

**Role of buyer-supplier relationship on organisational performance  
of Small Medium and Micro Enterprise Retailers in Durban**

By

**Manqoba Lwazi Nzama**

**Student No: 21855825**

Submitted in fulfilment of the requirements of the Degree of

**Master of Management Sciences in  
Administration and Information Management**

In the Faculty of Accounting and Informatics  
at the Durban University of Technology

Supervisor: Prof O. Oludayo (PhD Computer Science)

Signature: \_\_\_\_

Date: 07/09/2022\_\_\_\_\_

Co-Supervisor: Dr S.P. Moyane (PhD Information Science)

Signature: \_

Date: 2022/09/06\_\_\_\_\_

Candidate: M.L Nzama

Signature: \_\_\_\_

\_\_\_\_ Date: 06/09/2022\_\_\_\_\_

## DECLARATION

I, **Manqoba Lwazi Nzama**, do hereby declare that this research study is the result of my investigation and research and that this has not been submitted in part or full for any degree or for any other degree to any other University.

.....

M.L Nzama

Name and Signature

.....06/09/2022.....

Date

## ACKNOWLEDGEMENTS

I thank God Almighty for His wisdom and patience during the writing of this master's dissertation and for all my years of studying. It is through His blessings that many opportunities have been afforded to me and my achievements were made possible.

I would like to extend my sincerest gratitude to my supervisors Prof O. Oludayo and Dr S.P. Moyane for their continuous guidance, constant support and kind encouragement through the writing of this study. Their masterly supervision ensured that this dissertation was written with the least amount of worry or stress.

My heartfelt thanks go out to my family for all of their support over the years for my degree and through this final masters' year. Their love and understanding throughout has been a great source of strength to get me through the little glitches along the way. A special thank you goes out to my mother Dr S.P. Moyane who has been the voice of reason in every situation or dilemma, big or small. All of these years would not have gone off as smoothly without her and many of my endeavours would not have been possible without her guidance, understanding and motivation. Thank you for everything that you've done for me.

I would also like to thank the Durban University of Technology for affording me the opportunity to study towards a masters' degree and also for funding my studies. I am extending my earnest appreciation to the study respondents, their feedback made it possible to gather enough data to use to conclude this study.

I could not have completed this study without all the above wonderful people and others not mentioned. Many thanks to you all.

## **DEDICATION**

This study is dedicated to my mother Dr. S.P. Moyane, she paved the way for me to be at this level today, her guidance and dedication to my success is everlasting.

## TABLE OF CONTENTS

<b>DECLARATION</b> .....	i
<b>ACKNOWLEDGEMENTS</b> .....	ii
<b>DEDICATION</b> .....	iii
<b>LIST OF FIGURES</b> .....	vii
<b>LIST OF TABLES</b> .....	viii
<b>LIST OF ABBREVIATIONS</b> .....	ix
<b>ABSTRACT</b> .....	x
<b>CHAPTER ONE: INTRODUCING THE STUDY</b> .....	1
<b>1.1 Introduction</b> .....	1
<b>1.1.1 Buyer-supplier relationship on organisational performance</b> .....	1
<b>1.1.2 Contextual background</b> .....	5
<b>1.2 Problem statement</b> .....	5
<b>1.3 Study aim</b> .....	6
<b>1.4 Research objectives</b> .....	6
<b>1.5 Research hypotheses</b> .....	6
<b>1.6 Study rationale</b> .....	6
<b>1.7 Study limitations</b> .....	7
<b>1.8 Research methodology</b> .....	7
<b>1.9 Overview of dissertation</b> .....	9
<b>1.10 Chapter summary</b> .....	9
<b>CHAPTER TWO: LITERATURE REVIEW</b> .....	11
<b>2.1 Introduction</b> .....	11
<b>2.2 Buyer supplier relationship on organisational performance</b> .....	11
<b>2.3 Buyer-supplier relationships in small micro and medium enterprise</b> .....	14
<b>2.4 Theoretical framework</b> .....	16

2.4.1	Transaction cost economics.....	17
2.4.2	Social exchange theory.....	17
2.5	Hypothesizing buyer-supplier relationship .....	20
2.5.1	Supplier information sharing.....	21
2.5.2	Buyer satisfaction.....	22
2.5.3	Buyer loyalty.....	23
2.5.4	Moderating role of buyer trust .....	23
2.5.5	Moderating role of supplier commitment .....	24
2.5.6	Supplier organisational performance.....	25
2.6	Chapter summary .....	26
<b>CHAPTER THREE: RESEARCH METHODOLOGY.....</b>		<b>27</b>
3.1	Introduction.....	27
3.2	Research paradigm .....	27
3.3	Research approaches .....	27
3.4	Research design.....	28
3.5	Target population.....	29
3.5.1	Sampling procedures .....	29
3.6	Data collection procedure.....	31
3.7	Data validity and reliability .....	32
3.7.1	Validity .....	32
3.7.2	Reliability.....	32
3.8	Elimination of bias .....	33
3.9	Ethical Considerations.....	33
3.9.1	Ensuring informed consent .....	34
3.9.2	Ensuring no harm comes to participants.....	34
3.9.3	Ensuring confidentiality and anonymity.....	34

3.10	Data analysis.....	35
3.11	Chapter summary .....	35
<b>CHAPTER FOUR: PRESENTATION AND DISCUSSION OF FINDINGS .....</b>		<b>37</b>
4.1	Introduction.....	37
4.2	Response rate.....	37
4.3	Scale of measurement .....	37
4.4	Buyer-supplier relationship on organisational performance .....	39
4.4.1	Background data .....	39
4.4.2	Reliability analysis .....	42
4.4.3	Descriptive statistics.....	42
4.4.4	Structural model .....	44
4.4.5	Hypothesis testing .....	49
4.4.6	Discussion of findings.....	52
4.5	Chapter summary .....	55
<b>CHAPTER FIVE: SUMMARY OF FINDINGS, AND CONCLUSION .....</b>		<b>56</b>
5.1	Introduction.....	56
5.2	Summary of findings.....	56
5.3	Conclusion .....	59
5.3.1	Limitations for future research .....	61
5.3.2	Recommendations .....	62
5.4	Chapter summary .....	63
<b>REFERENCES.....</b>		<b>64</b>
<b>ANNEXURE A: ETHICAL CLEARANCE .....</b>		<b>79</b>
<b>ANNEXURE B: GATEKEEPER’S LETTER .....</b>		<b>80</b>
<b>ANNEXURE C: CONSENT LETTER .....</b>		<b>81</b>
<b>ANNEXURE D: QUESTIONNAIRE.....</b>		<b>83</b>

## LIST OF FIGURES

Figure 2.1. Hypothesized model of Information sharing on organisational performance.....	20
Figure 4.1. Preferred buyer-supplier relationship.....	41
Figure 4.2. Final measurement model.....	46
Figure 4.3. Complete model of information sharing on organisational performance.....	48
Figure 4.4. Trust moderator.....	51
Figure 4.5. Commitment moderator.....	51



## LIST OF TABLES

Table 3.1. Table for determining sample size from a given population.....	29
Table 4.1. Profile of respondents.....	40
Table 4.2. Buyer-supplier information of retailers.....	41
Table 4.3. Reliability statistics.....	42
Table 4.4. Descriptive statistics.....	43-44
Table 4.5. Measurement model testing.....	45
Table 4.6. Discriminant validity .....	47
Table 4.7. Organisational performance path relationships.....	48
Table 4.8. Hypotheses testing summary.....	50
Table 4.9. Moderation testing summary.....	50

## **LIST OF ABBREVIATIONS**

SMME – Small, Medium, and Micro Enterprises

SME - Small and Medium-sized Enterprises

TCE - Transaction Cost Economics

SET – Social Exchange Theory

CFA – Confirmatory Factor Analysis

AVE - Average Variance Extracted

SEM – Structural Equation Modelling

SEV - Average Variance Extract

CR – Composite Reliability

## ABSTRACT

Buyer-supplier relationship plays a huge role in the running of an almost flawless supply chain, being responsible for the efficient supply of goods, services, and information across the entire supply chain. Organisations are faced with pressure to improve their competitive advantage and market share. In that regard, to improve organisational performance, the question arises whether to have a transactional relationship with many suppliers or have a collaborative relationship with a smaller number of suppliers.

The research study aimed to examine the role that buyer-supplier relationship plays on organisational performance in the SMME retail industry in Durban. The study objectives were to ascertain the type of a relationship SMME retailers have with their suppliers, establish the influence of inter-organisational factors: trust, satisfaction, information sharing, commitment, and loyalty on the existing buyer-supplier relationships, and determine the implications of the existing buyer-supplier relationships on the organisational performance of SMME retailers. The study tested the following hypotheses:

- H<sub>1</sub>: There is a significant relationship between supplier information sharing and supplier organisational performance.
- H<sub>2</sub>: There is a significant relationship between buyer satisfaction and supplier information sharing.
- H<sub>3</sub>: There is a significant relationship between buyer satisfaction and buyer loyalty.
- H<sub>4</sub>: There is a significant relationship between buyer loyalty and supplier information sharing.
- H<sub>5</sub>: Buyer trust moderates the relationship between supplier information sharing and supplier organisational performance.
- H<sub>6</sub>: Supplier commitment moderates the relationship between supplier information sharing and supplier organisational performance.

The study adopted a conceptual framework grounded on two major theoretical standpoints: transaction cost economics and social exchange theory. Within a survey research design, a cross-sectional time horizon was employed to obtain the overall picture of the relationship between

buyer-supplier relationship and organisational performance. The study targeted 1320 Durban based SMME retailers as per yellow pages of 2019. The sample were 591 SMME retailers that are selected at a 95% level of confidence with a plus or minus 3 margin of error and analysed using structural equation modelling which offers a universal and appropriate framework for statistical analysis including several multivariate procedures that are traditional, a confirmatory factor analysis will be used as the study has several independent variables which are correlated and an intervening variable.

The study found that three out of the six hypotheses articulated to be able to accomplish the studies aim were analytically supported and accepted. A conclusion can therefore be made that information sharing between SMME retailers and their suppliers has a role of enhancing the harmonious collaboration as well as trust, loyalty, commitment, and satisfaction that exists amongst these partnerships. Buyer-supplier relationship between SMME retailers and their suppliers will in turn have a huge role in improving supplier organisational performance for these suppliers. The study recommended that SMME retailers should make use of fewer suppliers with collaborative relationships in order to improve organisational performance.

## **CHAPTER ONE: INTRODUCING THE STUDY**

### **1.1 Introduction**

The first chapter commences with the conceptual background to the study. Thereafter, it moves to the contextual background of the study. It then proceeds to stating the problem investigated, formulating the study aim and research objectives and hypotheses to be tested. The rationale of the study, its scope and limitations were then provided. It then provides a brief review of literature followed by a summary of the research methodology adopted. An overview of thesis chapters follows ending with the chapter summary.

#### **1.1.1 Buyer-supplier relationship on organisational performance**

Buyer-supplier relationships are integral in the modern-day businesses' survival as the relationship between supplier and buyer is important for any organisation that is prepared to adapt to changes in time and flexibility. A "buyer-supplier relationship can generally be defined by a contractual, quasicontractual, or a basic relational agreement amongst two parties, in which one party makes a promise to buy while the other party promises to sell" (Ampe-N'DA *et al.* 2020:51). Nevertheless, the definition above is too simple as relationships are not that easy, due to the fact that a buyer-supplier relationship must also include "trust, commitment, loyalty, governance, dependency, reciprocity, information sharing, value creation, long-term or short-term orientation, mutual economic exchange, shared values, cooperative and mutual benefit, supplier development, satisfaction, and sustainability issues" (Hoque and Rana 2020:5).

Buyer-supplier relationships have been developed to be strategic nowadays and the relationship development process is fast-tracked as businesses attempt to build relationships to be able to accomplish their goals (Camilo, Gonçalves and Pardini 2016). An essential singularity which is associated with buyer-supplier relations is that most buyers are utilising sole suppliers as source due to the pressure to lessen inventory, improve quality, reduce time to market, and build on just-in-time systems (Munyimi and Chari 2018). These variations have made managing external relationships most crucial into understanding practices and performances in organisations. In the past twenty years, a number of organisations have profited from a collaboration approach in comparison to competing with key business partners (Ampe-N'DA *et al.* 2020).

In the procurement works, “the forms of buyer-supplier relationships vary from arm’s length transactional relationships in which two parties participate in a transaction remote in time, to joint/collaborative relationships which span over lengthy periods reaching beyond any one precise transaction” (Hoque and Rana 2020:4). Buyer-supplier relationship is formed when two or more partnering organisations work together in linking supply chain related activities, which is important in meeting the expectations and requirements of customers (Loury-Okoumba and Mafini 2021). Recent relationships between buyers and suppliers require a co-operative working engagement amongst partners of the supply chain, with the intention of trading proprietary information and knowledge, capabilities, along with technologies (Ariesty 2016). Aspects such as setting of common objectives and goals, the internal governance of the organisation and shared trust, together with exchanging of information are important in inducing buyer and supplier decisions to join forces (Sener *et al.* 2019). Buyer-supplier relationships could also be improved via effective quality communication and sharing of information amongst the members of a supply network, as this aids in the establishment of inter-organisational learning (Pooe, Mafini and Loury-Okoumba 2015).

The relationship between buyers and suppliers invariably impacts on organisational performance (Botes, Niemann and Kotzé 2017). The noticeable benefits for the process or product innovation include (reduction of the time to the marketplace, reduction in the cost of development, and quality improvements) and for the business (development of know-how, a superior specialisation level, joint learning and concentrating on personal core competencies) (Mbiko, Mbara and Swanepoel 2017). As portions of new product development competencies are outsourced by most organisations to their suppliers, it comes as no surprise that research into the management of supplier involvement in innovation and first-hand product development has largely expanded over the past three decades (Camilo, Gonçalves and Pardini 2016).

Buyers are aiming and eventually opting for closer relations with their strategic suppliers. Furthermore, current scenarios, according to Azeem and Ahmed (2015) has enlarged the importance that buyers must look to build and preserve a relationship that is supportive with their suppliers. In the SMME retail industry, little research has based its focus to the role of buyer-

supplier relationship on the performance of organisation, be it the supplying or buying organisation (Pooe, Mafini and Loury-Okoumba 2015). This study aimed to bridge the gap and provide invaluable information within SMME retail industry, the relationships they have with their suppliers and these relationships impact on the performance of the organisation.

There is barely any disagreement nowadays regarding the impact and role played by SMMEs in economies (Loury-Okoumba and Mafini 2021). The SMME area has been pronounced ‘as an important influence in maintaining the growth of economies and the upliftment of the majority of economies, this is due to their capacities to adapt to environmental shifts and technological alignment’ (Pooe, Mafini and Loury-Okoumba 2015). In the South African context, SMMEs are outlined as follows:

Businesses made up of the entrepreneur only and employing no workers are referred to as Own-account; businesses with between 1 and 4 employees (excluding the owner) are referred to as Micro; businesses with between 5 and 9 employees are referred to as Small; businesses with between 10 and 49 employees are referred to as Medium; and businesses with 50 employees or more are referred to as Large. SMME refers to the combination of Own-account, Micro, Small and Medium businesses and includes all businesses with between 0 and 49 employees (Bhorat *et al.* 2018: 9).

In terms of SMME retailers, a break or disruption in the supply of goods can lead to costly consequences such as loss of customer base to other retailers, loss of trust that the retailer can deliver required goods and deliver on time, thus the importance of well managed buyer-supplier relationships. According to Botes, Niemann and Kotzé (2017), it is beneficial for suppliers to maintain a long-term relationship with customers in comparison to relying on a transactional approach, firms that are relying on longer term relationships with their suppliers come out on top compared to firms that does not rely on this relationship strategy.

Crosno and Dahlstrom (2016) highlight that devising a number of valuable relationships with suppliers; buyers will be in a point of completely understanding and evaluating the most important strength of their suppliers. The success of an organisation is based on how they manage buyer-supplier relationships (Ampe-N’DA *et al.* 2020). In particular for organisations to expand their

worth creation and expand organisational performance, organisations must understand the strategic relationship with main suppliers (Azeem and Ahmed 2015). Historically, a retailer and supplier have had a rather adversarial type of a relationship, which meant that shared trust and collaboration were problematic to nurture, however, relationships nowadays have turned out to be more collaborative and less exploitative, as parties want to invest in their supply chain relationships for their mutual benefit (Makhitha 2019).

The performance of a business as matched to its objectives and goals is referred to as organisational performance (Salim and Rajput 2021). Lamptey (2017) defines organisational performance as “the actual results or output of an organisation as measured against that organisation’s intended outputs”. In relation to SMMEs, an effective and efficient buyer-supplier relationship contributes significantly to the abilities of SMMEs retailers to meet their performance objectives (Kwofie, Aigbavboa and Matsane 2017), furthermore, coalitions across SMME supply chains are important in improving operational activities, while in the process making certain that customers and their requirements are met (Kwofie, Aigbavboa and Matsane 2017). Working in collaboration with suppliers can improve the organisational performance of a buying organisation (Tescari and Brito 2016), with that in mind it would be interesting to find the perspective of a supplier organisational performance and how buyer-supplier relationships impact on it.

Present-day research has studied the links between relationships and performance and highlighted on the need for businesses to move in the direction of closer, more collaborative relationships (Azeem and Ahmed 2015). The benefits of these relationships include quality products, financial performance, reduction in lead time, enhanced responsiveness, customer loyalty, innovation, improvements in product or process design (Clauss and Spieth 2016; Ferro *et al.* 2016). Corporate owners and managers are starting to understand that buyer-supplier relationships, provided they are successful, will result in improved market penetration, better access to new technology and knowledge, and higher investment returns in comparison to competitors who have not opted for close relationships (Hoque and Rana 2020).



### **1.1.2 Contextual background**

The context of the study is SMME retailers in Durban, KwaZulu Natal. The SMMEs were selected from the yellow pages of 2019 which makes it difficult to reach almost all as most in the micro level are not registered on the yellow pages. The non-registered micro retailers hinder the study progress as most studies have focused on larger retailers when researching on buyer-supplier relationship and organisational performance in the retail sector, this study seeks to understand buyer-supplier relationship at SMME level to fill the gaps and understand the relationships between buyers and suppliers at root level.

### **1.2 Problem statement**

In the present unsettled corporate environment, organisations are facing highly competitive pressure to improve their market share and competitive advantage (Agarwal and Narayana 2020). As a result, organisational leaders have recognised the importance of strengthening their organisations' supply chain performance (Karami *et al.* 2015). This then has led to questions being asked whether to have a transactional relationship with a number of suppliers or have a smaller number of suppliers with a collaborative relationship to improve organisational performance (Prince *et al.* 2016).

There are influences that are as a result of supply chain irregularities or disruptions, which comes because of the absenteeism of a collaborative relationship between buyer and supplier. Supply chain disruptions may however lead to a variety of complications that involves longer transit times, stock runouts, unable to satisfy buyer demand, and increases in costs (Botes, Niemann and Kotzé 2017). Despite the growing research interests in buyer-supplier relationships, findings about the buyer-supplier relationship and performance from earlier studies are inconsistent. While some studies showed practical confirmation for the positive effect of buyer-supplier relationship on performance, others reported a non-significant or possibly an adverse relationship between buyer-supplier relationship and performance (Mbiko, Mbara and Swanepoel 2017). There are limited studies that clarify the effect of buyer-supplier relationships and explicate the influence of interpersonal variable (information sharing, trust, loyalty, commitment, and satisfaction) on organisational performance of the SMME retailers, therefore, this study aims at overcoming the above-mentioned gap by researching the role that buyer-supplier relationship plays

on the organisational performance of the SMME retailers in Durban (Loury-Okoumba and Mafini 2021).

### **1.3 Study aim**

The aim of the study was to examine the role that buyer-supplier relationships have on organisational performance with reference to the SMME retailers.

### **1.4 Research objectives**

- To ascertain the type of a relationship SMME retailers have with their suppliers.
- To establish the influence of inter-organisational factors: Trust, Satisfaction, Information sharing, Commitment, and Loyalty on the existing buyer-supplier relationship.
- To determine the implications of the existing buyer-supplier relationship on organisational performance of SMME retailers.

### **1.5 Research hypotheses**

This study tests the following hypotheses:

H1: There is a significant relationship between supplier information sharing and supplier organisational performance.

H2: There is a significant relationship between buyer satisfaction and supplier information sharing.

H3: There is a significant relationship between buyer satisfaction and buyer loyalty.

H4: There is a significant relationship between buyer loyalty and supplier information sharing.

H5: Buyer trust moderates the relationship between supplier information sharing and supplier organisational performance.

H6: Supplier commitment moderates the relationship between supplier information sharing and supplier organisational performance.

### **1.6 Study rationale**

The research targets to benefit the organisations that are until now have not explored the phenomenon of closer buyer-supplier relationship and collaboration. SMME retailers will profit from this study because it may or likely reveal the importance of factors such as trust, commitment, loyalty, satisfaction and information sharing to the improvement of organisational performance.

The research study is significant as it explores how the above-mentioned factors can influence organisational performance thus highlighting focus areas for organisations who are keen on improving their overall organisational performance and gain competitive advance in the market. The study also increases the depth of the bulk of academic knowledge.

### **1.7 Study limitations**

In terms of conceptual scope, the study examined the role of buyer-supplier relationships on organisational performance of SMME retailers, the type of relationships that enriches the performance and the way different types of relationships impact on the performance of the organisations. The broad contextual scope was the retail and trade industry. The specific study site was the South African retail and trade industry specifically looking at the SMME retailers in the province of Kwa-Zulu Natal Durban, this as a result limits the applicability of the findings to other industries and other markets. The study was limited in terms of data collection as the questionnaires were emailed a few yielded results.

### **1.8 Research methodology**

A detailed presentation of research methodology employed by this study is presented in Chapter Three (Research Methodology). The methodology adopted by this study is outlined as follows: To attend to the hypotheses of the study, the study made use of a quantitative research approach. Quantitative research was used to be able to test hypotheses, which allowed the researcher to examining the relationship between buyer-supplier relationship and organisational performance focusing on inter-organisational factors: information Sharing, trust, loyalty, satisfaction and commitment.

Descriptive survey research was chosen for the study, specifically quantitative research method the was adopted for this study so that the researcher could obtain the overall representation of the relationship between buyer-supplier relationship and organisational performance. The study is quantitative in nature therefore a positivist research strategy was used by the researcher over the course of the study. The quantitative data collection method was used for this study, and emailed survey approach was adopted to make it easier to reach as many retail managers as possible over the Durban area, who had been sampled under the sample. The researcher to collect the data

required to test the hypotheses formulated for this study used questionnaires. The sample frame for the study was yellow pages online and the sample size for this study was 591 small to medium retailers that the researcher selected from the population of 1320 at a 95% level of confidence with a plus or minus three margins of error.

In this study, the researcher selected the retailers using a probability sampling, simple random sampling method. To attend to the hypotheses of the study, the researcher collected data using structured questionnaires that the researcher sent via emails to retail managers SMME retailers selected in the sample for this study. The researcher collected data using questionnaires for this study. The link to an automated form of the survey was sent via email to the SMME retail managers of the selected retailers in the sample. This then gave the respondents the opportunity to review the questions and to complete the questions to the best of their ability and at their own free time and comfort.

The researcher used content validity, convergent validity, composite reliability, average variance extract, and discriminant validity and made use of Cronbach Alpha to check the relevance of the content and if it does measure the range of the issue or if it measures the role of buyer-supplier relationships on organisational performance of SMME retailers. The researcher used pre-test of 10 SMME retailers which were selected from the sample to ensure the reliability of the questions asked to the respondents in the questionnaire. The pre-test results were later included to the final results to increase response rate. The researcher distributed the questionnaires electronically via emails; the researcher did not personally administer the questionnaires, which means there was no introduction of bias through explanation of questions.

In order for the researcher not deviate from these ethical procedures, the researcher must make sure that respondents have given cognisant consent, make certain there is no harm to respondents, make certain of confidentiality and anonymity and make certain that authorisation was attained. The researcher fully informed all the respondents about the nature of this study and the researcher reminded the respondents that the study was conducted for research purposes only. The researcher selected a sample of 18 years and above in terms of age for this study, therefore they were capable of completing the questionnaires at their own accord or self-control. The researcher did not include

names during the final inscription of this study. The researcher ensured ethical matters, including the participants' confidentiality and consent. The researcher made the participants aware of the purpose of the research. The researcher ensured voluntary participation and participants were able to pull out from the study at any moment.

## **1.9 Overview of dissertation**

This chapter ending provided the conceptual and contextual background of the study. It then articulated the research problem underpinning the study. The aim, objectives and hypotheses were then formulated. The rationale of the study was provided, followed by the scope and limitations of the study. Thereafter, an indicative review of literature, and research methodology were outlined. The overview of the thesis chapters was discussed, and the chapter then concluded with a summary of the chapter. The next chapter reviews literature on buyer-supplier relationships and the role it plays on organisational performance. Five chapters are comprised in the study as delineated below:

- **Chapter One - Introducing the study:** chapter one introduces and provide the background of the study.
- **Chapter Two - Literature review:** chapter two reviews the literature on the buyer-supplier relationship, on SMMEs and provides the conceptual framework underpinned by transaction cost economics theory and social exchange theory.
- **Chapter Three – Research methodology:** chapter three presents the research methodology the study adopted and the reasoning behind their adoption.
- **Chapter Four – Presentation and discussion of findings:** Chapter four presents, interprets, analyses data and provides discussions that relate the findings of the study to literature.
- **Chapter Five – Summary of findings, and conclusion:** chapter five summarises, concludes the study and offers recommendations.

## **1.10 Chapter summary**

This chapter ending provided the conceptual and contextual background of the study. It then articulated the research problem underpinning the study. The aim, objectives and hypotheses were then formulated. The rationale of the study was provided, followed by the scope and limitations of

the study. Thereafter, an indicative review of literature, and research methodology were outlined. The overview of the thesis chapters was discussed and the chapter then concluded with a summary of the chapter. The next chapter reviews literature on buyer-supplier relationships and the role it plays on organisational performance.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

The previous chapter introduced and provided the background to the study. This chapter provides the review of literature to largely understand the phenomena of buyer-supplier relationship on organisational performance of Small, Medium, and Micro Enterprises (SMMEs). Chapter two commences with conceptualising buyer-supplier relationship on organisational performance. Thereafter, it moves to discuss the buyer-supplier relations in SMMEs. The conceptual framework of the study follows. From there the chapter formulate the buyer-supplier relationship variables hypotheses, ending with a chapter summary.

In relation to this study, literature was reviewed under the following themes: (1) Buyer-supplier relationship in SMMEs, which covered the gaps of shortage of research conducted on buyer-supplier relationships in the SMME industry; (2) The role of buyer-supplier relationships on organisation performance, where the gap of the role of buyer-supplier relationship in the SMME industry was covered; (3) Buyer-supplier relationship variables (trust, commitment, satisfaction, loyalty, and information sharing), where the gap of role that is played by buyer-supplier relationship variables is covered in the enhancement of organisational performance of the SMMEs. The data utilised in literature review was gathered from two search engines namely EBSCOhost and Google scholar, and textbooks. The data comprised of reference books and monographs, scholarly journals, conference proceedings and papers, dissertations and theses, and information found in magazines and trade journals.

### **2.2 Buyer-supplier relationship on organisational performance**

The relationships between the buyers and suppliers are acknowledged as resources of sustaining competitive advantages (Hoque and Rana 2020). The relationships between the buyers and suppliers nowadays are characterised by ‘a high degree of supplier integration into the buyers’ organisation, joint process responsibilities, strategic orientations, and a relatively high share of the buyers’ organisation (Ampe-N’DA *et al.* 2020). Buyers in various industries such as the aviation

and automotive industries recently combined their supplier portfolio and based their focus on a lesser number of carefully chosen important suppliers (Clauss and Spieth 2016).

In accordance with the need to integrate several processes in a supply chain, previous studies have shown an indication that broad buyer-supplier integration leads to smoother and faster development (Alsharif, Hassan and Almaktoom 2019; Botes, Niemann and Kotzé 2017; Camilo, Gonçalves and Pardini 2016). Furthermore, the design of a supply chain can be determined in the course of the product development stage (Awan, Kraslawski and Huiskonen 2018). It is during this stage that product and process decisions are made, and the nature of the buyer-supplier relationship is determined early in the new product development process (Belassi, Cocosila and Kondra 2017). During this stage, critical decisions are made not only with the highlight to the functionality of the product, but the selection of the product and process technology (Junhong, Seungmyeong and Minjung 2017).

The buying side of the organisation has similarly been gradually more centred on strategic buying being given the duty to create a competitive urge which can be obtained by managing suppliers (Tolmay and Venter 2017). Prosperous organisations have come to understand the need to set out primarily in product development phase the competitive factors such as that of quality, costs, and being innovative (Clauss and Spieth 2016).

The whole art of the management of buyer-supplier relationships is to make both organisations have an operative functioning relationship (Ampe-N'DA *et al.* 2020). This will need substantial organisation of work within buyers' organisation in order to be certain that people who significantly care about certain suppliers' performance are thoroughly involved in planning and execution of a programme leading to the desired long-term relationship (Blessley *et al.* 2018). In buyer-supplier relationships, an increasing number of organisations are merely depending on a smaller number of suppliers and building fewer close relational ties. Scholars have studied many aspects that contribute to effective relational exchanges, including shared values (Tescari and Brito 2016), commitment and power (Chae, Choi and Hur 2017), and cooperation (Azeem and Ahmed 2015). In particular, trust has assumed a central role in the success of long-term relationships in business-to-business marketing contexts (Hannan *et al.* 2017).



“The symbolic changes in the markets which were observed two decades ago has transformed the study of cost-effective exchange, in the direction of addressing further the collaborative features of these exchanges, where the transaction specificity was substituted by the relational specificity” (Karami *et al.* 2015:76). This is primarily factual in transnational supply relations, in which “specialisation and subcontracting” have amplified the importance of organised and effective buyer-supplier relationships management (De Villiers, Nieman and Niemann 2017).

An unsophisticated view of the procurement activity is the simple act of buying, which in principle involves in finding a supplier that is willing and able to exchange goods or services necessary by a certain amount of money (Fairuzzahira, Zagloel and Ardi 2020). This perception of buying has become recognised as the transactional approach, and it is mainly based on the impression that the act of buying concerns exchanges that are simple with the interaction of buyers and sellers at close range (De Villiers, Nieman and Niemann 2017). In a mutual relationship however, the importance is on building a reasonable result in conjunct. That is both the buyer and seller are invested with support and trust in order to add worth, a progression that is not a possibility in a modest transaction (Tescari and Brito 2016).

Transactional mechanism factors assist in managing the transactional exchanges between the organisations, in order to avoid uncertainties, and to oversee the entire economic incentive system (Wacker, Yang and Sheu 2016). Transactional mechanisms give details to the economic rationality and managing these relations by means of monitoring and incentive-based structures. Conversely, relational mechanism has its focus on governing and managing these relations by means of moral control and accommodating environment. Additionally, mechanisms which are relational manage and oversee the cooperation and social connection based on relational norms in commercial relationships. In this manner, relational norms and trust from social exchange theory are to identify the influence on opportunism and performance (Sillanpää, Shahzad and Sillanpää 2015).

It is evident from the strategic supplier alliances literature, which is a certain manifestation of a long-term, collaborative relationship, which suggest buyers have a habit of preferring closer relationships when the aim is to regulate the reliability of supply or influence delivery schedules

and supplier quality (Kim, Lee and Lee 2019). Similarly, suppliers may be encouraged when they look to secure long-term, markets that are reliable or to influence customer quality (Kull and Ellis 2016). The abundant current literature on the relations amongst buyer-supplier has a focus on either the underlying characteristics of relationships or how relationships affect performance (Loury-Okoumba and Mafini 2018; Mafini and Loury-Okoumba 2016). It has to be considered that the implied assumption is that the subject is not a hands-off relationship but rather a cooperative relationship (Munyimi and Chari 2018).

The study by Narayanan, Narasimhan and Schoenherr (2015) of buyer-supplier relationships has addressed the effect of collaboration on agility performance and notes that most studies have determined that collaboration has profitable outcomes. “In the year 1999, Mc Donald categorised buyer-supplier relationship into the transactional-collaboration continuum. The level of commitment, trust, rate of communication, length of relationship, and the character of both the buyer and supplier assists in differentiating between the relationships, and subsequently impacts on the decision of the buyer and supplier concerning the type of relation opt to engage in” (Morsy 2017:33). Perceptions of fair-mindedness are important in a long-term relationship for the purpose that the buyer and supplier must work together to some degree in order to increase each other’s capabilities and resources for accomplishing shared objectives. Inability to encourage fair-mindedness may lead to destruction to or dissolution of the relationship (Blessley *et al.* 2018).

### **2.3 Buyer-supplier relationships in small micro and medium enterprise**

Buyer-supplier relationships play a critical role in supply chain management as they can generate strategic benefits, particularly deep interpersonal ties with interdependence amongst buyer and supplier organisation and thus can be known to enhance organisational performance (Rungsithong, Meyer and Roath 2017). There are two main theories which are Transaction Cost Economics (TCE) and relational contract which indicates that there are two types of mechanisms that can be applied to manage buyer-supplier relationships which are transactional and relational. Transactional buyer-supplier relationships employ the legal requirements and economic incentive systems (Tuczek, Castka and Wakolbinger 2018). Relational buyer-supplier relationships, in contrast, regulate exchanges amongst buyers and suppliers through shared commitment, cooperative behaviours, and common goals (Jajja *et al.* 2019).

Joint buyer-supplier relationships can be the most important source of competitiveness for companies. To categorise buyer-supplier relationships one can make use of portfolio approach, as described by Kraljic in the purchasing portfolio matrix (De Villiers, Nieman and Niemann 2017). 'Kraljic matrix highlights buyer-supplier relationships to be well-thought-out as a strategic function of an organisation, the purchasing portfolio model act a guide for organisations to push them in the direction of forming strategic relationships with limited suppliers in numbers due to limited resources' (Meyer *et al.* 2019; Montgomery, Ogden and Boehmke 2018).

Several SMMEs in recent times have made a choice to make supply-chain management (SCM) developments which includes the building of closer buyer-supplier relationships part of their strategies, specifically due to several benefits associated such as gaining access to their partners' resources, although not all of those strategies have showed success (Kim, Lee and Lee 2019; Son, Ha and Lee 2019). In the past few decades significant efforts have been made to identify the factors enabling closer buyer-supplier relationships. Amongst those known thus far are information sharing (Newell, Ellegaard and Esbjerg 2019; Sener *et al.* 2019; Lee and Ha 2018; Baihaqi and Sohal 2013; Namagembe *et al.* 2012), trust (Agarwal and Narayana 2020; Zhang *et al.* 2018; Ariesty 2016; Badenhorst-Weiss and Tolmay 2016; Ahimbisibwe, Nangoli and Tusiime 2012), commitment (Sener *et al.* 2019; Loice 2015; Jain *et al.* 2014), loyalty (Hannan *et al.* 2017; Perez-Arostegui, Benitez-Amado and Huertas-Perez 2012), and satisfaction (Agarwal and Narayana 2020; Mungra and Yadav 2019; Hannan *et al.* 2017; Roberts-Lombard, Mpinganjira and Svensson 2017). However, a large number of such studies are based on larger organisations/businesses, therefore their findings are based mostly on data from these organisations and as a result, might not be applied to SMMEs (Alsaad, Mohamad and Ismail 2017; Ariesty 2016; Badenhorst-Weiss and Tolmay 2016).

SMMEs can inherit a number of benefits from SCM, including enjoying access to resources of the partners, operational and financial gains, and growth opportunities (Mafini, Pooe and Loury-Okoumba 2016). In spite of these benefits, SCM initiatives are more often than not beyond the reach of many SMMEs, due to their comparative lack of management and other resources, low buying/selling power, and the inability to perceive the benefits of SCM (Loury-Okoumba and

Mafini 2021). Furthermore, not all SMMEs that do manage to integrate SCM into their business strategies seem to have succeeded in reaping the promised benefits as noted by (Arend and Wisner 2005) who found that in some SMMEs, SCM initiatives were negatively related to performance (Son, Ha and Lee 2019).

One of the main objectives of using supply chain performance management, such as quality partnership, integration, and financial measures is to enhance the organisational performance (Maina, Njehia and Eric 2020). The foremost significances of upper management are the reduction of the order cycle time and the costs of inventory so as to improve performance of the organisation (Belassi, Cocosila and Kondra 2017). In addition to the reduction in cost, organisational performance also aims at the improvement of customer satisfaction and loyalty, in the process increasing the market share and financial performance (Hoque and Rana 2020).

Significant efforts have been carried out in the past decades to recognise the factors enabling the strategic relations and among those recognised up to now includes long-term commitment, information sharing and trust (Agarwal and Narayana 2020; Lee and Ha 2018; Hannan *et al.* 2017). Nevertheless, most of those studies' findings were centred around data collected from large organisations, this study is distinct from prior research as it examines the role of buyer-supplier relationships on organisational performance at the SMMEs level. The present study hypothesized that inter-organisational variables, namely, inter-organisational trust, satisfaction, loyalty, commitment, and information sharing, are key factors of relational capabilities that in turn enhance organisational performance.

## **2.4 Theoretical framework**

To examine the role that buyer-supplier relationship has on organisational performance, this study adopted a conceptual framework grounded on two major theoretical standpoints: transaction cost economics (TCE) and social exchange theory (SET). In common, the two theories are aiming at clarifying how buyer-supplier relationship are succeeded. Nevertheless, each theory employs different approaches to managing buyer-supplier relationship. The Transaction cost economics focuses on the contractual basis amongst buyers and suppliers, to proficiently manage the buyer-supplier relationship (Martynov and Schepker 2017). Contrariwise, social exchange theory focuses

on the social exchanges which involves a high amount of trust and high level of information sharing to effectively manage the buyer-supplier relationship (Shahzad *et al.* 2015).

#### **2.4.1 Transaction cost economics**

The TCE is generally recognised as a core paradigm in organisational and management studies writings. Its roots are in the works of Coase (1937), TCE in its currently upgraded form is largely indebted on its existence to Oliver Williamson the prominent character of TCE, whose influence to the field was recognised with the Economics Nobel Prize in 2009 (Martynov and Schepker 2017).

Coase pursues the explanation of the existence of hierarchies rather than that of markets by analysing transaction costs that are intricate in completing exchanges, suggesting that a hierarchy surpasses the market when the costs of organising exchanges within a firm are minor compared to the transaction costs of carrying out the same exchange in the market (Jacobsen 2015). TCE version by Williamson is constructed upon Coasean philosophy by traversing the Coase theory's economic bases with organisation and law, and also by making the issue of economic organisation as the issue of contracting (Schneiberg and Hollingsworth 2019).

The transaction, that take place when goods or services are transferred across a technologically independent interface, is TCE basic unit of analysis (Williamson 2017). The manner in which economic activities are organised is therefore to be understood in transaction cost economising terms and economic efficiency is realised by the alignment of governance structures with the numerous characteristics of transactions in perceptive transaction cost economising techniques (Martynov and Schepker 2017).

#### **2.4.2 Social exchange theory**

Social exchanges refer to arrangements that are contingent and pleasing to the receivers and such arrangements have been generally explained by the social exchange theory, which is commonly known to be one of the most significant theories in management (Cropanzano *et al.* 2017). Social exchange theory has been used to explain how close relational ties in buyer-supplier relationships can lead to improved organisational performance, by observing inter-organisational factors such as trust, information sharing, collaboration, and commitment (Redmond 2015).

Social exchange theory is a comprehensive theory that offers a communal explanatory account for a widespread range of possibilities that can materialise from the interactions between organisations of individuals. These social exchange possibilities comprise the development of trust in inter-organisational exchanges (Lioukas and Reuer 2015).

Social exchange theory makes suggestions that organisations exchange resources with each other having the expectations of receiving something in return, or the so-called reciprocity and views interpersonal collaborations from a cost-benefit viewpoint (Cropanzano *et al.* 2017). Similar to the economic exchange viewpoint except for the fact that a social exchange deals with the interchange of immaterial social costs and benefits including respect, caring, honour and friendship, social exchange theory is not governed by categorical rules or agreements (Birasnav, Mittal and Dalpati 2019).

Reciprocity is important in encouraging managers to take part in group behaviour such as group buying in interdependent relationships (Redmond 2015). Social exchange theory suggests that social exchanges characteristically exist in mutually dependent relationships where the results are dependent on a combination of both the involved parties' determinations and efforts, for example, individuals can acquire the maximum profit if they are to consult one another prior to making the decisions (Kim 2016).

The supply chain is formed or always occurs when firms institute relationships which are autonomous of the level of management existent (Loury-Okoumba and Mafini 2021). This statement makes a distinction between supply chain and supply chain management, which means that the latter is the "systemic and strategic synchronisation of tasks among different companies that are part of a supply chain, with an aim of improving each company's performance as well as the overall supply chain" (Loury-Okoumba and Mafini 2018). The latter leads to buyer-supplier relationships which is the range that is increasingly receiving more significance in the commercial sector and the field of academic (Blessley *et al.* 2018; Botes, Niemann and Kotzé 2017; Jean, Sinkovics and Kim 2017). In order to gain competitive advantage and improved market standings

companies are largely concentrating on the development of closer partnerships with other organisations (Azeem and Ahmed 2015).

Figure 2.1 below explicitly shows the conceptual framework for this study which illustrates the buyer-supplier relationships and the inter-organisational factors that will have an impact on the organisational performance, taking into consideration the effect of power imbalances in a relationship which could be the moderating factor. The theoretical framework of the present study draws its strength from two separate research theories which when combined are essential in managing of buyer-supplier relationships. The TCE, majorly deals with investigating underlying economic governance mechanisms of a buyer-supplier relationship and SET, focuses mainly on investigating the underlying sociological governance as a means of explaining how the transaction costs can be minimised and the enhancement of relationship commitment (Msemwa, Ruoja and Kazungu 2017).

Building on the premise of TCE and SET, this study examines the role of buyer-supplier relationship by means of inter-organizational relationship factors. SET suggests since there is a lack of obvious rules and regulations, interpersonal fundamentals such as information sharing, satisfaction, trust, loyalty, and commitment, offers the bases for the development and maintenance of social exchange relationships (Agarwal and Narayana 2020). Thus, the importance of TCE and SET in establishing the role of buyer-supplier relationship on organisational performance.

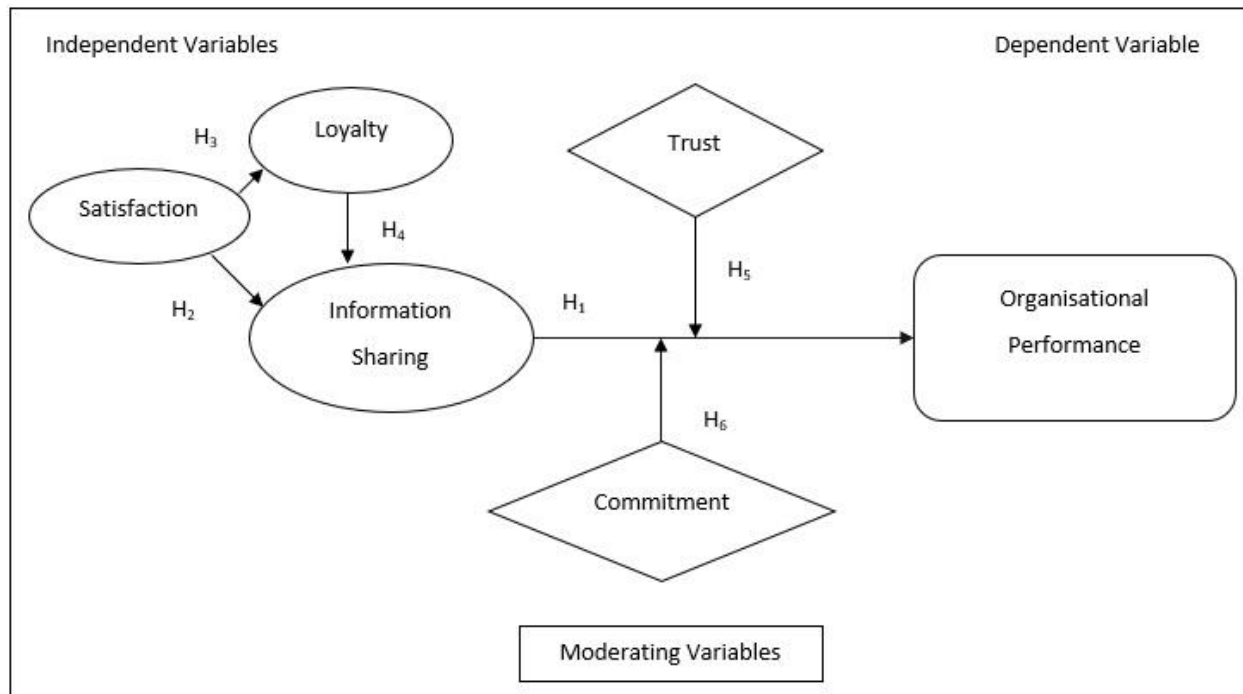


Figure 2.1 Hypothesised model of information sharing on organisational performance.

## 2.5 Hypothesising buyer-supplier relationship

Buyer-supplier relationship variables are the most integral part of the relationships as they will when measured determine whether the relationship is transactional nor collaborative. In the past, the production processes were diffident by means of a single movement of products starting the movement by the suppliers of raw materials, then carry on to manufacturers and thereafter straight to the markets (Jean, Sinkovics and Kim 2017). Nowadays, the growing demand and petite life expectancy of products amongst all have steered to a complex supply chain (Mungra and Yadav 2019). These days, the senior manager needs pay full attention to the communicated requirements and preferences of various interest groups. It is no longer working the type of a behaviour for organisations to act in a manner that suggests that the only important investors are the businesses' proprietors, investors and workers. Within the business exists numerous participants with varying interests, on the other hand there are participants external to the business, including the suppliers as well (Villena and Craighead 2017).

The background where there can be collaboration in relation to an organisation and the organisation's suppliers has significant commercial outcomes for organisations, irrespective of



their scale (Kim, Lee and Lee 2019). During the 1970s and 1980s in the western market's relationships based on competition between purchasers and sellers were dominant, these relationships were characterised by the fact that they were interim and prices were the basis concern (Alsaad, Mohamad and Ismail 2017). Subsequently changes have been apparent, or undeniably an importance grounded in the course of those changes in the background of the relationship amongst the buyers-sellers from the competitive old-fashioned type to the course of collaboration (Botes, Niemann and Kotzé 2017).

In accordance to Luo *et al.* (2015) the connection between the performance of an organisation and the relationships the organisation has, confirmed improvements to the buying organisation when it comes to lead-time and financial performances. Moreover, these relationships can provide results of an improved buyer honesty, innovation and improved quality (Alsaad, Mohamad and Ismail 2017). From the perspective of a seller, collaboration leads to the reduction of the cost of storing inventory, improvements in product and/ process design, financial performance, quality and future relationship forecasts (Ampe-N'DA *et al.* 2020).

According to Mbiko, Mbara and Swanepoel (2017), collaboration takes place the moment two or more independent organisations start to work in an agreement to design and execute supply chain processes with better attainment compared to carrying out these separable. Narayanan, Narasimhan and Schoenherr (2015) examine three types of collaborative activities including, dedicated investments, information sharing, and joint association strength and the subsequent impact of these on the results of the relations.

In order for a relationship between buyer and supplier to be productively managed in the supply chain, a high level of attention must be given to the relationship's characteristics. The following characteristics are the focus of this study, information sharing, trust, loyalty, commitment, and satisfaction.

### **2.5.1 Supplier information sharing**

Sharing of information represents the level to which the organisation's business partner is sharing significant information (Ariesty 2016). Scholars are putting emphases on the point that sharing the

available accurate and current information at all points in the supply chain is the crucial matter when it comes to a seamless integration of the supply chain (Sener *et al.* 2019; Hannan *et al.* 2017; Yang, Zhang and Xie 2017). Information shared can be tactical including logistics, operations, and purchasing information or it can be strategic including customer information, long-term business intentions, and marketing. It consents organisations to access data throughout their supply chains, allowing the organisations to collaborate in activities involving production, sales, and logistics (Newell, Ellegaard and Esbjerg 2019). Supply chain inadequacies can be removed by the opportunities to work collaboratively created by the degree at which information is shared, and consequently has a direct significant influence on the relationship between buyer and supplier (Alsharif, Hassan and Almaktoom 2019).

The significance of information characterised by accuracy, relevance, trustworthiness, and adequacy of information exchanged must be considered to enable both the buyer and seller to coordinate their activities (Filho *et al.* 2015). Sharing of information progresses the buyer-supplier relationship through the incorporation of partners' business processes, information systems, and decision systems consequently stimulating greater performance (Zaheer and Trkman 2017). To understand buyer-supplier relationship linkages, information sharing and its impact on organisational performance, is significant for managers who intend to use their organisation's capacity of information sharing to encourage a prolific relationship with its customers that will result to an improved performance (Yang, Zhang and Xie 2017). The subsequent hypothesis is articulated:

H<sub>1</sub>: There is a significant relationship between supplier information sharing and supplier organisational performance.

### **2.5.2 Buyer satisfaction**

Buyer satisfaction is important in a business transaction as it may determines continuation of future purchases should the buyer be satisfied with product or service purchased. According to a study by Roberts-Lombard, Mpinganjira and Svensson (2017) satisfaction is the positive emotional state that arise as the result of assessing all of the aspects of a functioning relationship amongst parties. Roberts-Lombard, Mpinganjira and Svensson (2017) further state that commitment is a

predecessor of satisfaction and argue that a higher level of satisfaction expectation is a direct result of high level of commitment showed by a customer towards its supplier. Chang *et al.* (2015) also argue that commitment is a significant pointer of the strong point of a relationship between the customer and a supplier and is guided by prior experiences of satisfaction. Mafini and Loury-Okoumba (2016) acknowledge that according to the ground rules of “Business-to-Business relationships”, satisfaction amongst parties has been recognised as a driver to long-term coordination, loyalty, information sharing and relationship commitment between business associates. The subsequent hypotheses are formulated:

H<sub>2</sub>: There is a significant relationship between buyer satisfaction and supplier information sharing.

H<sub>3</sub>: There is a significant relationship between buyer satisfaction and buyer loyalty.

### **2.5.3 Buyer loyalty**

Buyer loyalty is the variable that determines the businesses’ competitiveness in today’s fierce market especially in the retail industry as more and more retailers offer their customers loyalty points and discounts to retain their buying loyalty. Ozuem, Thomas and Lancaster (2016) define loyalty in two ways, firstly, they define loyalty by habitual procurement manners enumerated by frequency of procurements, value of procurements or the share of total procurements. Such behavioural loyalty distinguishes purchaser actions as passive and habitual. Secondly, they define loyalty as an attitude in which the general attachment to a service or brand or product are emotional and habituated on positive purchaser preferences. This attitudinal loyalty portrays recurrence purchases as being livelier and more deliberate. Viji and Christiana (2015) in their study about customer satisfaction, loyalty and commitment highlighted that satisfaction, leads to commitment, which in turn leads to loyalty, as hypothesised before that satisfaction leads to information sharing and satisfaction leads to loyalty. The subsequent hypothesis is articulated:

H<sub>4</sub>: There is a significant relationship between buyer loyalty and supplier information sharing.

### **2.5.4 Moderating role of buyer trust**

In organisational terms, trust is regarded as the situation where one partner is well-concerned about the well-being of the other partner and encouraged to follow mutual benefits (Birasnav, Mittal and

Loughlin 2015). In their study Alsaad, Mohamad and Ismail (2017) state that trust must be weighed up in the background of reputation, character, and appearance in order for managers to be able to comprehend the relationship amongst buyer and seller. Trust plays an important role in the achievement of a customer and seller relationship ultimately.

Hannan *et al.* (2017) consider trust as the degree to which one have faith in that the other will not act in exploitation of one's vulnerabilities. As a result, both mediators are simultaneously trustor and trustee. Trust is understood to decrease the level of inefficiencies and opportunism that is associated with organisation relationships (Ho, Ghauri and Larimo 2018). Prior research has revealed that trust improves collaboration, opportunities of continuity, future buying intents, and the loyalty and commitment of the customer (Mungra and Yadav 2019). Trust of a high degree from the suppliers is important in circumstances that demonstrate a relationship amongst customer and seller that is of high incorporation of suppliers (Newell, Ellegaard and Esbjerg 2019).

Roberts-Lombard, Mpinganjira and Svensson (2017) argue that one partner's satisfaction level with a relationship will be highly influenced by prior arrangements based on trust expectations. Satisfaction with prior involvements will impact the trust expectation of one partner to another in the Business-to-Business relationship, and the crucial decision whether to carry on or terminate the relationship (Sarmiento, Simões and Farhangmehr 2015). In case of a risky investment, there needs to be trust. This refer to situation such as that of information sharing, a lot of risk is associated with information sharing therefore an extraordinary degree of trust should be existing amongst partners (Filho *et al.* 2015). The following hypothesis is formulated:

H<sub>5</sub>: Buyer trust moderates the relationship between supplier information sharing and supplier organisational performance.

### **2.5.5 Moderating role of supplier commitment**

Commitment refers to the imbedded or unambiguous assurance of interactive continuity between the partners in relationship (Sener *et al.* 2019). A partnership needs to be constructed on a resilient commitment of both parties, since what is particularly important is the commitment of high-ranking management, as well as an attitude that encourages corporation (Agarwal and Narayana

2020). The performance enhancements are practicable when firms undertake and make commitments to be developed in the long run (Chae, Choi and Hur 2017; Filho *et al.* 2015). Long-standing relationships are built on the groundwork of commitment. This is because commitment is known to be connected to the longing on the side of associates in a relationship to preserve a valued relationship. In that regard, a lack of commitment reduces the longing for both parties involved to share significant information thereby distorting the influence of information sharing on organisational performance (Mpinganjira, Roberts-Lombard and Svensson 2017). The following hypothesis is formulated:

H<sub>6</sub>: Supplier commitment moderates the relationship between supplier information sharing and supplier organisational performance.

### **2.5.6 Supplier organisational performance**

Organisational performance remains one of the important subjects in every business institution (Hoque and Rana 2020); however, conceptualisation, measuring, and definition of it has not been straight forward. According to Jaber and Caglar (2017) organisational performance involves a range of both economic and non-economic factors that supplies information on the scope of achievement of results and organisational objectives. Particularly, its focus is on three important outcomes which are financial performance (assets returns, profits, investment returns), shareholder returns and market performance, which includes market sales and market share (Zhang *et al.* 2018). Organisational performance encompasses the frequent organisational activities employed in the establishment of organisational objectives, monitoring progress of the company in the direction of the objectives, and making adjustments to improve effective and efficient accomplishment of the objectives (Gawankar, Gunasekaran and Kamble 2020).

The financial performance of organisation includes the organisations share to the market, the returns on investment, inventory turnover rate, profit margins, and productivity (Zhang *et al.* 2018). The operational performance of the organisation includes the product quality, the lead time, product development time, the manner in which resources are utilised, the manner in which organisation respond to customer demand, and operational cost (Salim and Rajput 2021).

## **2.6 Chapter summary**

This chapter reviewed literature to broadly understand the phenomena of buyer-supplier relationship on organisational performance SMMEs. It provided the conceptualising buyer-supplier relationship on organisational performance. Thereafter, it moved to discuss the buyer-supplier relations in SMMEs. The conceptual framework of the study then followed. From there the chapter formulated the buyer-supplier relationship variables' hypotheses, and ended with a chapter summary. The following chapter presents a compact research methodology of the study.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

The previous chapter reviewed literature. The present chapter presents the research methodologies employed to examine the role of buyer-supplier relationship on organisational performance of small, medium, and micro enterprise retailers in Durban. The chapter first discusses the philosophical paradigm underpinning the study. This was followed by the research approaches and design. The population targeted and the sampling procedures employed were discussed next. The chapter then proceeded to present the tools for data collection, and procedures followed as well as how the validity and reliability of the tools will be ensured. The elimination of bias was discussed followed by the ethical considerations. The limitations of the study were narrated, after which how data will be analysed explained. The chapter ended with a summary.

### **3.2 Research paradigm**

A paradigm is defined as ‘the basic belief system or worldview that guides the investigator, not only in choices of method but in ontologically and epistemologically fundamental ways’ (Kelly, Dowling and Millar 2018:8). Although there are contestations with regard to the number of major philosophical assumptions, Alharahsheh and Pius (2020) argue that there are two contrasting constellations of beliefs about how valid and applicable knowledge may be generated and these are positivism and constructivism (interpretive) paradigms. Ngulube (2015) states that the paradigms ‘positivism’ and ‘interpretivism’ are the comprehensive frameworks or paradigms in which research is conducted.

The current study adopted the positivist research paradigm. The followers of this paradigm have confidence in that accurate knowledge can be attained in the form of observing and experimenting. Therefore, Positivists customarily opt to utilise the scientific method in order to produce knowledge (Rahi 2017).

### **3.3 Research approaches**

Research approaches are one level beneath research paradigms in the process of research. In other words, research approaches lean towards the association with a particular paradigm (Kothari and

Garg 2019). There are five approaches to research namely, qualitative, quantitative, mixed method research approach, arts-based and community-based participatory research approaches (Leavy 2017). To attend to the objectives of the study, the researcher chose a quantitative research approach. A research that is quantitative is a resource for analysing objective theories by examining the connection among variables (Leavy 2017). The variables in question, thereafter, can be measured, typically on instruments, so that numerical data can be analysed by use of statistical procedures. The final transcribed report has a set structure which comprise of the introduction, literature, and theory, methods, outcomes and arguments (Myers 2017).

### **3.4 Research design**

A design of a research is a detailed plan or a blueprint of how a research study will be completed -operationalising variables so they can be measured, selecting the study sample of interest, data collecting for use as a foundation to test the hypothesis, and analysing the results (Sekaran and Bougie 2019). The different designs include descriptive research (case-study, naturalistic observation, survey), correlational research (case-control study, observational study), experimental research (field experiment, controlled experiment, quasi-experiment), casual research, and explanatory research designs (Hair, Page and Brunsveld 2019).

The study adopted a descriptive survey research design using a cross-sectional time dimension. Descriptive research design is intended to acquire data that defines the characteristics of the subject of interest in the research (Hair, Page and Brunsveld 2019). Descriptive survey design is made to collect immense data from a diverse audience, and aids in fulfilling the aim of identifying patterns and analysing the frequencies in the survey responses (Zheng *et al.* 2019). Descriptive studies are generally classified as either before-and-after, cross-sectional, and longitudinal (Myers 2017). Cross-sectional study design, also called the one-shot or status studies, are the widely frequently used design in the social studies. This design is mostly suited for the studies that aims to discover the pervasiveness of a phenomenon, situation, problem, attitude or issue, by taking a cross-section of the population (Kothari and Garg 2019). They are mainly suitable in obtaining a complete representation as its stances at the time of the study, for instance, the insolence of the public towards equity issues (Kumar 2018).



### **3.5 Target population**

The target population is the complete group of objects or elements relevant to the research project (Leavy 2017). They are relevant because they possess the information the research project is designed to collect (Myers 2017). The target population of this study was the retail managers of the SMME retailers in Durban-KwaZulu Natal, totalling 1320. The YellowPages (2019) provided the sampling frame.

#### **3.5.1 Sampling procedures**

Process of choosing a few (sample) from a larger group (population) to become the foundation for the estimation or prediction of the occurrence of an unknown piece of information, situation or outcome concerning the larger group is called sampling (Kumar 2018). Mainly, there are two comprehensive categories of sampling, which are probability and non-probability sampling techniques; the researcher may, however, opt to use both techniques called the mixed sampling design (Nayak and Singh 2021).

In probability sampling elements selection is random and the likelihood of being selected is determined early by the researcher (Myers 2017). In drawing a probability sample, the selection of elements is based on an indiscriminate procedure that gives elements a nonzero chance and known chance of being chosen, it usually consists of taking large samples which are considered to be representing the target population that they are drawn from (Bairagi and Munot 2019). According to Bairagi and Munot (2019), the most frequently used probability sampling techniques consist of simple random, systematic, stratified, and cluster sampling.

In nonprobability sampling, there are no probabilities attached to the elements in the population for them to be selected as sample subjects (Creswell and Creswell 2018). This then means the findings of the study deduced from the sample cannot be definitely generalisable to the population (Kothari and Garg 2019). According to Kumar (2019), the frequently used nonprobability sampling techniques consist of convenience, judgemental, and quota sampling.

The study adopted a probability sampling method, specifically the simple random sampling. Simple random sampling is a probability sampling technique that assigns each element in the

targeted population the similar chance of being selected. Selecting a winning ticket from a bowl in a raffle or drawing names from a hat are illustrations of simple random sampling (Kumar 2018). The sample were 591 SMME retail managers that are selected at a 95% level of confidence with a plus or minus 3 margins of error using an online sample calculator (<https://www.surveysystem.com/sscalc.htm>). The sample was validated using the Umar Sekaran table for determining sample size from a given population.

**Table for Determining Sample Size from a Given Population**

<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	1000000	384

*N* is population size.  
*S* is sample size.

Acknowledgments to Uma Sekaran

Table 3.1 Table for determining sample size from a given population (Sekaran 2003:294).

### **3.6 Data collection procedure**

Data collection is the process of gathering and measuring information on variables of interest, in an established systematic fashion that enables one to answer stated research questions, test hypotheses, and evaluate outcomes (Kumar 2019). There are two most important approaches to assembling information about a situation, person, problem or phenomenon categorised as primary data and secondary data (Sekaran and Bougie 2019). For secondary data qualitative data collection method is used and for primary data quantitative data collection method is employed.

Qualitative data collection involves collecting non-numerical data by use of observation, one-on-one interviews, and conducting focus groups (Creswell and Creswell 2018). Qualitative data collection approaches include observation, ethnographic research, content analysis, interviews, and projective techniques (Kumar 2018).

Quantitative data method involves collecting numerical data by making use of structured questionnaires or by observation guides to gather primary data from individuals (Bairagi and Munot 2019). The data range from opinions, beliefs, attitudes, lifestyles and behaviour to overall backgrounds information on persons for instance age, gender, education level, and income level (Creswell and Creswell 2018). Methods of collecting quantitative survey data falls into three broad categories namely, self-completion, interviewer completion and observations.

#### **3.6.1 Data collection instrument**

For the purposes of this study, a questionnaire was considered the most suitable data collection instrument to be used for collecting data from a wide spread population. According to Kumar (2019), a questionnaire provides anonymity and it is a cost-effective data collection tool to implement. A questionnaire was designed using the adopted items statement of constructs that was emailed to SMME retail managers in the sample for self-completion. Questionnaire surveys are in general planned to obtain a large quantity of data which usually is in numerical form and are commonly filled/completed in the absence of the researcher through the utilisation of mail survey, kiosk surveys, and electronic (web-hosted internet surveys) (Kumar 2019).

Mailed and electronic questionnaires have the advantage that they can cover a wide geographic area in the survey (Kumar 2018). The researcher sends questionnaires to the respondents to fill at their convenience, in the comfort of their homes, and at their own desired pace. However, the response rate for such questionnaires is little, a 30% response rate is considered acceptable, another disadvantage is that any doubts by the respondents cannot be clarified. Also, because of a very low return rate it is hard to establish the representativeness of the sample because those responding to the survey may not represent the population (Mpinganjira, Roberts-Lombard and Svensson 2017).

### **3.7 Data validity and reliability**

The section below discusses how the validity and reliability of the instrument were ensured.

#### **3.7.1 Validity**

The degree to which a research or test mechanism is measuring what it was predetermined to measure or how well the research or test mechanism accomplishes its purpose can be defined as validity (Kothari and Garg 2019). There are four categories of validity that are significant in research, which comprises of criterion-related validity, content validity, face validity, and construct validity. Criterion-related validity refers the capacity of the measure used to forecast the criterion which is chosen from a variable (Kumar 2019). Content validity denotes the degree to which the instrument covers all the parts of the research that it was intended to cover (Leavy 2017). Face validity refer to the establishment of the logical link between each item or question on the research instrument and the objectives (Myers 2017). Construct validity is grounded upon statistical dealings and is determined by the establishment of the input of each construct to the sum of variances observed in a phenomenon (Nayak and Singh 2021). The researcher used content validity, construct validity, and criterion-related validity to check the relevance of the content and if it does measure the range of the issue or if it measures the role that buyer-supplier relationship plays on organisational performance.

#### **3.7.2 Reliability**

If a research tool is consistent and stable, hence predictable and accurate, it is said to be reliable (Sekaran and Bougie 2019). The larger the degree of consistency and stability in an instrument, the larger its reliability (Kumar 2018). This at the end of the day means that information is regarded

as reliable if findings are comparable when conceded out on a similar cluster of respondents under alike dimensions and conditions (Myers 2017). The researcher used pre-test of 10 SMME retailers which were selected from the sample to ensure the reliability of the questions asked to the respondents in the questionnaire. The pre-test results were later included to the final results to increase response rate. The study utilised a Cronbach's Alpha = 0.936 to validate content.

### **3.8 Elimination of bias**

Myers (2017) describes bias as phenomenon of systematic error that has capabilities of distorting the measurement progression and have an effect on the research development to such a degree where research loses validity. It is of importance to be certain that bias is eradicated so that the study is considered valid and reliable, in a manner that correct implications and illustration about the targeted populations are accomplished (Nayak and Singh 2021). The researcher distributed the questionnaires electronically via emails; the researcher did not personally administer the questionnaires, which means there was no introduction of bias through explanation of questions.

### **3.9 Ethical Considerations**

According to Ichendu (2020), research ethics bring about requirements on day-to-day work, safeguarding the dignity of contributors and the published information in the research. All ethical contemplations need to be considered to evade any misrepresentation or hindrances with the study that has been done. The ethical contemplations that need to be taken to consideration lay emphasis on the need to incorporate, do well and ensure no harm done (Kumar 2018). In order for the researcher not deviate from these ethical procedures, the researcher must make sure that participants have given cognisant consent, make certain there is no harm to participants, make certain of confidentiality and anonymity and make certain that authorisation was attained (Kothari and Garg 2019). This study is ethical complaint to the Durban University of Technology (DUT) ethical guidelines. To obtain ethical clearance drafts of the letter of informed consent form, data collection instrument and gate keepers' letter were submitted to relevant university committees. Upon receiving the ethical clearance, data collection commenced, the following documents were provided letter of information, and consent form.

The following ethical issues were addressed:

### **3.9.1 Ensuring informed consent**

Conformation of informed consent is essentially indispensable when you are conducting a research, informed consent guarantees that a participant voluntarily and knowingly provides approval in a flawless manner when they know precisely what the research encompasses and what is anticipated (Kumar 2018). In order for informed consent to be granted, all relevant information regarding the research must be readily available to the participants and that the participants must be solely volunteering to participate and not be tricked to participation (Creswell and Creswell 2018). The researcher fully informed all the participants about the nature of the study and the researcher reminded the participants that the study was conducted for research purposes only by means of letter of informed consent.

### **3.9.2 Ensuring no harm comes to participants**

A study is obligated to not inflict any damage/harm to participants and if a likelihood exist that such damage/harm will come about or any form of uneasiness might be an outcome to participants, solid reasons should be offered in such cases (Ichendu 2020). Inflictions of damage/harm may emanate as means of bodily harm, stress/anxiety and uneasiness, privacy invasion or secrecy or social detriments (Kothari and Garg 2019). The researcher needs to take into consideration all the connotations of the study comparing all the risks to its benefits and whether benefits prevail over the risks, if risks prevails then the study must be revised (Leavy 2017). The researcher selected a sample of 18 years and above in terms of age for this study, therefore they were capable of completing the questionnaires at their own accord or self-control.

### **3.9.3 Ensuring confidentiality and anonymity**

When an individual's identity is not associable with individual answers that is when anonymity acquired and if for any reason anonymity will not be warranted, concealment of those participating must be considered by researcher by guarding an individual's identity through protecting personal information (Myers 2017). Safe-guarding confidentiality and anonymity is highly important in research as participants will solely make private information available when they are certain and knowing such information will be protected (Ichendu 2020). The questionnaire did not require names of the participants and the researcher did not include names during the final inscription of

this study. The researcher ensured ethical matters, including the participants' confidentiality and consent. The researcher made the participants aware of the purpose of the research. The researcher ensured voluntary participation and participants were able to withdraw from the study at any time. The data collected from the participants will be securely stored on an online cloud storage for a maximum of five years from submission of the study as required by the DUT research data management policy. To safely destroy the data the researcher will permanently delete the data stored in the cloud storage.

### **3.10 Data analysis**

According to Sekaran and Bougie (2019), analysis of data can be defined as the transformation of raw data into useful information that will provide the most value to the organisation. Data analysis encompassed two stages; the foremost stage examined the descriptive statistics of the measurement items. Additionally, the first stage assessed the psychometric properties validity and reliability of the measurement model. The second stage provided the assessment of structural model through the testing of hypotheses with an aim of determining the relationship's strength amongst the model factors. The data collected through the use of structured questionnaires was analysed using structural equation modelling which provides a universal and appropriate framework for statistical analysis including several multivariate procedures that are traditional, confirmatory factor analysis in particular was used as the study has several independent variables which are correlated and intervening variable. Confirmatory factor analysis is an arithmetical technique that is used in verification of the factor structure of an established set of observed variables. Confirmatory factor analyses permit the researcher to conduct a hypothesis test that a relationship exists between observed variables and their underlying latent constructs (Olugbara *et al.* 2020).

### **3.11 Chapter summary**

Chapter Three explained the research methodology and design that guided this study. The chapter first discussed the philosophical paradigm underpinning the study. This was followed by the research approaches and design. The population targeted and the sampling procedures employed were discussed next. The chapter then proceeded to present the tools for data collection, and procedures followed as well as how the validity and reliability of the tools will be ensured. The elimination of bias was discussed followed by the ethical considerations. The limitations of the

study were narrated, after which how data will be analysed explained. The chapter ended with a summary. In the chapter that follows the study findings are presented, interpreted, and analysed.



## **CHAPTER FOUR: PRESENTATION AND DISCUSSION OF FINDINGS**

### **4.1 Introduction**

The previous chapter presented the research methodology adopted for the study. This chapter presents, interprets, analyses and discusses the findings. The chapter begins by presenting the response rate for the populations targeted, and then provides the hypotheses that were tested. The chapter then provides the measurement scales which were used to collect data. Thereafter, the findings of the data were presented and analysed. After which the discussion of findings was provided and the chapter ends with a summary of the chapter.

### **4.2 Response rate**

An overall of 206 questionnaires out of 591 were completed from retail managers and this yielded a 35% of the total sample. Respondents were reminded by use of email, apologising to the Respondents who had tendered their responses and thank them for their participation, the researcher urged those who had not tendered their responses to do so.

The response rate of 35% was unswerving compared to the findings of Mpinganjira, Roberts-Lombard and Svensson (2017) who argued that a rate of response of 50% from an online survey instrument was enough to answer the questions of the research study. The 35% rate of response is again consistent with the discoveries of Yang, Zhang and Xie (2017) whose online survey enticed a rate of response of 34.1% in a study with their questionnaire directed to purchasing managers.

### **4.3 Scale of measurement**

Items that were used in measuring each construct were adopted from previous research studies. Items utilised to measure satisfaction and commitment were obtained from the study by Mpinganjira, Roberts-Lombard and Svensson (2017); items utilised to measure trust and loyalty were obtained from studies by (Paparoidamis, Katsikeas and Chumpitaz 2019; Mpinganjira, Roberts-Lombard and Svensson 2017) and items utilised to measure information sharing were obtained from a study by (Yang, Zhang and Xie 2017). Items were measured respectively by utilising a five-point Likert-scale which contained the points; point 1 being 'strongly disagree' up

to point 5 which 'strongly agree'. Detailed statement items used for measurement of each construct are provided by the scale items:

### **1. Supplier information sharing**

- We are willing to inform our buyers of our current opportunities and risks.
- We inform our buyers of our strategies and possible adjustment in the future.
- We mean to inform our buyers of information about our market share and competitive capability.
- We intend to inform our buyers of the information about our technology reformation.
- We always inform our buyers of the information about the details of our current projects.

### **2. Buyer satisfaction**

- We benefit economically from the relationship with our suppliers.
- The relationship between our suppliers and us is positive.
- The relationship with our suppliers reflects a happy situation.
- The relationship between our suppliers and us is satisfying.
- We are excited keeping relationship with our suppliers.

### **3. Buyer loyalty**

- We will continue to buy from our suppliers.
- We have no hesitation in recommending our suppliers.
- We always say positive things about our suppliers.
- We will do more business with our suppliers in the next few years.
- We provide feedback and reviews to our suppliers.

### **4. Buyer trust**

- Our suppliers are fair in their negotiations with us.
- We rely on our suppliers to keep promises made to us.
- We are not hesitant to do business with our suppliers even when the situation is vague.
- Our suppliers are honest.
- Our suppliers are trustworthy.

## **5. Supplier commitment**

- We would like to be more committed to offering effective service to our buyers.
- We intend to improve business relationship with our buyers.
- We are dedicated to improve quality of service delivery to our buyers.
- We promise to provide the best service to our buyers.
- We would do all things possible to retain our buyers.

## **6. Supplier organisational performance**

- Our product quality has improved.
- Our delivery performance has improved.
- Our responsiveness to requests for changes has improved.
- Our service support has improved.
- Our overall organisational performance has improved.

### **4.4 Buyer-supplier relationship on organisational performance**

The study sought to determine the role that buyer–supplier relationship plays on organisational performance among SMME retailers in Durban, KwaZulu Natal. Below is the presentation and interpretation of the data collected from the respondents.

#### **4.4.1 Background data**

In analysis of demographic data, the data reflects that a greater number of respondents were of the age group of 25-35 (33.5%) followed by 56-65+ (30.1%) as depicted in table 4.1. The number of male respondents (75.2%) was more dominant compared female respondents. This clearly indicates that the SMME retail sector is dominated by males in general and the most dominant age group is the young adults followed by the much older age group. In relation to the level of education, the majority of the respondents held either a diploma (35.4%) or a degree (35.4%) as they both obtained similar percentages compared to (24.3%) of grade 12, and (4.9%) of honours degree. Most of the respondents had 0-9 years of working as a retail manager (36.6%) followed by respondents with 10-19 years of working as a retail manager (32%), this in turn is in line with the previous age group which shows that young adult is more dominant in the SMME retail sector, thus the lower level of experience prevailing.

Table 4.1 below presents the demographic data of the respondents:

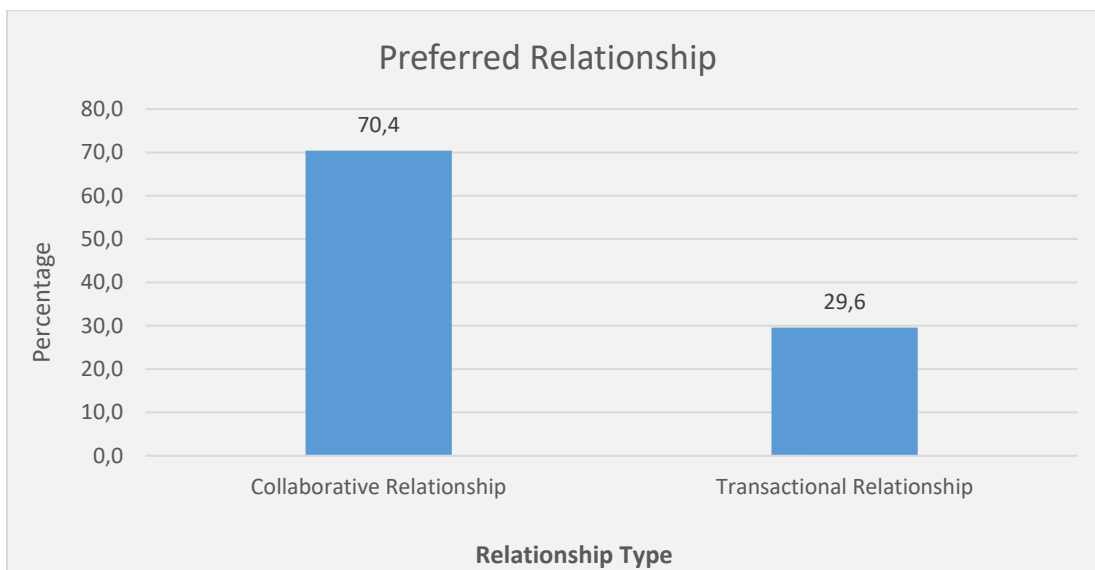
<b>Table 4.1: Profile of respondents (N = 206)</b>			
<b>Characteristics</b>	<b>Category</b>	<b>Frequency</b>	<b>Percent (%)</b>
Age of respondents	25-35	69	33.5
	36-45	27	13.2
	46-55	48	23.2
	56-65	62	30.1
Gender of Respondents	Female	51	24.8
	Male	155	75.2
Highest qualification	Grade 12	50	24.3
	Diploma	73	35.4
	Degree	73	35.4
	Honours Degree	10	4.9
<b>Years working as retail manager</b>	0-09	75	36.6
	10-19	66	32
	20-29	55	26.6
	30-39	6	2.9
	40>	4	1.9

In analysis of the respondent's retailers, the majority of retailers have 1-20 suppliers (76.3%) followed by 21-40 suppliers (15.5%), this is in line with what previous studies have suggested that for the business to realise its gain and better market share it is better to have low number of suppliers with closer interpersonal ties. The data indicates that the retailers with a high percentage of buyers was between 1-20 buyers with (58.2%) followed by 41-60 buyers (15.5%), as depicted in table 4.2. this indicates that most respondents retail managers of small and micro enterprises judging by the smaller number of buyers.

Table 4.2 below presents the information regarding number of buyers and supplier in respondents' retailer:

<b>Characteristics</b>	<b>Category</b>	<b>Frequency</b>	<b>Percent (%)</b>
Number of suppliers	1-20	157	76.3
	21-40	32	15.5
	41-60	4	1.9
	61-80	0	0
	81-100	13	6.3
Number of buyers	1-20	109	52.8
	21-40	21	10.2
	41-60	32	15.5
	61-80	6	2.9
	81-100	19	9.3
	101>	19	9.3

Figure 4.1 below graphically present the preferred type of a relation between SMME retailers and their suppliers. As depicted 70.4% of SMME retailers prefer to have a collaborative buyer-supplier relation with shared risks and benefits compared to 29.6% of a transaction relationship with no relational ties.



**Figure 4.1: Preferred buyer-supplier relationship**

#### 4.4.2 Reliability analysis

Table 4.3 below presents the reliability of the data being analysed: Descriptive psychometric properties of reliability and validity of the measurement model were analysed making use of the SPSS version 24 software. As depicted in table 4.3, in terms of trustworthiness of the tool the study utilised a Cronbach's Alpha coefficient of 0.936 was established which exceeded the minimum of 0.7 threshold which is supported by Saunders, Lewis and Thornhill (2009).

Cronbach's Alpha	N of Items
.936	30

#### 4.4.3 Descriptive statistics

Table 4.4 below presents the descriptive statistics of the scales that were adopted in this study. As table 4.4 shows, the most significant aspects as perceived by retail managers is the aspect of trust, specifically, the intention to do more business with their supplier (mean = 4.08). Most retail managers are happy with improvement of their overall organisational performance as depicted by (mean = 2.25), this is due to the fact that most retail managers seem to experience an increase in the product quality (mean = 4.02) this is despite the fact that the retail managers are open to engage with other suppliers as there is reluctance to continue to buy from the supplier (mean = 2.45). The level of information sharing is high as retail managers indicate that they are willing to share current opportunities and risks with their suppliers (mean = 3.72) and as well share their strategies and possible adjustment in the future (mean = 3.83), this reveals how imperative information sharing is with current suppliers.

Most retail managers are showing lesser levels of loyalty towards their suppliers as depicted by retailer managers not always saying positive things about their suppliers (mean = 2.23) and retail managers are showing a more hesitation in recommending their suppliers (mean = 2.36) which is in contrast with the level of trust and reliance in suppliers keeping promises made to retailers (mean = 3.83). In overall there is a belief from the retail managers that the buyer-supplier relationship they have with their suppliers has improve organisational performance as shown by high levels of

satisfaction when it comes to the question of relationship reflecting a happy situation (mean = 3.57).

The implication of the findings from the aspect of the measurement scale that is adopted in this study indicates a positive impact to organisational performance. This then means taking into considerations the inter-organisational factors trust, commitment, loyalty, information sharing, and satisfaction buyer-supplier relationships plays a huge positive role in the improvement of the SMME retailers' organisational performance.

<b>Table 4.4 Descriptive statistics (N=206)</b>		
	Mean	Std. Deviation
<b>Buyer trust</b>		
1. Our suppliers are fair in their negotiations with us	3.92	.683
2. We rely on our suppliers to keep promises made to us	3.83	.686
3. We are not hesitant to do business with our suppliers even when the situation is vague.	4.08	.646
4. Our suppliers are honest	3.87	.717
5. Our suppliers are trustworthy	3.65	.780
<b>Buyer loyalty</b>		
1. We will continue to buy from our suppliers	2.45	.960
2. We have no hesitation in recommending our suppliers	2.36	.966
3. We always say positive things about our suppliers	2.23	.823
4. We will do more business with our suppliers in the next few years	2.25	.851
5. We provide feedback and reviews to our suppliers	2.25	.835
<b>Buyer satisfaction</b>		
1. We benefit economically from the relationship with our suppliers	3.49	.966
2. The relationship between our suppliers and us is positive	3.49	.930
3. The relationship with our suppliers reflects a happy situation	3.57	.928
4. The relationship between our suppliers and us is satisfying	3.76	.800
5. We are excited keeping relationship with our suppliers	3.44	.923
<b>Supplier information sharing</b>		
1. We are willing to inform our buyers of our current opportunities and risks	3.72	.745

2. We inform our buyers of our strategies and possible adjustment in the future	3.83	.773
3. We mean to inform our buyers of information about our market share and competitive capability	3.83	.766
4. We intend to inform our buyers of the information about our technology reformation	3.71	.790
5. We always inform our buyers of the information about the details of our current projects	3.70	.729
<b>Supplier commitment</b>		
1. We would like to be more committed to offering effective services to our buyers	2.78	.866
2. We intend to improve business relationship with our buyers	2.87	.918
3. We are dedicated to improve quality of service delivery to our buyers	2.74	.909
4. We promise to provide the best service to our buyers	3.04	.902
5. We would do all things possible to retain our buyers	3.00	.965
<b>Supplier organisational performance</b>		
1. Our product quality has improved	4.02	.726
2. Our delivery performance has improved	3.99	.732
3. Our responsiveness to requests for changes has improved	3.95	.757
4. Our service support has improved	3.97	.712
5. Our overall organisational performance has improved	4.03	.701

#### 4.4.4 Structural model

In table 4.5 the results of confirmatory factor analysis (CFA) which were obtained using SPSS Amos version 26 are depicted. according to Chin (1998), the recommended threshold level for values of factor loading is 0.6 and thus the factor loading values of the measurement model exceeds the recommended threshold except for one factor loading value for trust which was 0.59 and was later removed from the final measurement model depicted in figure 4.2 below. Furthermore, construct validity, convergent validity, composite reliability, average variance extract (AVE), and discriminant validity for the measurement model needs to be evaluated. Composite reliability (CR) depicted in table 4.5 indicate the degree to which the construct indicator represents the latent construct, the values as recommended by Rahi and Ghani (2018) exceeded threshold of 0.7. The AVE values depicted in table 4.5 reflects the total amount of variance in the indicators accounted for latent construct, the values exceeded 0.5 as recommended Hilkenmeier *et al.* (2020) by ensuing the recommended values of Fornell–Larcker criterion.



<b>Table 4.5: Measurement model testing</b>			
<b>Constructs</b>	<b>Loading</b>	<b>AVE</b>	<b>CR</b>
<b>Commitment</b>		0.607	0.885
Comm_1	0.71		
Comm_2	0.85		
Comm_3	0.80		
Comm_4	0.83		
Comm_5	0.73		
<b>Organisational Performance</b>		0.733	0.932
Org_1	0.80		
Org_2	0.88		
Org_3	0.89		
Org_4	0.94		
Org_5	0.79		
<b>Loyalty</b>		0.709	0.924
Loy_1	0.80		
Loy_2	0.86		
Loy_3	0.90		
Loy_4	0.83		
Loy_5	0.84		
<b>Information Sharing</b>		0.596	0.880
InfoShare_1	0.80		
InfoShare_2	0.86		
InfoShare_3	0.90		
InfoShare_4	0.83		
InfoShare_5	0.84		
<b>Satisfaction</b>		0.705	0.923
Sat_1	0.78		
Sat_2	0.88		
Sat_3	0.86		
Sat_4	0.89		
Sat_5	0.81		
<b>Trust</b>		0.562	0.837
Trust_1	0.73		
Trust_2	0.73		
Trust_3	0.76		
Trust_4	0.77		
Trust_5	0.59		

Furthermore, the construct validity was evaluated on the fitness of index of the model RMSEA = 0.026, Chi-Square = 2.267, while the CFI and TLI values reached  $\geq 0.90$ . Figure 4.2 below depicts the final measurement model.

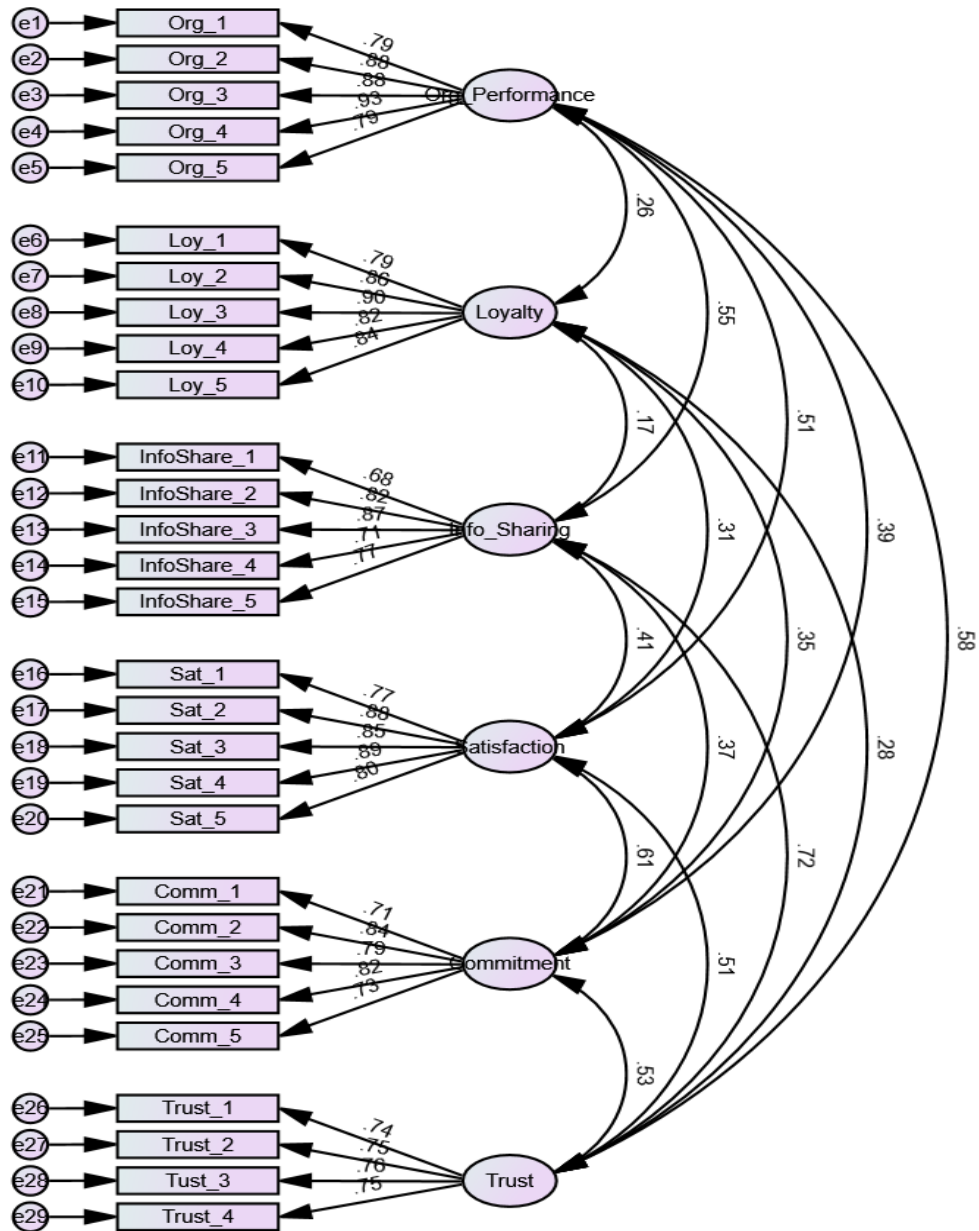
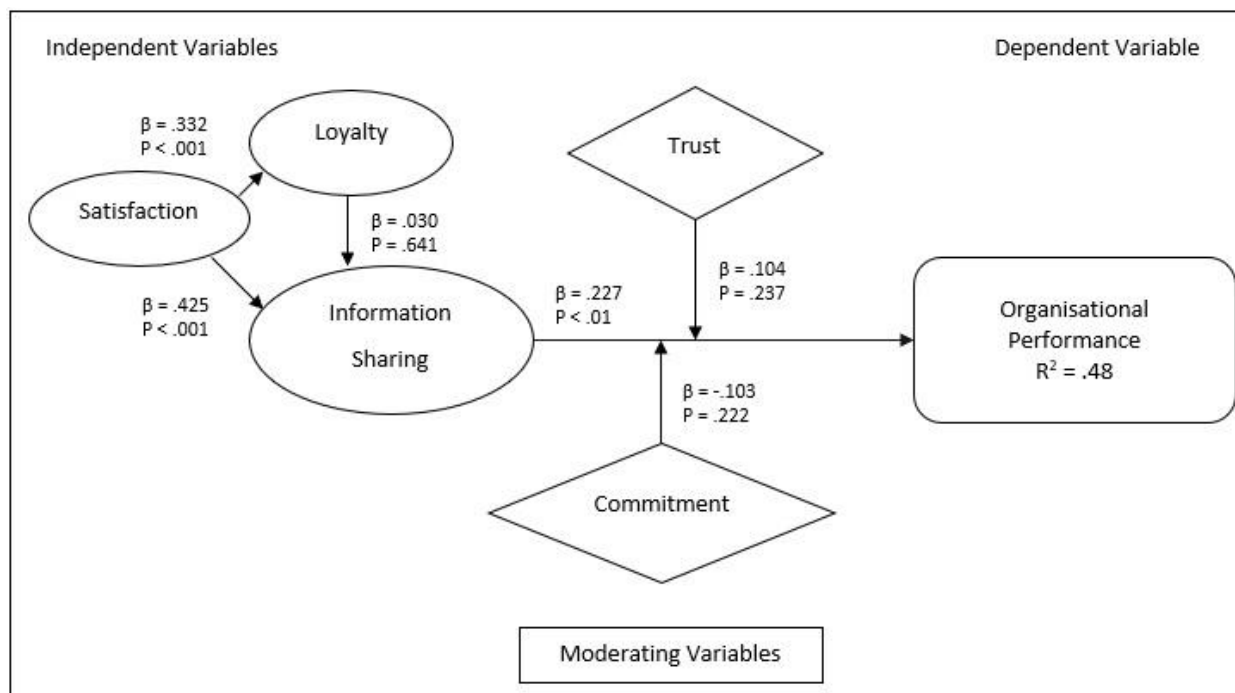


Figure 4.2: Final measurement model

The test for discriminant validity was conducted and results are depicted in table 4.6 below which showed the square root of correlation coefficient between the constructs which should be greater than the correlation with other factors (Olugbara *et al.* 2020). The bolded values of the square root of AVEs in table 4.6 presented diagonally were found to be larger in comparison to the corresponding correlation coefficients which are the values presented in columns and rows. Hence, the results presented in table 4.6 below are an indication of the attainment of discriminate validity.

<b>Table 4.6: Discriminant validity</b>						
	<b>Commitment</b>	<b>Org_ Performance</b>	<b>Loyalty</b>	<b>Info_ Sharing</b>	<b>Satisfaction</b>	<b>Trust</b>
<b>Commitment</b>	<b>0.779</b>					
<b>Org_ Performance</b>	0.385	<b>0.856</b>				
<b>Loyalty</b>	0.345	0.263	<b>0.842</b>			
<b>Info_ Sharing</b>	0.375	0.553	0.171	<b>0.772</b>		
<b>Satisfaction</b>	0.614	0.515	0.310	0.414	<b>0.840</b>	
<b>Trust</b>	0.530	0.581	0.278	0.719	0.512	<b>0.750</b>

One of the most integral components of structural equation modelling (SEM) is the structural model which relates latent factors to each other within the framework of path analysis in order to test the hypotheses of a research study (Olugbara *et al.* 2020). Figure 4.3 below shows the effect of hypothesised structural moderating. The baseline research model shown in figure 2.1 explained 48% ( $R^2 = .48$ ) of variance in organisational performance with information sharing having a standardized path coefficient of  $\beta = 0.24$  on organisational performance dependent factor. Introducing trust and commitment moderators to the research model did not make any significant changes as 48% ( $R^2 = .48$ ) of organisational performance variance as depicted in figure 4.3 remained unchanged, this may be explained by the insignificance of both trust and commitment in moderation. In addition, this result shows that factors such trust, information sharing, and satisfaction do have a noticeable effect in increasing organisational performance.



**Figure 4.3: Complete model of information sharing on organisational performance**

Table 4.7 below presents the path model coefficients for supplier information sharing, supplier commitment, buyer loyalty, buyer trust, buyer satisfaction to supplier organisational performance.

Table 4.7: Organisational performance path relationships					
Path			Path coefficient B	P Value	Validity
Org_Performance	<---	Info_Sharing	.227	.007	Yes
Org_Performance	<---	Commitment	-.096	.191	No
Org_Performance	<---	Trust	.339	***	Yes
Org_Performance	<---	Loyalty	.082	.141	No
Org_Performance	<---	Satisfaction	.294	***	Yes
Path significance: *** p < 0.001					

There is a constructive relationship that exists between supplier information sharing and organisational performance with path coefficient  $\beta = 0.23$  which is significant at  $p < 0.01$  suggests that information sharing plays an important role in increasing organisational performance. Furthermore, a positive relationship exists between trust and organisational performance with path

coefficient  $\beta = 0.34$  significant at  $p < 0.001$  suggests that trust plays an important role in increasing organisational performance. Further, a positive relationship exists between satisfaction and organisational performance with path coefficient  $\beta = 0.30$  which is significant at  $p < 0.001$  advocates that satisfaction is essential in improving organisational performance. Conversely, there was not enough evidence of the relationships between loyalty and commitment to organisational performance as both constructs were insignificant. In overall there is enough proof that buyer-supplier relationship plays a positive role in increasing organisational performance.

#### **4.4.5 Hypothesis testing**

Table 4.8 below presents the assessment of the structural model through the hypothesis testing with a view to determining the relationship strengths amongst the model factors. Confirmatory factor analyses were used for the development of path analysis that calculates relationships among several factors.  $H_1$  proposed the existence of a significant relationship between supplier information sharing and organisational performance and the results indicate a positive and significant relationship, as presented by a path coefficient value of 0.227 significant at  $p < 0.01$  level. Therefore, in relation to the results  $H_1$  cannot be rejected. Further, a relatively strong positive and significant relationship between buyer satisfaction and supplier information sharing as illustrated by a path coefficient of 0.423 which is significant at  $p < 0.001$ . Therefore, in relation to the results  $H_2$  cannot be rejected. Furthermore, a positive and significant relationship between buyer satisfaction and buyer loyalty as point out by the path coefficient of 0.332 significant at  $p < 0.001$ , therefore  $H_3$  was accepted. Moreover, results indicated a positive but insignificant relationship between buyer loyalty and supplier information sharing as illustrated by path coefficient of 0.030 that is significant at  $p = 0.641$  level, therefore the study rejected  $H_4$ .

<b>Table 4.8: Hypotheses testing summary</b>				
<b>Hypotheses</b>	<b>Path</b>	<b>Path coefficient <math>\beta</math></b>	<b>P Value</b>	<b>Validity</b>
H <sub>1</sub>	Org_Performance <--- Info_Sharing	.227	.007**	Yes
H <sub>2</sub>	Info_Sharing <--- Satisfaction	.423	***	Yes
H <sub>3</sub>	Loyalty <--- Satisfaction	.332	***	Yes
H <sub>4</sub>	Info_Sharing <--- Loyalty	.030	.641	No
<b>Path significance: * p &lt; 0.05, ** p &lt; 0.01, *** p &lt; 0.001.</b>				

Moderation denotes an interaction effect, in which the introduction of a moderating variable alters the direction or magnitude of the relationship amongst two variables. According to Mash *et al.* (2011), ‘A moderation effect might be (1) Enhancing, whereby the increase in the moderator would increase the predictor’s impact as well on the result; (2) Buffering, whereby the increase in the moderator would conversely decrease the impact of the predictor on the result; or (3) Antagonistic, whereby the increase of the moderator would reverse the impact of the predictor on the result’. In relation to the fifth and the sixth hypothesis (H<sub>5</sub> – H<sub>6</sub>) table 4.9 below summarises the moderation results of buyer trust and supplier commitment moderation of relationship between supplier information sharing and supplier organisational performance.

<b>Table 4.9: Moderation testing summary</b>				
<b>Hypotheses</b>	<b>Path</b>	<b>Path coefficient <math>\beta</math></b>	<b>P Value</b>	<b>Validity</b>
H <sub>5</sub>	Trust (Moderating effect)	.104	.234	No
H <sub>6</sub>	Commitment (Moderating effect)	-.103	.222	No

In table 4.9 it can be observed that the path coefficient of trust moderator  $\beta = 0.104$  and  $p = 0.237 > 0.05$  is insignificant. Therefore, H<sub>5</sub> was rejected and conclusion was made that trust was not a moderator of the relationship between information sharing and organisational performance. Figure 4.4 below demonstrate graphically that trust strengthens the positive relationship between information sharing and organisational performance.

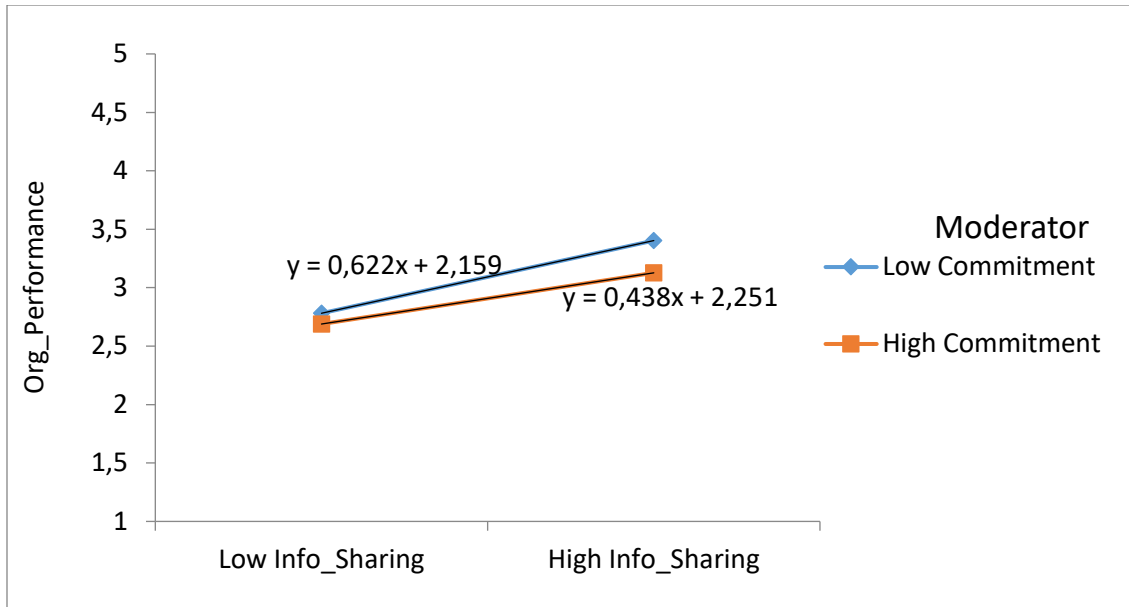


Figure 4.4: Trust moderator

The path coefficient of commitment moderator  $\beta = -0.103$ ,  $p = 0.222 > 0.05$  is insignificant indicating an insignificant moderation between information sharing and organisational performance. Therefore,  $H_6$  cannot be supported. Figure 4.5 below graphically shows that commitment dampens the positive relationship between information sharing and organisational performance.

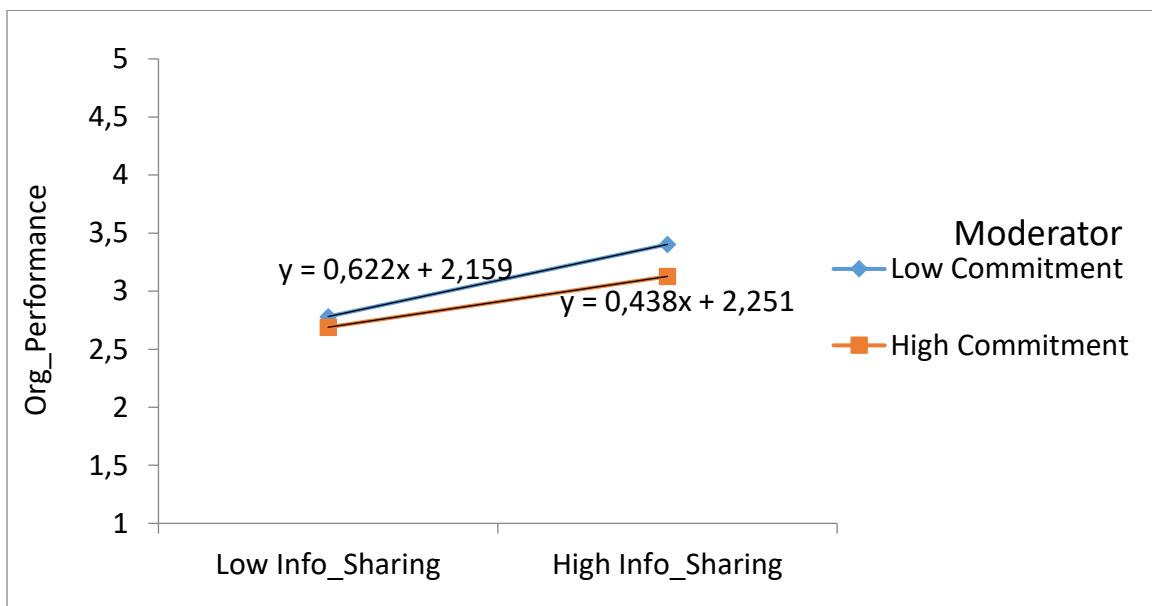


Figure 4.5: Commitment moderator

#### **4.4.6 Discussion of findings**

The path model coefficients of supplier information sharing, supplier commitment, buyer loyalty, buyer trust, buyer satisfaction, and supplier organisational performance portrayed in table 4.7 yielded both positive and negative results with conclusive enough evidence. Thus, employing the CFA, we can conclude there is a positive role on organisational performance that is played by buyer- supplier relationships. The results are in line with the study by Ariesty (2016) who found that simply focusing on trust alone cannot induce the company to contribute in the partnership, but when supplemented with the highest level of satisfaction in conjunction with information sharing is more rigorous and intermittently with the intention of creating a good partnership then it will have an impact on cultivating supplier performance. The business is anticipated to show more transparency in establishing a collaborative relationship with suppliers. Vice versa with companies who are suppliers to focus more on the professionalism, more especially in terms of obtaining and giving information. Figure 4.3 presents a complete model of information sharing on organisational performance.

Hypothesis one was accepted, this indicates that the study found a significant relationship that is positive between supplier information sharing and supplier organisational performance. This is consistent with the observation by Agarwal and Narayana (2020:2466) who postulated that ‘effective and sound information sharing between buyers and their suppliers contributes significantly to improving supplier organisational performance’. Rasula, Vuksic and Stemberger (2012) further elaborates on information sharing and their study finds that knowledge management which comprises of shared information has an impact that is positive on organisational performance. Furthermore, Yang (2014:106) acknowledges that “the key to sufficient and sound collaboration hinge on the willingness to share reliable and relevant information by supply chain collaborators”.

Baihaqi and Sohal (2013), in their study, institute that information sharing is necessary for businesses to maintain their competitiveness but not entirely sufficient to bring about superior performance. Working intently in a collaborative manner compared to simply switching or exchange information guides to the greatest benefits. Sharing of information with supply chain collaborators is necessary, but not sufficient, in an achievement of higher organisational



performance. Results by Baihaqi and Sohal (2013) study recommend that companies are to have exceptional internal practices and collaboration with their partners in the supply chain to be able to obtain superior performance. In relation to the results obtained, it can then be concluded that information sharing valuably and effectively drives the suppliers' capabilities to perform thus contributing to the improvement of the overall organisational performance.

Hypothesis two cannot be rejected, the study institute that there is a positively significant relationship between buyer satisfaction and supplier information sharing. This result is bolstered by a study overseen by Tai (2011) in this study it was found that the relational and functional value a customer organisation observes in shared information services has a considerable effect on the intentions of a customer to continue the relationship. Hooshangi, Fazli and Mirhosseini (2016) in their study found that the results of sub-hypothesis indicated that supplier development, network ties, and supplier evaluation have constructive impact on buyer satisfaction, but it is a different case when it comes to information sharing and appropriability which they find did not have positive impact on buyer satisfaction. In a study by Homburg *et al.* (2002) in their study were unsuccessful to find support for their third hypotheses, which hypothesised a positive impact of perceived information sharing on customer satisfaction ( $\gamma_3 = .01, p > .05$ ), but concluded that a possible explanation would be that information sharing is not important intrinsically but fundamentally is an instrument for achieving other objectives.

Hypothesis three was accepted, the study did find a significant and positive relationship between buyer satisfaction and buyer loyalty. This outcome is in line with the findings of Hannan *et al.* (2017) who found that customer loyalty is directly influenced by customer satisfaction, trust, and information sharing. Further in-depth research on variable information sharing, both its influence on customer loyalty or trust factor is needed due to the importance of relationship marketing. According to Wood (2008), being satisfied with the mandatory supplier will positively influence the intents to stay in a relationship and the loyalty of present buyers. However, when evaluating customer satisfaction, it seems that a selling organisation should not only look at comprehensive measures but also the pointers of met expectations through the supervision of the buyer's assessment of the service performance, and as well the buyer's observations of the accessibility of alternatives.

The study reject hypothesis four as the results indicated a positive but insignificant relationship between buyer loyalty and supplier information sharing which was in contrast with a study by Tai (2011) who concluded that valuable information sharing services that are offered to customers embodies “a means of building relationships that can be leveraged to foster the commitment of the customer toward the service provider of information, and this commitment to the relationship serves as the basis for amplified customer loyalty purpose”. The relationship between loyalty and information sharing has barely been tested as this was clearly reflected by the lack of studies who follow this kind of a relationship, leaving a huge gap for future studies.

Hypothesis five was not accepted, the study results show that there is no significant moderation of the variable trust on information sharing and organisational performance, instead trust strengthens the relationship between information sharing and organisational performance. In their study Jain *et al.* (2014) conclude that “trust is a prerequisite factor contributing to organisations performance improvement in the retail industry”. The findings of this study conform to the results of the study by Jain *et al.* (2014) of the positive influence of the relation between trust and supplier organisational performance. As such, this study found that buyer trust can significantly drive the performance of suppliers in the context of SMME retailers. Conversely to the findings of the study Bonn, Cronin Jr and Cho (2016) in their study findings in relation to trust and the effect it has upon consumer unwillingness to purchase organic wine due to the perception of having to pay a premium price for the product. The study finds that when buyers have a high level of trust in their retailer, there is a strong and significant moderating effect towards the negative effect posed by the price on the purchase of organic wine. Trust possesses the ability to entirely reverse the influence of price from a negative to a positive. Similarly, in this study buyer trust has a constructive influence on supplier information sharing and supplier organisational performance such that an increased level of buyer trust will positively affect the level of supplier information sharing thus positively affecting the supplier organisational performance.

The sixth hypothesis was rejected, the study findings indicated that moderation is not significant between information sharing and organisational performance, thus leaving no evidence that commitment restrains the relationship amongst information sharing and organisational

performance. This is in contrast with Ariesty (2016) who in their study found that commitment of the supplier has an influence on information sharing. A Supplier that can fulfil delivering materials required and requested by the customer assists in achieve the objectives and goals in steering collaboration relationship intermittently, this can materialise attributable to the presence of a continuous sharing of information, clear and precise regarding the quality of the materials this can assist in smoothing the processes in accordance with business arrangement. According to the study by Agarwal and Narayana (2020) an important outcome of their study was that the positive effect of relational communication on satisfaction in the relationship is strengthened by affective commitment. Indicatively, along with relational communication, attachment of emotions can further bolster the positive impact on constructing satisfaction and improved performance in the buyer-supplier relationship. This study however finds no significant moderation of supplier commitment in supplier information sharing and supplier organisational performance.

Figure 4.1 showed that 70.4% of SMME retailers preferred a collaborative relationship comprising of shared interest, shared risks and share rewards as compared to 20.6% SMME retail managers to whom the old transactional method is still preferable. This denotes clearly that more and more entities believe in the system of working together and building meaningful relationships with suppliers.

#### **4.5 Chapter summary**

Chapter four provided presented, interpreted, analysed and discussed the findings. The chapter began by presenting the response rate for the populations targeted, and then provided the hypotheses that were tested. The chapter then provided the measurement scales which were used to collect data. Thereafter, the findings of the data were presented and analysed. After which the discussion of findings was provided and the chapter ended with a summary of the chapter. The chapter below provides the summary of findings, limitations, suggestions for future research, recommendations, and conclusion.

## **CHAPTER FIVE: SUMMARY OF FINDINGS, AND CONCLUSION**

### **5.1 Introduction**

The previous chapter presented, interpreted, analysed and discussed findings. This chapter provides the summary of findings, concludes and recommends. The chapter begins with a summary of findings and managerial implications, it then provides the limitations of the study and make suggestions towards future research. Thereafter moves to the conclusion and recommendations and ends with summary of the chapter.

### **5.2 Summary of findings**

The purpose of this study was to examine the role of buyer-supplier relationships on organisational performance of SMME retailers. In doing so, the study contributes to the existing literature through extending and demonstrating the fundamental relations amongst information sharing, loyalty, and satisfaction towards improvement of organisational performance taking into consideration the moderating effects of commitment and trust. The study tested six hypotheses to broadly identify the role of buyer-supplier relationships on organisational performance. The hypotheses tested the relationship amongst independent variables identifying the strengths and directions of the relationship between the independent variable. The results show that there are significant and positive relationships amongst independent variable, results derived from the first to the third hypothesis.

There was conclusive enough evidence to accept the first hypothesis that a relation exists between satisfaction and information sharing, the direction of the relationship is positive which means an increase in satisfaction between buyer and supplier will increase the level and quality of information shared. This then means that timely and precise information shared by the supplier will eventually lead to the customer being satisfied with the current relationship. Similarly, the study found that there is evidence of a constructive relationship amongst buyer loyalty and supplier information sharing, the positiveness of the relationship means that the more the supplier share timely and accurate information with their customers, the more the customer will be enticed to show loyalty towards the relationship with supplier.

Furthermore, the study provided evidence of a constructive relationship amongst buyer satisfaction and buyer loyalty, which mean that if the customer is satisfied with current affiliation with the supplier, the customer will certainly show loyalty towards the relationship with that particular supplier. Moreover, the outcomes of the study provide evidence of the relationship between supplier information sharing and supplier organisational performance with path coefficient  $\beta = 0.23$  amid information sharing and organisational performance which is low but providing enough evidence of the affiliation between supplier information sharing and supplier organisational performance. The low correlation may be due to the idea that information sharing cannot alone have a huge impact on organisational factors thus requiring other interorganisational factors such as trust, and satisfaction to have a meaningful impact on organisational performance (Pooe, Mafini and Loury-Okoumba 2015).

The moderating role of buyer trust and supplier commitment yielded unfavourable results. Buyer trust proved to strengthen the positive relationship between supplier information sharing and supplier organisational performance. This is a clear indication of how imperative trust is amongst supplier chain partners, the positiveness of the relationship means that if one increases trust then consequently the relationship between information sharing and organisational performance increases. However, supplier commitment on the hand proved to dampen the relationship between supplier information sharing and supplier organisation performance as it yielded insignificance results which in conclusion meant for this study there is no proof of supplier commitment as a moderator. This means that there is no evidence of commitment having an impact on the relationship of shared information and organisational performance, which is rather in contrast with previous studies findings.

From the perspective of social exchange theory, an improved organisational performance of supplier is conceivable the minute the buyer-supplier relationship displays great levels of trust that endorses responsiveness and a willingness to accept larger risk levels. In the 1980's the contractual transactions depended profoundly on governance mechanism that is grounded on arms-length relationships which were largely compatible with the philosophies of the transaction cost theory but the transaction cost theory of late seems to have lost its capability to describe contemporary buyer-supplier relationships based on information sharing and trust, consequently alternative

modern explanation must be pursued. Strategy-Structure theory, Network theory, and Agency theory to mention but a few are examples of other organisational theories that may also be valuable in explaining the role of buyer-supplier trust, commitment, information sharing, satisfaction, and loyalty amongst others and would be of worth in consideration for future studies (Lioukas and Reuer 2015; Weber and Mayer 2014; Vieira *et al.* 2013).

This study suggests perceptive suggestions for enthusiastic supply chain managers to close in on essential commitment, loyalty, information sharing, satisfaction, and trust variables that are having a huge role on increasing operational performance, and as well use the study to benchmark their business performance to those of enterprising counterparts. Businesses needs to bolster their focus on the improvement of their capabilities of processing information in order to efficiently obtain, analyse, and take action upon timely and complete information. Building capabilities to process information reduces ambiguity in extremely intricate operational tasks (Papadopoulos *et al.* 2017). By using analytics of data, managers could determine the extremely important variables influencing their performances. Understanding the interrelationship concerning variables and quantitative operational performances presents incentive to identify weaknesses and strengths of capabilities. Managers, for instance, could concentrate on information sharing strategies to obtain viable results relative to customer satisfaction.

It is commended that managers examine whether their organisational infrastructure and culture presents the incentive to use the available shared information and guarantee its practice. This allows managers to base their focus on whether and how the available information is applied in cultivating alternative decisions in their preparation and execution. Nonetheless it is imperative for managers to carefully consider the hampering and enhancing effects of the relationship's commitment and loyalty with the partners in their supply chain.

In a supply chain that consist of both a supplier and a retailer, the suppliers will update their demand estimation basing it on the forecasted demand and the information of the retailer's orders. However, if the supplier does not completely trust that the retailer's soft demand indicates the true demand of the market, reason being the retailer has the incentive to misrepresent the information for excess supply. Therefore, it is quite a challenge for the supplier to establish his optimum

capacity. It is therefore imperative for managers in both parties to ensure a high level of trust and that trustworthy information is circulated in the supply chain. The supplier's commitment to the relationship can bolster the positive influence of information sharing and improved satisfaction levels in terms of the relationship, this advocates the need for managers to invest in building greater commitment levels in order to ensure sustained business and relationship success.

Moreover, it might be essential for SMMEs to nominate one explicit and consistent supplier that they will conduct their business with and implement strategies which could allow both parties to develop and nurture a strong relationship that is built on the mutual characteristics of sharing problems and other resolutions. This in return would encourage a better level of trust amongst these partners since they would be confident in the fact that the suppliers would be capable of meeting their demands and expectations timeously.

### **5.3 Conclusion**

The study aimed in determination of the role of buyer-supplier relationship on organisational performance looking into inter-organisational factors supplier information sharing, buyer trust, buyer satisfaction, buyer loyalty, and commitment on organisational performance amongst SMME retailers. To enable empirical investigation of these proposed relationships, data was gathered from a sample of 591 managers of SMME retailers drawn from the province of KwaZulu Natal, in South Africa, Durban. Three out of the Six hypotheses articulated to be able to accomplish the studies aim were analytically supported and accepted. Therefore, conclusion can then be made that information sharing between SMME retailers and their providers plays a huge role in enhancing the synergistic collaboration as well as trust, loyalty, commitment, and satisfaction that exists amongst these partnerships. Buyer-supplier relationship between SMME retailers and the suppliers of retailers will in turn have impact on improving supplier organisational performance for these suppliers.

This study made a finding indicating information sharing being weakly linked to organisational performance when looked at directly. However, collaboration practices facilitate the relationship amongst supply chain partners. This in turn suggests that information sharing is crucial but not enough by itself to result in significant performance enhancements. Therefore, it is necessary for

information sharing to be utilised as an enhancement of collaboration activities with supply chain partners. A great level of information sharing must be developed on trust amongst partners, instead of relying on the received information shared by the partner or requesting partner to share information, businesses must shift their attention on structuring a good relationship within their supply chain and thus having mutual trust in one another trusting that decent quality information is timeously shared.

Considering the study's management implications. Managers in the SMME retail sector must make efforts to strengthen buyer trust and buyer-supplier relationship by making improvements in the amount and quality of information that they share with their suppliers. High degree of information sharing can be obtained by making sure that the shared information amongst supplying parties meets the requirements and expectations of both partners in usefulness terms, which will permit a better and added sufficient use in their routine operations. SMME retailers can also make improvements in their supplier selection processes and principles to be able to make sure that carefully chosen suppliers meet the profile criteria of their businesses. This may well help to avoid any situation whereby suppliers are ineligible of properly providing their partners with valuable information. SMME retailers needs to practice engaging in joint and mutual forecasting with their suppliers so as to develop and improve buyer-supplier relationship. This will allow supply chain partners to share significant policies and strategies as well as in provide strategies that are aimed at handling and meeting demand of customers.

According to the research findings, buyer satisfaction, buyer trust, and supplier information sharing have shown positive and significant effect on supplier organisational performance, consequently, the following commendations are made; In terms of loyalty and commitment, retailers need to form and sustain long term relationships with their foremost suppliers, providing utmost attention to the relationship with their suppliers in order to preserve it and improve market competition advantage that will lead to improved organisational performance. In terms of information sharing, trust, and satisfaction, it is of extreme necessity for retailers to let their major suppliers know exactly what they expect of them and for both parties to share truthful and valuable information such as position and levels of inventory, order status, sales data and forecasts, production and delivery schedules and capacity. Without proper information sharing customer requirements cannot be met timeously. This high level of information sharing will strengthen trust



which will lead to satisfaction between both parties with a high level of trust that the shared information is correct and shared to multiply the shared gains amongst parties.

The focus of the study was on the role that buyer-supplier relationship plays on organisational performance of SMME retailers in Durban. It would be ideal to replicate the study with a larger sample that is more representative and also recommended that the study be replicated in other regions. Moreover, it would be of great interest to find out whether the observed findings stand in case of supplying organisations only or buying organisations as well since the study only focused on both (retails as buyers and suppliers). Additional research is required in this subject extent to fully establish the role of buyer-supplier relationships on organisational performance especially by making use of mixed research methods in data collection.

### **5.3.1 Limitations for future research**

The current study provided significant insights regarding the achievement of the study purpose. Nevertheless, there are limits to the study in terms of scale considering that it was geographically restricted to retailers in KwaZulu Natal, Durban. The utmost important drawback which limited this study existed in the sample size of 591 of the retailers that was limited and since the studies questionnaire response rate was only 206 (34.1%). This possibly will be viewed as a small sample which has made it challenging to generalise the results to other contexts of retail industry. An enlargement of the scale of the study from small-medium retailers to accommodating larger retailers can prove essential in upcoming researches. Impending research on the similar topics could also be directed in additional topographical backgrounds, which may provide a source for comparisons. The current study made use of a quantitative methodology, better accuracy and further understandings could be acquired if upcoming studies could use the mixed method approach, which entails of combination of both quantitative and qualitative methods.

Even though this research presented some findings and makes an important contribution to the buyer-supplier relationship literature regarding buyer loyalty, buyer satisfaction, supplier information sharing, buyer commitment, and supplier trust, it is worth noting that there are some limitations. The data was collected for this study using an instrument that was an online questionnaire which because of its nature limits the capability to collect information further than

the questions contained within the survey instrument and generally has a very low return rate. Forthcoming research may utilise a mixed approach that uses questionnaires and in-depth interviews to seek structured and as well as unstructured views about buyer-supplier relationships. Adding to the limitations of the study, data was collected only from the supply chain buyers being the retailers and not from their suppliers, this in turn means that the invaluable input of suppliers of the retailers is missing. Future research may look at the buyer-supplier relationship from the standpoint of the fact that both parties can be observed for comparisons and substantial differences, that can assist in investigating the impact of buyer supplier relationship on organisational performance from various viewpoints.

Furthermore, although retailers were expected to have one supplier that they have business relations with, the duration of the relationship itself was not investigated by the study. Involvement of the duration of relationship would assist with detecting the impact of duration on the quality of the relationship. Final suggestion with regards to future studies is to incorporate additional constructs in the model, in particular constructs that will enhance our understanding of precursors of improved organisational performance.

### **5.3.2 Recommendations**

- **To ascertain the type of a relationship SMME retailers have with their suppliers**

According to the analysis of the respondent retailers, the majority of retailers have 1-20 suppliers (76.3%), and this shows an understanding of the concept of buyer-supplier relationship as retailers mostly have fewer suppliers. It is recommended that all retailers have fewer suppliers with closer relational ties where the parties will share risks and rewards equally to fully realise the value of buyer-supplier relations and see the positive impact it has on organisational performance.

- **To establish the influence of inter-organisational factors: Trust, Satisfaction, Information sharing, Commitment, and Loyalty on the existing buyer-supplier relationship**

The study shows that theoretically buyer-supplier relationships are bound to fail in the absence of interorganisational factors such trust, commitment, loyalty, information sharing and satisfaction

therefore it is of recommendation that businesses work on building these interorganisational factors in their relationships and their suppliers must work to provide in maximum capacity in their performance in order to make sure that the two parties can obtain the benefits of the idea of buyer-supplier relationship.

- **To determine the implications of the existing buyer-supplier relationship on organisational performance of SMME retailers**

The study has recognised the actuality that buyer-supplier relationships which consists of trust, loyalty, commitment, information sharing, and satisfaction are largely important in enhancing the performance of an organisation. It is suggested that all firms in the manufacturing industry and as well as organisations in the SMME retail sector and other business sectors as well should embrace the notion of buyer-supplier relationship to fully maximise the potential of achieving their goals and enhancing their organisational performance.

#### **5.4 Chapter summary**

Chapter five provided summary of findings, conclusion and recommendations. The chapter began by presenting the summary of findings and managerial implications, it then provided the limitations of the study and made suggestions towards future research. Thereafter moved to provide conclusion and recommendations and ended with summary of the chapter.

## REFERENCES

Agarwal, U. and Narayana, S. A. 2020. Impact of relational communication on buyer–supplier relationship satisfaction: role of trust and commitment. *Benchmarking: An International Journal of Business & Industrial Marketing*, 27(8): 2459-2496.

Ahimbisibwe, A., Nangoli, S. and Tusiime, W. 2012. Moderating effect of buyer-supplier trust on the relationship between outsourced formal contracts and supplier delivery performance: An empirical study of public sector procurement. *International journal of business and social science*, 3 (17): 50-71.

Alharahsheh, H. H. and Pius, A. 2020. A review of key paradigms: positivism vs interpretivism. *Global academic journal of humanities and Social Sciences*, 2 (3): 39-43.

Alsaad, A., Mohamad, R. and Ismail, N. A. 2017. The moderating role of trust in business to business electronic commerce (B2B EC) adoption. *Computers in Human Behavior*, 68: 157-169.

Alsharif, A. A., Hassan, W. A. and Almaktoom, A. T. 2019. Identifying enablers of supply chain alignments. *Proceedings of the international conference on industrial engineering and operations management*, 230-239.

Ampe-N'DA, L. D., Payne, B. A., Spake, R. I., Sharpe, S. and Arora, A. 2020. Buyer-supplier relationships: Role of collaboration, sustainability, and technology. In: *Sustainable Innovation*. Springer, 47-58.

Arend, R. J. and Wisner, J. D. 2005. Small business and supply chain management: is there a fit? *Journal of business venturing*, 20 (3): 403-436.

Ariesty, W. 2016. The influence of supplier trust and supplier commitment to supplier performance through information sharing and collaboration. *Jurnal Manajemen dan Kewirausahaan*, 18 (1): 60-70.

Awan, U., Kraslawski, A. and Huiskonen, J. 2018. Buyer-supplier relationship on social sustainability: Moderation analysis of cultural intelligence. *Cogent Business & Management*, 5 (1): 1429346.

Azeem, K. and Ahmed, H. 2015. A study on the role of buyer-supplier relationship on organizational performance: perspective of beverage industry. *Scholedge International Journal of Management & Development*, 2 (5): 21-39.

Badenhorst-Weiss, J. and Tolmay, A. 2016. Relationship value, trust and supplier retention in South African automotive supply chains. *Journal of Applied Business Research*, 32 (5): 1329.

Baihaqi, I. and Sohal, A. S. 2013. The impact of information sharing in supply chains on organisational performance: an empirical study. *Production Planning & Control*, 24 (8-9): 743-758.

Bairagi, V. and Munot, M. V. 2019. *Research methodology: a practical and scientific approach* Boca Raton: CRC Press, Taylor and Francis Group. Available: <http://search.ebscohost.com/login.aspx?direct=true&scope=site&db=nlebk&db=nlabk&AN=2013246>  
<https://www.taylorfrancis.com/books/9781351013277>

Belassi, W., Cocosila, M. and Kondra, A. Z. 2017. The Effects of Organizational Culture on Buyer-Supplier Relationships in New Product Development. *International Journal of Business & Management Science*, 7 (2): 195-218.

Bhorat, H., Asmal, Z., Lilenstein, K. and Van der Zee, K. 2018. SMMEs in South Africa: Understanding the constraints on growth and performance, 1-66.

Birasnav, M., Mittal, R. and Dalpati, A. 2019. Integrating theories of strategic leadership, social exchange, and structural capital in the context of buyer-supplier relationship: An empirical study. *Global Journal of Flexible Systems Management*, 20 (3): 219-236.

Birasnav, M., Mittal, R. and Loughlin, S. 2015. Linking leadership behaviors and information exchange to improve supply chain performance: A conceptual model. *Global Journal of Flexible Systems Management*, 16 (2): 205-217.

Blessley, M., Mir, S., Zacharia, Z. and Aloysius, J. 2018. Breaching relational obligations in a buyer-supplier relationship: Feelings of violation, fairness perceptions and supplier switching. *Industrial Marketing Management*, 104 (2019): 67–84.

Bonn, M. A., Cronin Jr, J. J. and Cho, M. 2016. Do environmental sustainable practices of organic wine suppliers affect consumers' behavioral intentions? The moderating role of trust. *Cornell Hospitality Quarterly*, 57 (1): 21-37.

Botes, A., Niemann, W. and Kotzé, T. 2017. Buyer-supplier collaboration and supply chain resilience: A case study in the petrochemical industry. *South African Journal of Industrial Engineering*, 28 (4): 183-199.

Camilo, R. D., Gonçalves, C. A. and Pardini, D. J. 2016. Building strategic alliances between buyer-supplier in mining operations: analysis in the industry competition context. *Business Management Dynamics*, 5 (10): 26-41.

Chae, S., Choi, T. Y. and Hur, D. 2017. Buyer power and supplier relationship commitment: A cognitive evaluation theory perspective. *Journal of Supply Chain Management*, 53 (2): 39-60.

Chang, H. H., Tsai, Y.-C., Chen, S.-H., Huang, G.-H. and Tseng, Y. H. 2015. Building long-term partnerships by certificate implementation: A social exchange theory perspective. *Journal of Business & Industrial Marketing*, 30 (7): 867-879.

Chin, W.W. 1998. Commentary: Issues and opinion on structural equation modeling. *MIS quarterly*, pp.vii-xvi.

Clauss, T. and Spieth, P. 2016. Treat your suppliers right! Aligning strategic innovation orientation in captive supplier relationships with relational and transactional governance mechanisms. *R&D Management*, 46: 1044-1061.

Creswell, J. W. and Creswell, J. D. 2018. *Research design: qualitative, quantitative, and mixed methods approaches*. Fifth edition. ed. Thousand Oaks, California: SAGE Publications, Inc.

Cropanzano, R., Anthony, E. L., Daniels, S. R. and Hall, A. V. 2017. Social exchange theory: A critical review with theoretical remedies. *Academy of management annals*, 11 (1): 479-516.

Crosno, J. L. and Dahlstrom, R. F. 2016. An empirical investigation of bilateral investments and opportunism in buyer-supplier relationships. *Journal of Marketing Channels*, 23 (3): 146-156.

Darlington, R. B. and Hayes, A. F. 2017. *Regression analysis and linear models*. New York, NY: Guilford, 603-611.

De Villiers, G., Nieman, G. and Niemann, W. 2017. *Strategic logistics management: A supply chain management approach*. Van Schaik Publishers.

Fairuzzahira, F., Zagloel, T. Y. and Ardi, R. 2020. Conceptual modelling of supplier loyalty and buyer-supplier relationship for mediation: A case study in plywood industry. In: *Proceedings of proceedings of the 3rd asia pacific conference on research in industrial and systems engineering 2020*. 295-299.

Ferro, C., Padin, C., Svensson, G. and Payan, J. 2016. Trust and commitment as mediators between economic and non-economic satisfaction in manufacturer-supplier relationships. *Journal of Business & Industrial Marketing*, 31(1): 13-23.

Filho, J. A., de Faria, A. C., Martins, D. M. and Di Serio, L. C. 2015. Information sharing, trust and commitment: perception of Brazilian autoparts on automakers of various ethnic groups. *Brazilian Business Review (English Edition)*, 12 (6): 1-23.

Gawankar, S. A., Gunasekaran, A. and Kamble, S. 2020. A study on investments in the big data-driven supply chain, performance measures and organisational performance in Indian retail 4.0 context. *International Journal of Production Research*, 58 (5): 1574-1593.

Hair, J. F., Page, M. and Brunsveld, N. 2019. *Essentials of business research methods*. Routledge.

Hannan, S., Suharjo, B., Kirbrandoko, K. and Nurmalina, R. 2017. The influence of customer satisfaction, trust and information sharing on customer loyalty of professional services company: an empirical study on independent surveyor services industry in Indonesia. *International Journal of Economic Perspectives*, 11 (1): 344-353.

Hilkenmeier, F., Bohndick, C., Bohndick, T. and Hilkenmeier, J. 2020. Assessing distinctiveness in multidimensional instruments without access to raw data—a manifest Fornell-Larcker criterion. *Frontiers in psychology*, 11(223): 1-9.

Ho, M. H.-W., Ghauri, P. N. and Larimo, J. A. 2018. Institutional distance and knowledge acquisition in international buyer-supplier relationships: The moderating role of trust. *Asia Pacific Journal of Management*, 35 (2): 427-447.

Hooshangi, M., Fazli, S. and Mirhosseini, S. S. 2016. The mediation role of buyer's satisfaction in relationship between structural capital with performance. *International Journal of Logistics Systems and Management*, 23 (3): 329-342.

Hoque, I. and Rana, M. B. 2020. Buyer–supplier relationships from the perspective of working environment and organisational performance: review and research agenda. *Management Review Quarterly*, 70 (1): 1-50.

Ichendu, C. 2020. Morality and ethics in research. *World Journal of Advanced Research and Reviews*, 8 (3): 171-174.



Jaber, O. and Caglar, D. 2017. The role of organizational learning as a mediator in investigating the relationship between knowledge management and organizational performance: The case of banks listed in the stocks exchange of Palestine. *International Journal of Economic Perspectives*, 11 (1): 181-198.

Jacobsen, L. R. 2015. Coase and the theory of the firm. *Managerial and Decision Economics*, 36 (1): 2-5.

Jajja, M. S. S., Asif, M., Montabon, F. and Chatha, K. A. 2019. Buyer-supplier relationships and organizational values in supplier social compliance. *Journal of Cleaner Production*, 214: 331-344.

Jean, B. R.-J., Sinkovics, R. and Kim, D. 2017. antecedents and outcomes of supplier innovativeness in international customer-supplier relationships: The role of knowledge distance. *Management International Review (MIR)*, 57 (1): 121-151.

Junhong, M., Seungmyeong, C. and Minjung, K. 2017. Relationship between buyer-supplier integration and new product development: The moderating effect of structural holes. *Journal of Marketing Thought*, 4 (1): 59-64.

Karami, M., Malekifar, S., Nasiri, A. B., Nasiri, M. B., Feili, H. and Khan, S. U. R. 2015. A conceptual model of the relationship between market orientation and supply chain performance. *Global Business & Organizational Excellence*, 34 (2): 75-85.

Kelly, M., Dowling, M. and Millar, M. 2018. The search for understanding: The role of paradigms. *Nurse Researcher*, 25 (4): 9-13.

Kenny, D. A., Kaniskan, B., and McCoach, D. B. 2015. The performance of RMSEA in models with small degrees of freedom. *Sociological Methods and Research*, 44, 486–507.  
<https://doi.org/10.1177/0049124114543236>

Kim, K. T., Lee, J. S. and Lee, S.-Y. 2019. Chain reactions of a collaborative buyer–supplier relationship: the mediating role of relationship quality on innovation performance. *Total Quality Management & Business Excellence*, 30 (11-12): 1319-1337.

Kim, M. S. 2016. Social exchange theory. *The International Encyclopedia of Communication Theory and Philosophy*: 1-9.

Kothari, C. R. and Garg, G. 2019. *Research methodology: methods and techniques*. Fourth multi colour edition. ed. New Age International (P) Limited, Publishers.

Kull, T. J. and Ellis, S. C. 2016. coping with dependence: a logistics strategy based on interorganizational learning for managing buyer-supplier relations. *Journal of Business Logistics*, 37 (4): 346-363.

Kumar, R. 2018. *Research methodology: A step-by-step guide for beginners*. Sage.

Kumar, R. 2019. *Research methodology: a step-by-step guide for beginners*. Fifth edition. ed. London: SAGE.

Kwofie, T. E., Aigbavboa, C. O. and Matsane, Z. S.-S. 2017. Collaborative practices in South African construction project delivery. *International Journal of Construction Supply Chain Management*, 7 (2): 39-55.

Lamprey, D. I. 2017. *The effect of branding on organisational performance in the retailing of pharmaceutical products, the mediating role of customer service*. Unpublished Master Thesis Kwame Nkrumah University of Science and Technology.

Leavy, P. 2017. *Research design: quantitative, qualitative, mixed methods, arts-based, and community-based participatory research approaches*. New York: The Guilford Press.

Lee, C.-H. and Ha, B.-C. 2018. The impact of buyer-supplier relationships' social capital on bi-directional information sharing in the supply chain. *Journal of Business & Industrial Marketing*,

33(3): 325–336.

Lioukas, C. S. and Reuer, J. J. 2015. Isolating trust outcomes from exchange relationships: social exchange and learning benefits of prior ties in alliances. *Academy of Management Journal*, 58 (6): 1826-1847.

Loice, K. 2015. Effect of buyer-supplier relationships on procurement performance: Evidence from Kenyan supermarket. *European Scientific Journal*, 1: 54-70.

Loury-Okoumba, W. and Mafini, C. 2018. Buyer-supplier relationships and firm performance in the fast moving consumer goods retail industry. *Journal of Contemporary Management*, 15 (1): 850-878.

Loury-Okoumba, W. V. and Mafini, C. 2021. Supply chain management antecedents of performance in small to medium scale enterprises. *South African Journal of Economic and Management Sciences*, 24 (1): 1-13.

Luo, Y., Liu, Y., Yang, Q., Maksimov, V. and Hou, J. 2015. Improving performance and reducing cost in buyer–supplier relationships: The role of justice in curtailing opportunism. *Journal of Business Research*, 68 (3): 607-615.

Mafini, C. and Loury-Okoumba, M. W. V. 2016. Buyer-supplier commitment, trust and cooperation as influemcing factors to business performance in the fast moving consumer goods industry. In *Proceedings of the 28th Annual Conference of the Southern African Institute of Management Scientists*. 619-632.

Mafini, C., Pooe, D. and Loury-Okoumba, V. 2016. Interrogating antecedents to SME supplier performance in a developing country. *Southern African Business Review*, 20 (1): 259-285.

Maina, C., Njehia, B. K. and Eric, B. K. 2020. Enhancing Organisational Performance in the Dairy Industry: Supply Chain Management Approach. *International Journal of Agriculture*, 5 (1): 25-38.

Makhitha, K. 2019. Supplier relationship marketing practices and small retailer performance in South Africa. *Cogent Business & Management*, 6 (1): 1672490.

Marsh, H. W., Hau, K. T., Wen, Z., Nagengast, B., & Morin, A. J. S. (2011). Moderation. In Little, T. D. (Ed.), *Oxford handbook of quantitative methods*. New York: Oxford University Press.

Martynov, A. and Schepker, D. J. 2017. Risk preferences and asset ownership: integrating prospect theory and transaction cost economics. *Managerial & Decision Economics*, 38 (2): 125-143.

Mbiko, M. E., Mbara, T. and Swanepoel, E. 2017. Cross-departmental collaboration in strategic sourcing as a catalyst for supplier development: The case of Eskom. *Acta Commercii*, 17 (1): 1-10.

Meyer, A., Van Pletzen, P.-R., Niemann, W. and Smit, D. 2019. Environmental initiatives: A study of dyadic buyer and supplier relationships in the South African Fast-Moving Consumer Goods industry. *Journal of Transport and Supply Chain Management*, 13 (1): 1-10.

Montgomery, R. T., Ogden, J. A. and Boehmke, B. C. 2018. A quantified Kraljic Portfolio Matrix: Using decision analysis for strategic purchasing. *Journal of Purchasing and Supply Management*, 24 (3): 192-203.

Morsy, H. 2017. Buyer-supplier relationships and power position: Interchanging. *International Journal of Supply and Operations Management*, 4 (1): 33-52.

Mpinganjira, M., Roberts-Lombard, M. and Svensson, G. 2017. Validating the relationship between trust, commitment, economic and non-economic satisfaction in South African buyer-supplier relationships. *Journal of Business & Industrial Marketing*, 32 (3): 421-431.

Msemwa, L. S., Ruoja, C. and Kazungu, I. 2017. Influence of communication in buyer-supplier relationship and the performance of maize markets in Hai District Tanzania. *International Journal of Economics, Business and Management Research*, 1 (2): 89-108.

Mungra, Y. and Yadav, P. K. 2019. The mediating effect of satisfaction on trust-commitment and relational outcomes in manufacturer-supplier relationship. *Journal of Business & Industrial Marketing*, 5(2): 219–230.

Munyimi, T. F. and Chari, D. F. 2018. The role of buyer-supplier relationships in achieving economic sustainability in the private telecommunication sector in Zimbabwe. *Cogent Business & Management*, 5 (1): 1540917.

Myers, G. 2017. *Research methodology: the beginners manual*. First edition. ed. Acacia Private Publishing.

Namagembe, S., Munene, J., Muhwezi, M. D. and Eyaa, S. 2012. Information sharing inventory management and customer satisfaction: the case of manufacturing firms in Kampala. *International Journal of Economics and Management Sciences*, 1(6): 35-44.

Narayanan, S., Narasimhan, R. and Schoenherr, T. 2015. Assessing the contingent effects of collaboration on agility performance in buyer-supplier relationships. *Journal of Operations Management*, 33: 140-154.

Nayak, J. K. and Singh, P. 2021. *Fundamentals of research methodology problems and prospects*. SSDN Publishers & Distributors.

Newell, W. J., Ellegaard, C. and Esbjerg, L. 2019. The effects of goodwill and competence trust on strategic information sharing in buyer-supplier relationships. *Journal of Business & Industrial Marketing*, 34(2): 389–400.

Ngulube, P. 2015. Trends in research methodological procedures used in Knowledge Management Studies. *African Journal of Library, Archives and Information Science*, 25 (2): 1-30.

Olugbara, C.T., Imenda, S.N., Olugbara, O.O. and Khuzwayo, H.B. 2020. Moderating effect of innovation consciousness and quality consciousness on intention-behaviour relationship in E-learning integration. *Education and Information Technologies*, 25(1):329-350.

Ozuem, W., Thomas, T. and Lancaster, G. 2016. The influence of customer loyalty on small island economies: an empirical and exploratory study. *Journal of Strategic Marketing*, 24 (6): 447-469.

Papadopoulos, T., Gunasekaran, A., Dubey, R., Altay, N., Childe, S. J. and Fosso-Wamba, S. 2017. The role of Big Data in explaining disaster resilience in supply chains for sustainability. *Journal of Cleaner Production*, 142: 1108-1118.

Paparoidamis, N. G., Katsikeas, C. S. and Chumpitaz, R. 2019. The role of supplier performance in building customer trust and loyalty: A cross-country examination. *Industrial Marketing Management*, 78: 183-197.

Perez-Arostegui, M. N., Benitez-Amado, J. and Huertas-Perez, J.-F. 2012. In search of loyalty: An analysis of the determinants of buyer-supplier relationship stability under a quality management approach. *Total Quality Management & Business Excellence*, 23 (5-6): 703-717.

Pooe, D., Mafini, C. and Loury-Okoumba, V. W. 2015. The influence of information sharing, supplier trust and supplier synergy on supplier performance: The case of small and medium enterprises. *Journal of Transport and Supply Chain Management*, 9 (1): 1-11.

Prince, M., Palihawadana, D., Davies, M. A. P. and Winsor, R. D. 2016. An integrative framework of buyer-supplier negative relationship quality and dysfunctional interfirm conflict. *Journal of Business-to-Business Marketing*, 23 (3): 221-234.

Rahi, S. 2017. Research design and methods: A systematic review of research paradigms, sampling issues and instruments development. *International Journal of Economics & Management Sciences*, 6 (2): 1-5.

Rahi, S. and Abd Ghani, M. 2018. A structural equation modeling (SEM-AMOS) for investigating brand loyalty and customer's intention towards adoption of internet banking. *Economic and Social Development: Book of Proceedings*, 206-220.

Rasula, J., Vuksic, V. B. and Stemberger, M. I. 2012. The impact of knowledge management on organisational performance. *Economic and Business Review for Central and South-Eastern Europe*, 14 (2): 147.

Redmond, M. V. 2015. Social exchange theory. *English Technical Reports and White Papers*. Iowa State University, p.36.

Roberts-Lombard, M., Mpinganjira, M. and Svensson, G. 2017. Antecedents and outcomes of satisfaction in buyer-supplier relationships in South Africa: A replication study. *South African Journal of Economic and Management Sciences*, 20 (1): 1-14.

Rungsithong, R., Meyer, K. E. and Roath, A. S. 2017. Relational capabilities in Thai buyer-supplier relationships. *Journal of Business & Industrial Marketing*, 32(8): 1228–1244.

Salim, A. and Rajput, N. A. R. 2021. The relationship between transformational leadership, prosocial behavioral intentions, and organizational performance. *The Journal of Asian Finance, Economics, and Business*, 8 (1): 487-493.

Sarmiento, M., Simões, C. and Farhangmehr, M. 2015. Applying a relationship marketing perspective to B2B trade fairs: The role of socialization episodes. *Industrial Marketing Management*, 44: 131-141.

Schneiberg, M. and Hollingsworth, J. R. 2019. Can transaction cost economics explain trade associations? In: Political Choice. Routledge, 199-232.

Sekaran, U. 2003. Research Methods for Business: A skill building approach. 4<sup>th</sup> ed. New York: Wiley.

Sekaran, U. and Bougie, R. 2019. Research methods for business: A skill building approach. John Wiley & Sons.

Sener, A., Barut, M., Dag, A. and Yildirim, M. B. 2019. Impact of commitment, information sharing, and information usage on supplier performance: a Bayesian belief network approach. Annals of Operations Research: 1-34.

Shahzad, K., Takala, J., Ali, T. and Sillanpää, I. 2015. Managing for success: The role of transactional and relational mechanisms in buyer-supplier relationships. Management (18544223), 10 (1): 35-59.

Sillanpää, I., Shahzad, K. and Sillanpää, E. 2015. Supplier development and buyer-supplier relationship strategies—a literature review. International Journal of Procurement Management, 8 (1-2): 227-250.

Son, B. g., Ha, B. c. and Lee, T. h. 2019. Small and medium-sized enterprises' collaborative buyer–supplier relationships: Boundary spanning individual perspectives. Journal of Small Business Management, 57 (3): 966-988.

Tescari, F. C. and Brito, L. A. L. 2016. Value creation and capture in buyer-supplier relationships: a new perspective. Creación y captura de valor en las relaciones comprador-proveedor: Una nueva perspectiva., 56 (5): 474-488.

Tolmay, A. S. and Venter, P. 2017. Relationship value antecedents in the South African automotive component supply chain. Acta Commercii, 17 (1): 1-8.



Tuczek, F., Castka, P. and Wakolbinger, T. 2018. A review of management theories in the context of quality, environmental and social responsibility voluntary standards. *Journal of Cleaner Production*, 176: 399-416.

Vieira, L. M., Paiva, E. L., Finger, A. B. and Teixeira, R. 2013. Trust and Supplier-buyer Relationships: An Empirical Analysis. *BAR - Brazilian Administration Review*, 10 (3): 263-280.

Viji, B. and Christiana, M. 2015. Customer satisfaction, loyalty and commitment in organised retail outlets in Chennai-An empirical study. *CLEAR International Journal of Research in Commerce & Management*, 6 (7): 23-28.

Villena, V. H. and Craighead, C. W. 2017. On the same page? How asymmetric buyer-supplier relationships affect opportunism and performance. *Production & Operations Management*, 26 (3): 491-508.

Wacker, J. G., Yang, C. and Sheu, C. 2016. A transaction cost economics model for estimating performance effectiveness of relational and contractual governance: Theory and statistical results. *International Journal of Operations & Production Management*, 36(11): 1551-1575.

Weber, L. and Mayer, K. 2014. Transaction cost economics and the cognitive perspective: investigating the sources and governance of interpretive uncertainty. *Academy of Management Review*, 39 (3): 344-363.

Williamson, O. E. 2017. *Contract, governance and transaction cost economics*. World Scientific.

Wood, J. A. 2008. The effect of buyers' perceptions of environmental uncertainty on satisfaction and loyalty. *Journal of Marketing Theory and Practice*, 16 (4): 309-320.

Yang, J. 2014. Supply chain agility: Securing performance for Chinese manufacturers. *International Journal of Production Economics*, 150:104-113.

Yang, Z., Zhang, H. and Xie, E. 2017. Relative buyer-supplier relational strength and supplier's information sharing with the buyer. *Journal of Business Research*, 78: 303-313.

YellowPages. 2019. Yellow pages business directory. Available: <https://www.yellowpages.co.za/> (Accessed 29 May 2019).

Zaheer, N. and Trkman, P. 2017. An information sharing theory perspective on willingness to share information in supply chains. *The International Journal of Logistics Management*, 28(2): 417-443.

Zhang, M., Lettice, F., Chan, H. K. and Nguyen, H. T. 2018. Supplier integration and firm performance: the moderating effects of internal integration and trust. *Production Planning & Control*, 29 (10): 802-813.

Zheng, T., Ardolino, M., Bacchetti, A., Perona, M. and Zanardini, M. 2019. The impacts of Industry 4.0: A descriptive survey in the Italian manufacturing sector. *Journal of Manufacturing Technology Management*, 31(5): 1085-1115.

## ANNEXURE A: ETHICAL CLEARANCE



*Directorate for Research and Postgraduate Support  
Durban University of Technology  
Tromso Annex, Steve Biko Campus  
P.O. Box 1334, Durban 4000  
Tel: 031-3732576/7  
Fax: 031-3732946*

10<sup>th</sup> October 2018

Mr Manqoba Nzama  
c/o Department of Information and Corporate Management  
Faculty of Accounting and Informatics  
Durban University of Technology

Dear Mr Nzama

### **PERMISSION TO CONDUCT RESEARCH AT THE DUT**

Your email correspondence in respect of the above refers. I am pleased to inform you that the Institutional Research and Innovation Committee (IRIC) has granted full permission for you to conduct your research "Investigating the Impact of Buyer-Supplier Relationships on Organizational Performance" at the Durban University of Technology.

The DUT may impose any other condition it deems appropriate in the circumstances having regard to nature and extent of access to and use of information requested.

We would be grateful if a summary of your key research findings can be submitted to the IRIC on completion of your studies.

Kindest regards.  
Yours sincerely

---

PROF CARIN NAPIER  
DIRECTOR (ACTING): RESEARCH AND POSTGRADUATE SUPPORT DIRECTORATE

## ANNEXURE B: GATEKEEPER'S LETTER



Faculty Research Office  
Durban University of Technology  
27 August 2018

**Mr M.L. Nzama**

Student Number: **2i855825**

Degree: Masters of Management Sciences in Administration and Information Management

Email: [Mashiza91@gmail.com](mailto:Mashiza91@gmail.com)

Dear Mr Nzama

**ETHICAL APPROVAL: LEVEL 2**

Your email correspondence in respect of the above refers.

I am pleased to inform you that the Faculty Research Committee (FRC) at its meeting on 24 April 2018, has granted preliminary permission for you to conduct your research *"Investigating the Impact of Buyer-Supplier Relationships on Organizational Performance"*.

You are required to present this letter to the central DUT Research office to obtain full permission to conduct the research. You are required to present the permission letter from the DUT to the site of data gathering, in this case the Human Resources Business Unit at Msunduzi Municipality, for permission to conduct the research there. Please also note that each of your questionnaires must be accompanied by a letter of information and a letter of consent for each participant, as per your research proposal.

A summary of your key research findings may be submitted to the FRC on completion of your studies.

Kindest regards.

Yours sincerely

---

Dr Delene Heukelman  
Faculty Research Coordinator (Acting)

---

## ANNEXURE C: CONSENT LETTER



Faculty of Accounting and Informatics  
Durban University of Technology  
Ritson Campus

Date:

Dear Participant:

### **INFORMED CONSENT LETTER**

My name is **Manqoba Lwazi Nzama**. I am a Masters student studying at the Durban University of Technology, South Africa in the faculty of Accounting and Informatics. My study seeks to investigate the impact of buyer-supplier relationships on organisational performance. The study intends to collect data by using questionnaire sent to key informants in the manufacturing industry and your firm is one of the firms selected in order to gain a full understanding of the study. In order to gather this information, I would like to ask you questions that pertain to the buyer-supplier relationships in your firm as well as the effects of buyer-supplier relationships on the performance of your firm. I will be grateful if you can complete and submit this survey questionnaire by 30 November 2018.

Please note that:

- Your confidentiality is guaranteed as your inputs will not be attributed to you in person, but reported only as a population member opinion.
- Any information given by you cannot be used against you, and the collected data will be used for purposes of this research only.
- There will be no cash or any benefit that the participants will receive as part of their participation in this research project.
- Data will be stored in secure storage and destroyed after completion of project.
- You have a choice to participate, not participate or stop participating in the research. You will not be penalized for taking such an action.
- You are free to withdraw from the research at any time without any negative or undesirable consequences to themselves
- Real names of the participants will not be used, but symbols such as A, B, C or X, Y, Z ... will be used to represent participants' names; and
- Your involvement is purely for academic purposes only, and there are no financial benefits involved.

I can be contacted at:

Email: 21855825@dut4life.ac.za

Cell: 081 714 4303

My supervisor is Prof. O. Oludayo

Email: [oludayoo@dut.ac.za](mailto:oludayoo@dut.ac.za)

Phone number: 031 373 5597

My co-supervisor is Dr. S.P Moyana

Contact details: email: [smangelem1@dut.ac.za](mailto:smangelem1@dut.ac.za)

Phone number: 083 847 1551

**ANNEXURE D: QUESTIONNAIRE**

**Instructions for filling in questionnaire**

- a) Please tick the applicable answer
- b) Use spaces provided to write answers

**Section A: Background Information**

1. Please indicate your gender

- Male
- Female

2. Please indicate your age

\_\_\_\_\_

3. Please indicate your qualification

- Grade 12    Diploma    Degree
- Honours    Masters    Doctorate

4. Please indicate the number of years you have worked as retail manager

\_\_\_\_\_

5. Please indicate the number of suppliers your retailer has

\_\_\_\_\_

6. Please indicate the number of buyers your retailer has

\_\_\_\_\_

**Section B: Buyer Relationship**

On a scale 1 to 5 please indicate the degree of the following scale items:

<b>Trust</b>	<b>strongly disagree</b>	<b>disagree</b>	<b>neutral</b>	<b>agree</b>	<b>strongly agree</b>
7. This supplier is fair in its negotiations with us	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. We rely on this supplier to keep promises made to us	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. We are not hesitant to do business with this supplier even when the situation is vague	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. This supplier is honest	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. This supplier is trustworthy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<b>Loyalty</b>	strongly disagree	disagree	neutral	agree	strongly agree
<p>12. We will continue to buy from this supplier</p> <p>13. We have no hesitation in recommending this supplier</p> <p>14. We always say positive things about this supplier</p> <p>15. We will do more business with this supplier in the next few years</p> <p>16. We will provide feedback and reviews to this supplier</p>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<b>Satisfaction</b>	strongly disagree	disagree	neutral	agree	strongly agree
<p>17. We benefit economically from the relationship with this supplier</p> <p>18. The relationship between this supplier and us is positive</p> <p>19. Our relationship with this supplier reflects a happy situation</p> <p>20. The relationship between this supplier and us is satisfying</p> <p>21. We are excited keeping this relationship with this supplier</p>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

**Section C: Supplier Relationship**

On a scale 1 to 5 please indicate the degree of the following scale items:

<b>Information Sharing</b>	strongly disagree	disagree	neutral	agree	strongly agree
<p>22. We are willing to inform our buyers of our current opportunities and risks</p> <p>23. We inform our buyers of our strategies and possible adjustment in the future</p> <p>24. We mean to inform our buyers of information about our market share and competitive capability</p> <p>25. We intend to inform our buyers of the information about our technology reformation</p>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>



26. We always inform our buyers of the information about the details of our current projects	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Commitment</b>	<b>strongly disagree</b>	<b>disagree</b>	<b>neutral</b>	<b>agree</b>	<b>strongly agree</b>
27. We would like to be more committed to offering effective service to our buyers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
28. We intend to improve business relationship with our buyers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
29. We are dedicated to improve quality of service delivery to our buyers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
30. We promise to provide the best service to our buyers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
31. We would do all things possible to retain our buyers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<b>Organisational Performance</b>	<b>strongly disagree</b>	<b>disagree</b>	<b>neutral</b>	<b>agree</b>	<b>strongly agree</b>
32. Our product quality has improved	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
33. Our delivery performance has improved	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
34. Our responsiveness to requests for changes has improved	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
35. Our service support has improved	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
36. Our overall organisational performance has improved	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Section D: Recommended buyer-supplier relationship**

37. Which type of a relationship with suppliers would you recommend?

- Transactional Relationship
- Collaborative Relationship

Questionnaire link:

[https://docs.google.com/forms/d/e/1FAIpQLSeFNrXm9GF2MLtMLn86R0am7\\_VEmeLa00iN1OCu0bArL6fhxQ/viewform?usp=sf\\_link](https://docs.google.com/forms/d/e/1FAIpQLSeFNrXm9GF2MLtMLn86R0am7_VEmeLa00iN1OCu0bArL6fhxQ/viewform?usp=sf_link)