buyer–Supplier Relationship in the whole process of procurement at CRDB BANK PLC Head office?
(i.) Yes (   )
(ii.) No (   )

4(c) If no mention the reasons behind
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