RELATIONSHIP MANAGEMENT AND SUPPLIER PERFORMANCE AT NATIONAL MEDICAL STORES, UGANDA

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A DISSERTATION SUBMITTED TO THE SCHOOL OF BUSINESS AND MANAGEMENT IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF A MASTER'S DEGREE IN MANAGEMENT STUDIES (BUSINESS ADMINISTRATION) OF UGANDA MANAGEMENT INSTITUTE

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DECLARATION

I, William Musubire do hereby declare that this dissertation entitled “Relationship Management and Supplier Performance at National Medical Stores, Uganda” is my very own composition and has never been presented anywhere else for any academic award at any other university. Where resources from other people have been used, due acknowledgement has been made through proper citation and referencing.

Signed:

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APPROVAL

I certify that this research by William Musubire, entitled **"Relationship Management and Supplier Performance at National Medical Stores, Uganda"** has been done under my supervision and is now ready for submission.

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DEDICATION

I dedicate this work to my beloved Father Mr. Christopher Musubire and my Dear Mother Mrs. Regina Nakalwe.

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I am grateful to all individuals and groups who provided me with the necessary support, guidance and encouragement to enable me carry out this research and finally produce this dissertation.

Particularly, I take this opportunity to express my sincere gratitude to my supervisors at Uganda Management Institute; Dr. Michael Kiwanuka and Mrs. Oluka Pross Nagitta, for guidance, support and encouragement that enabled me to accomplish this postgraduate research. I would like to appreciate the staff of School of Business and Management at Uganda Management Institute for their positive criticisms during the viva sessions.

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CVI:	Content Validity Index
NMS:	National Medical Stores
SPSS:	Statistical Package for the Social Sciences
UMI**:**	Uganda Management Institute
MoH:	Ministry of Health

ABSTRACT

This study was an assessment of how dimensions of relationship management (trust, communication and transparency) affect supplier performance at National Medical Stores. Specifically the study set out to: determine the relationship between trust and supplier performance at NMS; examine the contribution of communication on supplier performance at NMS and finally; establish the contribution of transparency on supplier performance at NMS. Both qualitative and quantitative approaches we used alongside the case study design. Out of a study population of 85, a sample of 74 respondents was selected and out of these, 71 participated by way of responding to the questionnaires and interviews, indicating a response rate of 96%. Both descriptive and analytical research methods were used to collect data from NMS pharmaceutical suppliers and NMS staff directly involved in contract management. Data collection was done with the aid of questionnaires and interview guide. Inferential analysis was generated using Pearson's correlation index and Regression analysis to determine the extent of the relationships and cause and effect between variables. The results indicated that there was significant positive relationship ($r = .649$, $p<0.005$) between trust and supplier performance at NMS. Similarly, communication positively contributed ($r=.628$, $p<0.005$) to supplier performance at NMS. The study also established that there was a significant positive relationship ($r=.613$, $p<0.005$) between transparency and supplier performance at NMS. From these findings, the conclusion drawn indicate that when NMS builds strong relationships with its suppliers, supplier performance will greatly improve and in turn NMS will be in position sustain competitiveness to deliver its mandate. Basing on the research findings, different recommendations were made and they included; developing an NMS supplier communication strategy; NMS management introducing a system of assessing buyer supplier relationship followed by sharing results of the findings and proposed corrective actions with suppliers. The study recommended regular and periodic NMS supplier meetings to communicate supplier performance and also get feedback from suppliers.

CHAPTER ONE

1.1 Introduction

Previous empirical studies have shown that relationship management is very crucial for purchasing organizations as it can ensure sustained delivery of goods at the desired frequency (Ghaith, Ayman and Khaled, 2014). This study examined the effect of relationship management on supplier performance at National Medical Stores (NMS), Uganda. In this study, relationship management was conceived as the independent variable while supplier performance was the dependent variable. Relationship management was conceptualized as; trust, communication and transparency, while supplier performance was measured in terms of response to adjusted delivery times and delivery lead-time. This chapter covers the background to the study, the statement of the problem, purpose of the study, objectives, research questions, hypotheses, the conceptual framework, scope of the study, significance, justification and operational definitions of key terms and concepts.

1.2 Background to the study

The background is presented under four perspectives namely; historical, theoretical, conceptual and contextual.

1.2.1 Historical Background

The importance of buyer-supplier relationship and how it affects supplier performance can be traced back before the industrial revolution era that was dependent on trading in agricultural commodities and crafts. At the time, most farmers sold their merchandise directly in the open markets. Supplier performance was then largely attributed to how best one would honor the promise they made. During this period, acceptable supplier performance was associated with the aesthetic quality of goods supplied (Feltwell, 1991). During the pre-industrial era, most trading rotated around carefully chosen clans on a frequent basis. This form of barter trade was dependent

on mutual trust and respect and did not require examining performance of your trading partner. Interpersonal attachment amongst traders was quite prevalent during the medieval African trade era, mainly because traders opted to relate with and transact business with that person that they feel they can trust (Mwamula-Lubandi, 1992).

In today's business environment, firms need to constantly remain competitive in order to survive in the dynamic business environment. Similarly, purchasing firms in Africa are building strong relationships with suppliers. These relationships have seen a steady improvement in supplier performance, which has also benefited relating firms to achieve their strategic goals. The foundations of strong business relationships on a greater part involve presence of mutual trust and existence of perpetual engagements. These kinds of associations have been seen to influence a number of specific business indicators such as lead-time flexibility among others (Maram, et al, 2015).

In East Africa, Ahimbisibwe et al., (2012) argue that a number of organization's have embraced the crucial role relationship management plays in assisting suppliers to achieve superior performance. Companies in this region that are seen to operate on modern business fundamentals often work with a wide range of suppliers. Ahimbisibwe et. al., (2012), further alludes that, in today's contract management environment, Uganda government Parastatal's are engaged in numerous contractual agreements with several suppliers. However, this strategy is still faced with challenges of meagre contract relationship management leading to poor supplier performance and ultimately leading to low service delivery.

1.2.2 Theoretical Background

The study was guided by the social exchange theory by Homans (1958). The theory denotes that humans interact in social behavior in order to maximize benefits and minimize costs, which then leads to a positive outcome (Hutchison & Charlesworth, 2003).

Social exchange theory is used to explain the social factors that influence how exchanging partners interact within a reciprocal relationship. The theory is grounded on five propositions with the first stating that if an activity was previously recompensed, then the individual is more likely to repeat the activity again. On the other hand, the stimulus proposition or the principle of experience attempts to verify that if a similar stimulus presents itself and resembles an originally awarded activity, the individual is likely to repeat that course of action. Alternatively, the value proposition or principle of value of outcome demonstrates that that the more valuable to an individual a unit of the activity another gives him/her, the more often he/she will emit the activity rewarded by the activity of the other. However, the deprivation-satiation proposition or principle of diminishing returns supports the idea that someone who goes a long time without a desired reward becomes far more willing to engage in behavior that will lead to desired reward. Lastly the aggression-approval proposition shows that when a behavior does not receive expected reward, the response is anger or aggression (Blau, 1964).

The social norm of reciprocity is the expectation that people will respond to each other in similar ways responding to gifts and kindnesses from others with similar benevolence of their own, and responding to harmful, hurtful acts from others with either in difference or some form of retaliation (Griffith et al., 2006).

The Social Exchange theory is applicable to supply chain management and can be a valuable instrument when analyzing buyer-supplier relationships. This theory is specifically useful in selection of supplier strategies and for making decisions about how to deal with suppliers. The theory further explains that when purchaser engages in an exchange relationship, he/she should make his company interesting beyond focusing on the economic exchanges. Additionally the

purchasing firm should also aim at improving the social norms of the relationship (Holthausen, 2013).

Based on the notion that people always reciprocate the benevolence they receive, the theory therefore guided the study by helping the researcher understand the type of proposition of human behavior that was demonstrated in each of the operationalized norms of the relationship. In addition the theory was used to explain the observed outcome of the interactions, if they were in agreement with the expected propositions as suggested by the theory

1.2.3 Conceptual Background

Different authors have identified a number of factors in a buyer supplier relationship that are considered worth measuring. This study was guided by Harland's (1996) model depicting relationship key performance indicators and outcome key performance indicators.

Harland's Model depicts relationship factors that are considered to have the greatest effect on supplier performance. According to Harland (1996), performance measurement often includes quantitative metrics that can be difficult to use when evaluating the impact of the soft intangible characteristics of a relationship. It is argued that refining and enhancing the qualitative pointers, in turn there will be improvements in performance of the traditional key performance indicators (KPIs). Conventional ways of assessing performance is often categorized under four KPIs namely; cost, quality, lead-time and flexibility. Harland's model however introduces a new dimension by focusing on how the two parties in the relationship interact to affect the outcomes.

The model further indicates that there are six relationship variables that influence the traditional KPIs. The relationship variables presented in Harland's model are trust, power, transparency, communication, commitment and cooperation. The model further alludes that none of the six relationship KPIs cannot be used to directly derive the magnitude of the outcome KPIs, however, they have a strong effect on the outcome results as illustrated in figure 1.

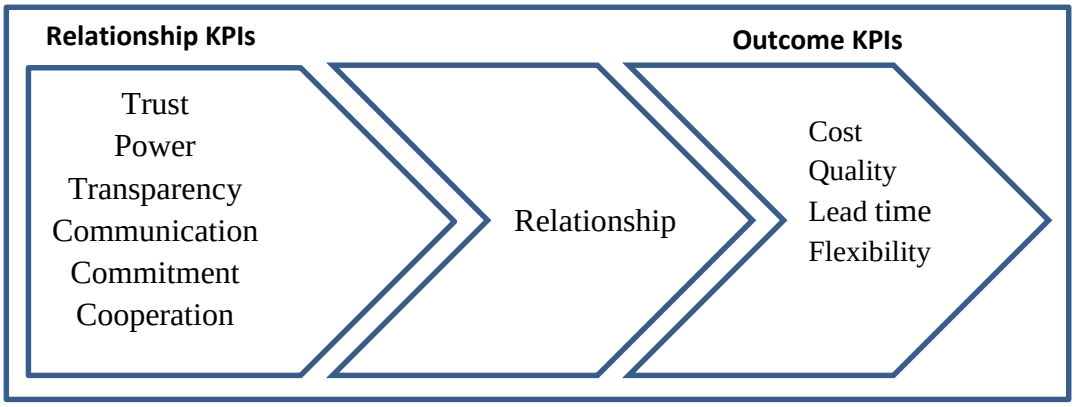

Figure 1: Harland's model showing correlation between relationship KPIs and traditional ones

The dual perspective presented by this model allows buyers to assess how their interactions in the business relationship can be tailored to derive maximum **benefit** from the mutual exchange. This approach contradicts the traditional views where the suppliers are evaluated solely from the buyer's perspective and interest (Damlin et. al., 2012).

Harland's (1996) model relates to this study as it explains how supplier performance can be measured using relationship key performance indicators. In the context of this study, the three relationship KPIs were; trust, communication and transparency. The justification to use three out of six constructs was based on the responses collected from the NMS-Supplier meeting Report (2015). During that meeting, suppliers raised several concerns that affected their delivery performance. These concerns were later grouped into categories. The generated sets corresponded to trust, communication and transparency constructs of the model. These three identified dimensions were similar to the constructs depicted in Harland's model, thus the justification to use three out of the six constructs

The selected constructs for the study were therefore useful in representing how relationship management affects NMS supplier performance in terms of delivery lead-time and response to adjusted deliveries

The key concepts in the study were buyer-supplier relationship management as the independent variable, conceptualised as; trust, communication and transparency and supplier performance as the dependent variable, construed as flexibility and timeliness of delivery**.**

Damlin et al. (2012) explains there is a mutual relationship between conventional and traditional KPIs which can be used to explain why improvement of relationship management translates in better supplier performance as measure in terms of delivery lead time, and flexibility in adjusting scheduled deliveries. Stuart, Verville and Taskin (2012), add that improved trust can yield numerous paybacks for a company, such as reduction in opportunistic behaviour leading to more effective information flow and information sharing. Effective information flow and information sharing often lead to improved performance. In this study, trust as an independent variable was operationalized and measured using two levels; cognitive and affective trust. These dimensions where tested in relation to delivery lead time and response to adjusted deliveries as the dependent variable.

Communication allows the suppliers to adjust and align their performance to meet the buyer's needs (Mohr and Nevin, 1990). According to Morgan and Hunt (1994), implementing the right communication approaches between buyer and supplier minimises the likelihood of problems. Therefore, in order to assess how communication affects the dependent variable, the study adopted three operationalized communication dimensions of frequency, modality and content as advanced by Mohr and Nevin, (1990).

Monczka et. al., (2010) reason that continued evidence of transparency during the sharing critical information is important in achieving both gradual improvements and leapfrog changes in performance for both the buyer and supplier. In the same breath, Hsu et al. (2008) suggest that information exchange creates prospects for both parties to cooperatively engage to identify and eliminate inefficiencies which in turn results in better buyer supplier relationship performance. In this study, transparency was measured as information exchange and feedback cycles, in accordance

with Monczka et al. (2010). This independent variable was equally tested against the dependant variables of flexibility and time as shown in the conceptual frameworks relationship in figure 1.

The dependent variable of the study focused on two-supplier performance outcome KPIs namely; flexibility and delivery lead-time. Flexibility as defined by Jacoby, (2009) is the ability to have customisable business processes. By measuring flexibility, companies can determine if they have appropriate preparedness and systems to hedge supply fluctuations in future demands (Supply-chain Council, 2010). In this study, flexibility was measured as response to adjusted deliveries. This metric corresponds with the explanation by Shepard and Gunter (2006) who argue that flexibility is about how a company copes with changes to demand and supply.

Timeliness was operationalized as delivery lead time which is defined as the number of days actual delivery is delayed in reference to the planned delivery date as agreed with the supplier (NMS management reports, 2016). Burton (1988) indicated that buying firms require suppliers to always make on time deliveries an output that requires perfect synchronisation between buyer and supplier. According to Heikkila (2002), reducing the supply lead-time is essential in creating a responsive supply chain and avoids uncertainties. Larson and Kulchitsky (2000), further aver that delivery lead-time was affected by close relationship between the buying and supplier firms.

1.2.4 Contextual Background

National Medical Stores (NMS) as a government parastatal has the legal mandate to procure, store, and distribute medical supplies to all government health units in Uganda (NMS Act. 1993).

A review of NMS Management reports indicates that this parastatal was established in 1993 by Parliament at it took over the role and infrastructure of Central Medical Stores at Entebbe, which had been a department of the Ministry of Health (MoH) (NMS Strategic plan 2015 – 2020). These changes were part of a restructuring exercise that was meant to set up NMS as an independent organization in order to, among other things, improve its performance and delivery of its mandate. A review of NMS Management reports (2015), shows that the Corporation has since then embarked

on a number of projects aimed at improving its performance, including reviews of operational efficiency by the World Bank in 2004, USAID in 2013, and an MoH taskforce committee in 2007. Better-quality contract management was one of the areas highlighted for improvement, in order to enable NMS effectively achieve its mandate by aiming to consistently stocking up all required supplies so as to achieve 100% customer order fill rate.

A review of management reports for the past two years 2012 and 2013 reveals that NMS has not achieved a warehouse stock availability index reaching 90% (NMS Management Minutes, 2012 and 2014). This subsequently has led to failure of NMS to entirely fulfil customer order demands with all the required product ranges.

NMS top management implemented reforms that were aimed at improving management of pharmaceutical supplier contract with the overall goal of improving supplier performance. These included the transfer of pharmaceutical supplies contract management functions from the procurement and disposal unit to the warehouse section. In 2009, management created the position of stock control officer to manage pharmaceutical supplier contracts. Implementing this change was on the premise that the stock control desk would better manage these outsourced contracts and improved relations, resulting in better supplier delivery performance. Among the challenges raised during NMS-Suppliers meeting (2015), suppliers pointed out that poor relationship management was one of the factors affecting the execution of their contractual obligations. It is against this background that this study was conducted, so as to assess the effect of relationship management on supplier performance in NMS.

1.2 Statement of the Problem

Christopher (2013), indicates that in today's complex and competitive business environment, strengthening the supplier-buyer relationships is deemed a strategic tool towards improving client satisfaction that ultimately leads to reduction of cost and optimisation of performance.

In 2011, NMS implemented strategies aimed at improving contract management that included establishing Stock Control Officer and Stock Control Assistant positions. These persons are expected to improve the quality of interaction with suppliers by providing among others, a favorable channel for resolution of any emerging issues between NMS and its pharmaceutical suppliers. The ultimate goal is to gain maximum benefit from the supplier interaction as evidenced with improved supplier delivery performance and warehouse stock availability index (NMS Management Reports, 2015).

In spite the above management interventions, table-1 below shows that during the financial years 2013 through to 2015, over 77% of NMS pharmaceuticals suppliers did not achieve the delivery target of 100% order fulfillment. A further analysis of the supplier performance data revealed that overall delivery lead-time had an average delay of 104 days (standard deviation 30.7). The observed low supplier delivery performance indicators are majorly attributed to issues related to poor contract relationship management exhibited by NMS officers (NMS Management Reports, 2016). Similar concerns have also been raised in a report by Ssewanyana et. al., (2010). It was observed that supply upstream challenges faced by NMS often result in delayed delivery of medical supplies in public health facilities. It was therefore necessary to empirically determine how relationship management affects supplier delivery performance at NMS. It was the researcher's conviction that unless this study was conducted, NMS would continue failing to meet its obligation to timely deliver all required medicines and medical supplies to the population, despite receiving the necessary government funding.

Table 1: Supplier Performance FY 2013/14 and 2014/15

	Order Fulfillment Rate		
Supplier	**Index (Max=1)**	**Variance**	**Average delivery Lead time (days)**
ABACUS PARENTERAL DRUGS LIMITED	0.82	0.18	-124
ABACUS PHARMA (A) LTD	0.92	0.08	-113
ABSOLUTE GLOBAL INVESTMENTS LTD	0.68	0.32	-132
ASTEL DIAGNOSTICS (U) LTD	1	0	-82
ASTRA PHARMA (U) LTD	0.99	0.01	-110
BHL HEALTHCARE LTD	0.23	0.77	-97

BIOMEDICS PRODUCTS LTD	0.86	0.14	-130
BOOTS PHARMACEUTICALS LTD	0.27	0.73	-84
CHLOMEDICS LTD	0.85	0.15	-90
CIPLAQUALITY CHEMICALS INDUSTRY LTD	0.62	0.38	-54
CROWN HEALTH CARE LTD	0.73	0.27	-80
DASH-S TECHNOLOGIES LTD	0.6	0.4	-110
DELMAW ENTERPRISES LTD	0.79	0.21	-124
DIASORIN (PTY) LTD SA	0.04	0.96	-144
DIASORIN SPA ITALY	0.62	0.38	-144
ELITE CHEMICALS LTD	1	0	-158
GITTOES PHARMACEUTICALS LTD	0.73	0.27	-111
GLOBAL SCIENTIFIC SUPPLIES LTD	1	0	-84
GOODDAY PHARMACY LTD	0.81	0.19	-128
GOODMAN INTERNATIONAL LTD	1	0	-129
HALLEY MEDICAL SUPPLIES LTD	1	0	-89
HEALTH CARE LTD	0.76	0.24	-113
HOSPICE AFRICA UGANDA	0.12	0.88	-203
KAMPALA PHARMACEUTICALS INDUSTRIES (1996) LTD	0.57	0.43	-117
KARURI PHARMACEUTICALS LTD	1	0	-123
KIMSY MEDS LTD	0.79	0.21	-106
LABOREX (U) LTD	0.94	0.06	-89
MACLEODS	1	0	-122
MAISHA MEDICAL SUPPLIES LTD	0.31	0.69	-113
MEDEQUIP (U) LTD	0.35	0.65	-11
MEDISELL(U)LTD	0.52	0.48	-77
MICRO-HAEM SCIENTIFIC AND MEDICAL SUPPLIES LTD	0.31	0.69	-78
NORVIK ENTERPRISES LTD	0.42	0.58	-89
PHILLIPS PHARMACEUTICALS (U) LTD	7	6	-83
PRECISE DIAGONISTICS AND MEDICAL SUPPLIES LTD	1	0	-88
REDDYS PHARMA LTD	0.79	0.21	-87
RENE PHARMACY LTD	0.76	0.24	-99
SHREEJI PHARMACEUTICALS LTD	0.87	0.13	-92
STAR PHARMACEUTICALS LTD	0.72	0.28	-97
SUPER MEDIC LTD	0.33	0.67	-140
SURGIPHARM(U)LTD	0.78	0.22	-100
SWASTIK PHARMACEUTICALS LTD	1	0	-70
SYNTHECON SUTURES MANUFACTURING SA	1	0	-107
TATA(U) LTD	0.68	0.32	-48
WIDE SPECTRUM ENTERPRISES LTD	0.94	0.06	-103
YURIA PHARM(E.A) LTD	0.85	0.15	-129
ZAYO SIGMA CHEMICALS LTD	0.69	0.31	-107

Source: NMS management reports 2014 and 2015

1.3 Purpose of the study

The purpose of the study was to assess the effect of relationship management on supplier performance at National Medical Stores.

1.4 Specific Objectives

Specifically, this study aimed at achieving the following objectives;

To determine the contribution of trust on supplier performance at NMS

To examine the contribution of communication on supplier performance at NMS

I. To establish the contribution of transparency on supplier performance at NMS

1.5 Research Questions

(i) How does trust affect supplier performance at NMS?

(ii) How does communication affect supplier performance at NMS?

(iii) How does transparency affect supplier performance at NMS?

1.6 Hypothesis of the Study

Hypothesis 1 H_1: Trust in relationship management positively affects supplier performance at NMS.

Hypothesis 2 H_2: Communication in relationship management positively contributes to supplier performance at NMS.

Hypothesis 3 H_3: Transparency in relationship management positively contributes to supplier performance at NMS.

1.7 Conceptual Framework between relationship management and supplier performance

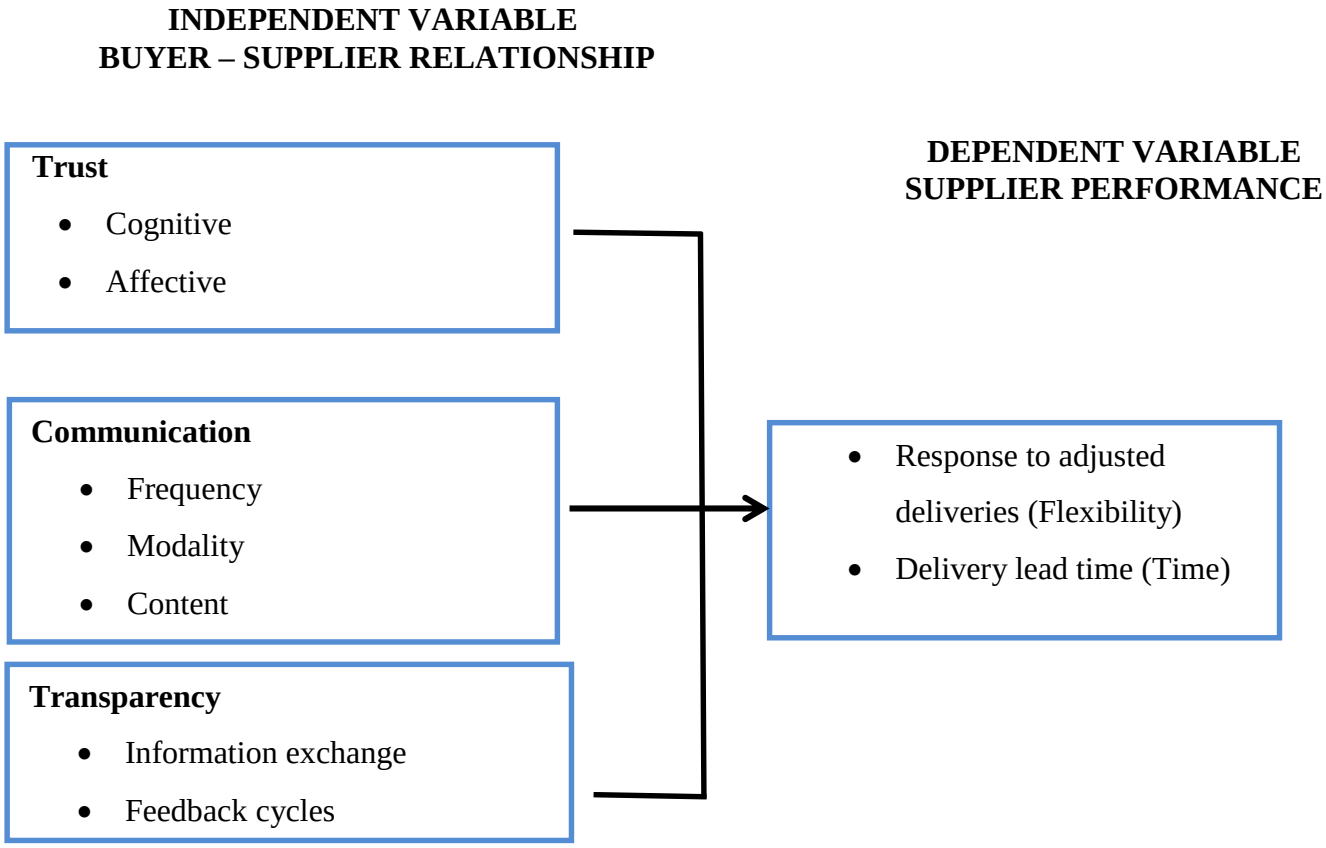

Figure 2: Conceptual Framework

Source: Adapted from Damlin, et. al., (2012).

The conceptual framework depicts a reciprocal relation between conventional KPIs (Dependent Variable) and relationship performance KPIs (Independent Variable) in a way that if the relationship is improved by ensuring trust, communication and transparency, there can be better supplier performance in terms of improved delivery lead time, and flexibility in adjusting scheduled deliveries.

1.8 Significance of the study

Results from the study are expected to help NMS management recognise the contribution of relationship management in improving supplier performance. The study will also benefit the academia by adding to the body of knowledge in understanding how relationship management affect supplier performance in a government parastatal.

Research findings and recommendations will avail NMS management with various approaches for adaptation of trust, communication and transparency in collaboration so as to enhance supplier performance.

1.9 Justification of the study

This study was relevant in two aspects: It provides NMS management with information that can be used in addressing numerous concerns related to supplier performance and contract management. NMS management can then use findings from the study to design strategies to improve the relationships engagements with suppliers. Secondly, this study provides supporting evidence of the factors that affect the supplier performance on delivery of pharmaceutical. In addition, NMS suppliers can use the results of this research to gauge their service quality and performance.

1.10 Scope of the study

Time scope: The study was limited to a time scope of supply contracts that were open from 2014 till up to 2016. This period was selected because it was the time when supplier performance in NMS recorded the lowest performance.

Content scope: The study content was limited to relationship management and supplier performance under three main attributes of trust, communication and transparency and their effect on supplier performance at NMS. Supplier performance was evaluated based on the dimensions of delivery lead time and response to adjusted deliveries.

Geographical scope: The study was conducted at NMS warehouse premises and offices, located in Entebbe Municipality within Wakiso district of Uganda. Suppliers reaching NMS were targeted because of their proximity to the researcher whenever they come to transact business at NMS. Respondents to study questions were NMS management staff and employees of her pharmaceutical suppliers.

1.11 Operational Definitions of key terms

Relationship management: Refers to dyadic business relationship between two separate legal entities carrying out transactions of any kind.

Buyer – supplier communication: The formal and informal information shared with the partner in a timely manner.

Buyer – supplier trust: The degree to which supply chain partners consider each other as sincere and generous.

Buyer – supplier transparency: Transparency is defined by Cunningham et al., (2003) as the magnitude of information interchanged between supply chain associates.

Delivery performance: Defined as the level up to which suppliers meet the buyer's expectations in supply of the right quantity of products at the right time.

Cognitive trust: Is trust, which is based on a rational approach, such as performance

Affective trust: Is the type of trust that is determined by emotions, like the enjoyment of the relationship with a particular supplier.

Communication frequency: Relates to the number of times communication occurs

Communication modality: The way in which information is sent between organisations

Communication content: Refers to the actual information being communicated

Delivery lead time: On time delivery, according to scheduled delivery date

Adjusted deliveries: Flexibility of the supplier to meet changes in customer needs

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews literature in relation to relationship management and supplier performance. The review was conceptualised under the objectives of the study and focused primarily on trust, communication and transparency, and their relationship on supplier performance. These were considered as pillars of the study. The chapter also gives the theoretical review as well as the summary of the literature review.

2.2 Theoretical review

The theoretical framework to guide this study was derived from the social exchange theory formulated by Homans, (1958). This theory is useful in explaining how social behavior in relationships interrelates with the norms governing contractual relationships. Relating parties are often disturbed when there is no fairness in exchange. Similarly, exchanging partners are motivated to attain some valued reward that is gained after nourishing the relationship (Blau, 1994).

Empirical evidence has postulated social exchange theory on the notion of individuals or groups interacting due to the expectation of rewards (Emerson, 1976). Relatedly, reciprocity is an important integral element within social exchange since the actions and behavior by one party will lead to reciprocal action and behavior by the other party in the interaction (Griffith et al., 2006). Reciprocity is critical in determining the pattern of a social exchange, Surma (2016), further qualifies this assumption when he investigated behavioral reciprocity as adopted by behaviorists. The later hypothesized that rewarding relationships are those where high rates of positive reinforces are exchanged between the actors of the relationship.

Varey (2015), also suggests that social exchange theory fundamentally indicates that the more the buyer or supplier receives from the partnership the more they will reciprocate in terms of performance.

Social exchange theory therefore attempts to advance a basic image of ideal social relations among actors. Desired elements of such idyllic relations usually involve the exchange of valued items which can be material, information or symbolic.

Social exchange theory examines the non-contractual based outcomes of buyer supplier relationships forms of trust and communication reasons for participating in an exchange (Thomas and Ranganathan, 2005).

Social exchanges differ from economic exchanges in that the specific benefits of exchange are not contractually and explicitly fully specified. Therefore attempts to ground social exchange on relationship management can be used in turn to predict the value of interactions and the resources obtained (Coleman, 1972). This theory is therefore useful in explaining how buyer supplier relationships forms of trust, communication and transparency can affect supplier delivery performance.

2.3 Conceptual review

This section presents the review of related literature alongside the specific objectives that formed the themes for this study.

2.3.1 Contribution of trust on supplier performance

Buyer trust is defined as the buyer's willingness to accept vulnerability based upon positive expectations from the relationship (Rousseau, et al., 1998). Mayer, Davis, and Schoolman, (1995) aver trustworthiness as the overall goodwill of the supplier towards the buyer. A benevolent supplier would not behave opportunistically towards the buyer for his own benefit. Rather, the supplier is concerned for the buyer's well-being. They further affirm that a credible supplier is one who adheres to principles that are acceptable to the buyer. Therefore, suppliers' integrity is judged by the consistency in their behaviours, the credibility of their communication, and their commitments to justice and fairness (Mayer et al., 1995).

Cognitive-based trust is that form of trust that based on rational approach, this type of trust is strongly inclined to cognitive reasoning however, this it differs from affective trust that relates to emotional bonds and often tends to go beyond professional skills or level of experience at the job (McAllister, 1995).

High cognitive trust is associated with repeated exchanges, which allows the relating parties to gain a deeper understanding of each other. This eventually results in high likelihoods of predicting the outcome behaviour of the relating partner (Hite, 2005).

Both cognitive and affective trust tend to affect how parties will relate in future, however the effect of cognitive trust is higher than that of affective trust. Higher the levels of cognitive trust are associated with more frequent and better quality of engagement that results in improved loyalty. In summary, when relating firms focus on improving cognitive trust, the performance of service generated by this ecosystem improves (Hanzaee and Norouzi, 2012). Therefore, cognitive-based trust is built on perceptions and self-interest as it pertains to performance and accomplishments through direct dealings with a partner.

Once significant levels of cognitive trust has been advanced this then act as catalyst for fostering the development of affective trust (McAllister, 1995).

Affective trust is that type of trust that is determined by emotions, affective form of trust is also viewed as the sureness one attaches to a relating partner as a result of feelings derived by degree of care and concern exhibited by the other party (Rempel et al., 1985). Affective trust can also be based on positive expectations that can be derived from the other partner in the relationship. Alternatively, affective trust can also be explained, as trust based on emotional attachment or accumulated likes about the other person. (Johnson and Grayson, 2005).

Varying the levels of affective trust has a direct bearing on the performance outcome (De Jong and Dirks, 2012). Trust congruence between relating parties often gives rise to positive aftermaths (Lewicki, Tomlinson, and Gillespie, 2006).

Organ (1990), showed that affective trust has social exchange as one of its components. When suppliers view the purchaser as pro-social, they become obliged to do a favour in return. Achieving and or exceeding the expectations in the contractual relationship often express this return. Similarly, Ahimbisibwe (2014), affirms that the lack of affective trust in buyer supplier relationship often affects supplier delivery performance. This form of trust is considered as a core ingredient in fostering permanency of the relationship; this aspect is often exhibited when relating partners show that they have attained a high degree of honesty and fidelity (Mogan and Hunt, 1994).

Ahimbisibwe, Nangoli, and Tusiime (2012) further uphold that a firm will often hesitate to place a significant amount of trust in a supplier before testing countenance of their word and actions. Once this trust is developed, then it is easy to build a relationship that aims to attain the most out of each performance objective.

2.3.2 Contribution of communication on supplier performance

According to Anderson and Narus (1990), communication is defined as both the formal and casual exchange of evocative and appropriate information. Effective communication in buyer supplier relationships can enhance levels of member coordination, satisfaction and commitment. Communication is regarded as a crucial ingredient in maintaining long-term buyer-relationship with high performance (Morgan and Hunt, 1994).

Rangarajan et al. (2008) suggest that frequent communication increases the motivation levels of suppliers enabling them to be a part of competitive strategy. Regular communication is an enabler for feedback loops in addition to providing a motivating atmosphere for all participants in the relationship ecosystem. Each member has the opportunity to freely express their challenges so as to generate solutions. Communication frequency can either be a scheduled calendar activity or event driven. Regular daily or weekly communication is regarded as a valuable constituent in maximising benefits from the relationship. A more common belief that more frequent communication leads to improved supplier performance is not true. However Oosterhuis (2009), differs by asserting that increase in day-to-day communication may be associated with lower

delivery performance and increase misunderstandings. High amounts of contact can lead to information overload. In addition, receiving information when it not needed or discussing issues without giving the relevant feedback, might lead to confusion and frustration. Nevertheless, poor decisions that could affect performance are often connected to lack of information instead of too much information.

Daft and Lengel (1986), postulate that different methods of communication used may vary in their intrinsic value and their capabilities to convey the required message. Rangarajan et. al., (2008) affirm that human interaction using face to face communication provides additional benefits of openly discussing and resolving multiple issues in a single session. Face to face communication enforces non salient contractual obligations, thereby minimizing conflict that would otherwise arise out of insufficient information exchange. This type of communication has been proven to reduce conflicts arising from maverick decisions and alternatively promotes collectively responsibilities of decisions made. Similarly, Face-to-face communication can also be described as the interchange of information, thoughts, and opinions amongst partners.

According to Nina (2011), the effective communication is achieved by making use of the most efficient communication mode that will address the challenge at hand. When problems become complex, non-standardised, and occur sporadically, then face to face mode of communication is preferred. Alternatively, more frequent challenges should be handled using the other less rich methods of communication.

Daft and Lengel, (1986) explains that exchange of large amounts of data and information can be easily achieved using wireless and written communication modes. The only set back with these methods is that they are not as rich as the other communication methods

Nina (2011), alludes that communication content often refers to the quality of information. This quality aspect is further categorised as accurate, reliable, clean or complete. Higher communication content has a significant effect on commitment and participation, resulting in

improved trust relationships. This improvement has also been linked to supplier performance and relationship effectiveness.

2.3.3 Contribution of transparency on supplier performance

Transparency as defined by Cunnigham et. al., (2003) is the quantity and level of information interchanged between relating supply chain partners. According to Mohr and Spekman (1994), relational transparency can also be interpreted as the amount and frequency of critical information conveyed to the other partner. Hsu et al., (2008) agree with this definition and further allude that transparency can be regarded as tactical when it occurs in logistics, purchasing, operations scheduling or strategic when it is used to address concerns raised by customer and marketing information or corporate objectives. Rangan and Bell (2006), opine that to achieve greater levels of transparency, relating firms need to openly exchange and discuss each other's strategic goals and business plans.

Sterman (2000) demonstrates that less frequent sharing of relevant supply chain information leads to distortion of true demand data in supply chains, this phenomenon is also termed as demand amplification. Sterman, further affirms that as the level of trust increases then transparency also improves which has a resultant positive impact on quality of decision making process leading to better supply chain performance.

In general, transparency enables quick feedback cycles that promote openness to discuss new ideas and also improves the quality of solutions generated to address supply chain bottlenecks (Paulraj et al., 2008).

2.4 Summary of Literature review

The reviewed literature shows that socials aspects can influence the outcome of an exchange relationship. In the context of public institutions, it becomes evident that limited empirical studies have been conducted to address the impact of social aspects on supply chain performance. However, while reviewing the available literature, the researcher did not come across any specific literature

regarding the effects of social collaborations between organizations, with emphasis to relationship management practices of public entities of Africa and Uganda in particular. The only available literature specific to the Uganda context mainly focuses on relationship management and supplier performance as seen in private sector businesses. The current study is of theoretical, contextual and content relevance by attempting to determine the underlying causes of relationship management challenges in government institutions. It is of practical relevance to public parastatal by exploring how human interaction through social aspects can have an impact on performance. A study like this attempts to empirically test the literature reviewed in the context of a Uganda government parastatal.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter describes the methods that were used in carrying out the study. It explains the overall research design, describes the population, sample size, data collection methods and instruments used in the study as well as how they were pre-tested. The chapter also explains how variables were measured, how the resultant data were analyzed and the ethical aspects that were put into consideration during the study.

3.2 Research design

This study applied a case study design in assessing the effect of relationship management on supplier performance at National Medical Stores. The selected study design allowed for analysis into the relationships between the variables, as advised by Mugenda and Mugenda (2003).

A case study generally aims to provide insight into the study topic and while taking into consideration the experiences and interpretations of those involved in order to derive explanations to study hypothesis (Jimenez, and Gersten 1999).

In addition, the study also adopted a two-pronged approach, using both qualitative and quantitative approaches, to facilitate obtaining of both numerical figures and descriptive information.

Triangulation of both quantitative and qualitative methods during data collection and analysis gave the study a wide and deep perspective. Qualitatively, data collection involved administering open-ended interview questions to respondents selected from NMS staff, whereas administering close-ended questionnaire to NMS suppliers collected the quantitative data.

3.3 Study population

The study population was 85, consisting of two sub population groups. The first subset was a collection of 75 employees of pharmaceutical supplier firms that had open contracts at the beginning of the year 2016. These persons were selected from the attendance list of the 2015 NMS-Suppliers meeting were supplier representatives had provided additional information about their level of management on the attendance register (NMS Management Reports, 2015). While, the second subset consisted of 10 NMS management staff that is directly involved in managing contracts for supply of pharmaceuticals.

3.4 Determination of sample size

Sekaran (2003) states that a sample size that is larger than 30 but smaller than 500 is appropriate for most research works. The study sample size was determined using Krejcie and Morgan's (1970) tables. The samples used in the study were selected using the simple random sampling and purposive sampling techniques. The sample size comprised of 74 respondents selected as follows:

Table 2: Sample size Determination

Level of structure	**Target Population**	**Sample size**	**Sampling technique**
NMS staff directly involved in managing contracts for supply of pharmaceuticals			
Senior Management	4	4	Purposive
Middle Management	6	6	Purposive
Suppliers of Pharmaceutical items			
Senior management	15	14	Simple Random
Middle and lower Management	60	50	Simple Random
TOTALS	**85**	**74**	

Source: Primary data

3.5 Sampling techniques and procedure

Sampling was used in selecting subjects that represent variations and heterogeneity that exist in the target population.

Purposive sampling technique under non-probability sampling was used to select NMS Staff involved in contract management. The purposively selected staffs are the ones who manage the NMS supplier relations and were expected to give critical qualitative data for this study. Hence, the researcher opted to select respondents based on his discretion of were thought to be appropriate for the study.

The study employed the simple random sampling where by a given size; all such subsets of the frame are given an equal probability. Each component in the sampling frame thus had an equal probability of selection: the frame is not subdivided or partitioned. Furthermore, any given pair of elements has the same chance of selection as any other such pair (and similarly for triples, and so on) (Sekaran, 2003). The simple random method helped to minimize bias and simplified analysis of data. In particular, the variance between individual results within the sample was a good indicator of variance in the overall population, which made it relatively easy to estimate the accuracy of results. This method was used to sample from the pool of NMS suppliers who had open contracts to supply trading stock (pharmaceutical items) as at the beginning of 2016.

3.6 Data collection Methods

3.6.1 Questionnaire Survey

The questionnaire design followed the research objectives guiding the study. In this study, the Questionnaire method was deemed very appropriate for collecting the data since the study dealt with the perception of the variables (Amin, 2005). The questionnaires were self-administered to the respondents since they were able to read and answer questions without being influenced by the interviewer.

A semi- structured questionnaire was the main instrument of data collection for the study. The main advantage of self-administered questionnaires is that questionnaires can be completed within a short period of time (Mugenda and Mugenda, 2003).

3.6.2 Interviewing

This is a method of data collection where the investigator is given a chance to gather data through direct verbal interaction with participants (Amin, 2005). The researcher used the interview method to collect data from selected key informants who comprised of NMS staff that directly interface with pharmaceutical contract management in their day-to-day work. The researcher selected the above category of respondents because they were considered to be key and central among all the respondents. The interview guide containing structured questions was administered to the key informants.

The information collected by the interview guide helped the researcher to enhance responses from the self-administered questionnaires, making it possible for the researcher to triangulate some key issues in the research.

3.7 Data collection instruments

3.7.1 Questionnaire

A questionnaire instrument was used to collect data from NMS suppliers of pharmaceutical products. The questionnaire was used because it's empirically proven to be a credible method of collecting a wide range research data from a large number of individuals (Sakaran, 2006).

3.7.2 Interview guide

Interviews provide in depth information about a particular research question. In addition, interviews make it easy to understand someone's experience or impressions. The also make it easy to learn more about answers compared to questionnaires. Interviews provide data not possible to get using questionnaires (Mugenda and Mugenda 2003). In this study, a semi-structured guide was designed

to enable solicitation of data from the key informants who were key staff of NMS who were involved in managing contracts of supply of pharmaceutical items.

3.8 Pre-testing of data collection

3.8.1 Validity

Validity of the questionnaire was established using the content validity test, where content validity indices were computed by assessing the number of items rated relevant against the total number of items for each variable, as further illustrated in table 2.

Table 3: Content Validity Indices of Questionnaires

Variable	Description	Number of Items	Content Validity Index (CVI)
Independent	Trust	8	0.761
	Communication	12	0.788
	Transparency	8	0.780
Dependent	Supplier performance	8	0.752

Source: Primary data

The table shows that the computed content validity indices (CVI) for all the items were above 0.7. On this basis, the questionnaire instrument was considered valid since it complied with the least recommended CVI in survey studies as indicated by Amin (2005).

3.8.2. Reliability

The Cronbach's Alpha method of internal consistency was used to compute reliability of the variables of the study, using questionnaire items administered to the respondents (Amin, 2005).

The reliability of the data collection tool was checked using the internal consistency method. This determined the internal correlation between scores on items within the instruments by pre-testing them on a sample of 5 subjects as recommended by Mugenda and Mugenda (2003). Cronbach's coefficient alpha was computed as follows:

$KR = (K)\ (S^2 - \sum s^2) / (S^2)\ (K-1)$

Where: KR = Reliability coefficient of internal consistency

K = Number of items used to measure the concept

S^2 = Variance of all scores

s^2 = Variance of individual items

Source: Mugenda and Mugenda (2003) pg 99.

According to Sekaran (2003), the closer the reliability coefficient to 1.0, the better. The computed results using the pretest data and found that the reliability of the 8 trust items was 0.771, and that the reliability for 12 communication items was 0.787. The researcher further established that 0.785 was the coefficient for 8 transparency items, and 0.761 was the coefficient for 8 supplier performance items. The data tools were considered reliable since all derived coefficients were above 0.7, which is the least acceptable Cronbach's alpha in survey studies (Amin, 2005).

3.9 Procedure of data collection

Using an introduction letter from UMI, the researcher obtained approval from NMS authorities to conduct the research. The researcher then piloted the questionnaire on a sample of five respondents and then used the comments from these respondents to improve the questionnaire. At all times, the researcher ensured that the exercise is conducted within the ethical guidelines issued by UMI. Upon ensuring validity and reliability of the tools, the researcher proceeded with the actual data collection. Questionnaires were administered to the suppliers and later interviews were conducted with the key staff of NMS. The collected data was checked for accuracy, completeness and later cleaned in preparation for analysis.

3.10 Data analysis

Data analysis involved the conversion of raw data into information that could be interpreted. Quantitative data was analyzed separately from qualitative data and the results of both analyses were triangulated to make conclusions.

3.10.1 Quantitative Analysis

After collection of data, it was edited to ensure that it was accurate, consistent, uniformly entered and complete. This was achieved by scrutinizing the questionnaire for completeness and accuracy immediately on collection as advised by Amin (2005). The edited data were then entered into statistical package for social sciences (SPSS) since it was already pre-coded on the questionnaires.

3.10.1.1 Descriptive Analysis

Using SPSS computer software, data were analysed to generate percentages and frequencies (descriptive statistics). The descriptive statistics were used to describe the pattern of responses for each questionnaire item. In addition, the demographic data from questionnaires were presented using frequency of response and percentage response rate, for each of the items in the questionnaire.

3.10.1.2 Inferential Analysis

Correlation and regression analytical techniques described below were used to analyze the data in order to come up with inferences with respect to the correlation between relationship management and supplier performance. These were then used together with qualitative data to come up to reasonable conclusions.

i) Pearson's Correlation Index

Using SPSS, the Pearson Product Moment Correlation Index was generated. This index was used to measure the extent of the relationship between the variables with +1 or -1 implying a perfect linear relationship between the variables whereas 0 meant there was no relationship at all. Person's Correlation is the recommended method of determining correlations for data obtained using the interval scale (Sekaran, 2003).

ii) Regression Analysis

Since the study involved determining a cause and effect relationship of variables, the multiple regression analysis method was used to ascertain variance in the dependent variable that could be explained by the independent variable. Each one of the three hypotheses was tested independently.

The model of regression analysis is as follows: $y = a + b x$ where y is the dependent variable, x the independent variable, b is the slope or regression coefficient and a, the regression constant. Regression analysis works in such a way that once constants a, and b are established from the data using SPSS, then the researcher was able to predict the extent to which a change in relationship management predicts a change in supplier performance using the above equation.

3.10.2 Qualitative Analysis

Qualitative data from the interview were analyzed in order to come up with patterns, which were used to support the results of analysis of the quantitative data in order to come to a reasonable conclusion. Qualitative data collected from the study was analysed by categorising it into themes, which matched to the variables of the study.

Data were then presented as tabulated summaries of responses arranged by the interviewee and dimensions of the variables of the study. The matrices helped the researcher to get a quick overview of the data related to a certain dimension while comparing different respondents as advised by Sarantakos (1994).

3.11 Measurements of variables

Variables were measured using both Nominal and interval scales. A nominal scale was used in the first part of the questionnaire (socio-demographic aspects) to group subjects into categories. A likert scale, which is a type of interval scale, was then used to measure variables. Here, subjects were asked to indicate their level of agreement or disagreement with the statements provided using a scale of 1- 5 as shown: strongly agree (5), agree (4), neutral (3), disagree (2), or strongly disagree (1). The likert scale was used because it is easy to construct and generates a greater volume of reliable interval data than other scales (Cooper & Schindler, 2006).

3.12 Ethical issues

All participants in the study were presented with a copy of an introductory letter from UMI indicating that responses provided were for academic purposes only.

The participants were not required to write their names on the questionnaire therefore anonymity was emphasized. Using the UMI research letter, the researcher notified the study entity before commencing to collect data, in this case NMS.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

4.1 Introduction

This chapter presents the findings of the study. It covers data presentation, analysis and interpretation of the study results. The presentation and discussion of data is under different themes, and focusing mainly on the effects of buyer supplier relationship management on supplier performance.

4.2 Response Rate

Table 4: Response Rate

Data Collection Method	Targeted number of respondents	Actual number of Responses	Percentage Response Rate
Questionnaire Survey	64	63	98.4%
Interview	10	8	80.0 %
Total/ overall response rate	74	71	96%

Source: Primary data

The overall response rate for this study was established to be at the average of 96%. The questionnaire survey response rate was at 98.4%; out of 64 questionnaires given out, 63 were successfully completed and returned. Out of the 10 key informants selected for the semi-structured interview, 8 were successfully conducted, giving a response rate of 80%. According to Amin (2005), 70% of the respondents are enough to represent the sample size set for a study. A response rate of 96% for this study therefore means that the score was adequate for the study.

4.3 Background characteristics of respondents

The background information focused on gender, number of years in the organization, age group, and level of management within the organization, highest education level and pharmaceutical category supplied. Details of the findings are presented in the following sections.

4.3.1 Gender of Respondents

To establish their gender, respondents were asked to state whether they were male or female and according to the study, the following results were registered;

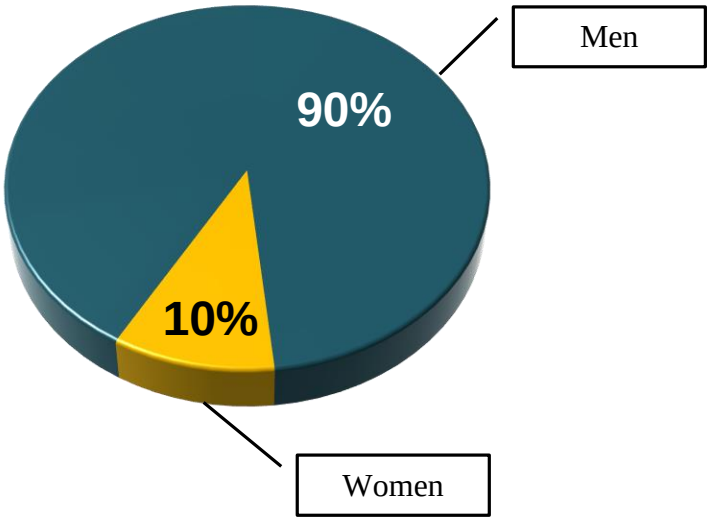

Figure 3: Gender of Respondents

Source: primary data

According to figure 2 above, the study revealed that in terms of gender of the respondents, 90% (64) of the respondents were male and 10% (7) were female. This could be attributed to the fact that functional pharmaceutical deliveries require careful logistical planning and coordination with overseas manufacturers, shipping agencies, truck delivery companies and customers. The findings could be interpreted to show that men are more preferred in such roles demanding extended working hours with resilient mental strength.

4.3.2 Respondents number of years spent in pharmaceuticals supply industry

To establish the length of time respondents had been working in pharmaceuticals supplies, respondents were asked to state years spent in on the supplies job. Emergent results were recorded in figure 3.

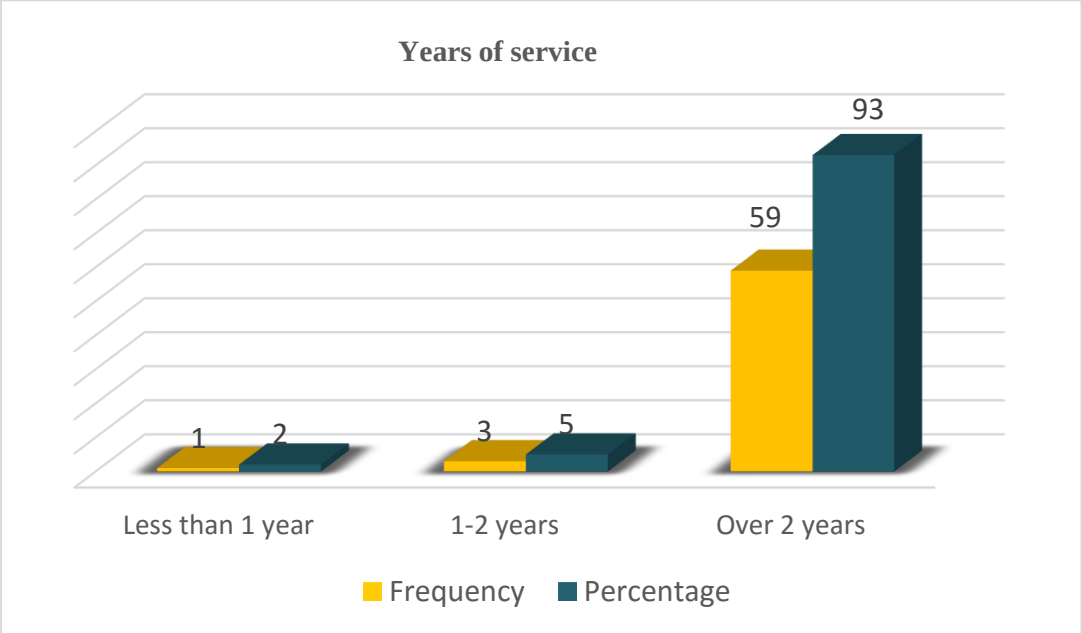

Figure 4: Years worked in pharmaceuticals supply

Source: primary data

From figure 3, the majority of respondents 59 (93%) had work experience of over two years. Respondents having 1-2 years constituted 5% and those with less than 1 year comprised only 1(2%) of the total responses. These study findings can be interpreted to mean that majority of the respondents had gained enough work experience on the job and could provide meaningful information relevant to this study.

4.3.3 Level of management of respondents

To establish respondents' position in management structure, they were asked to state the category of management level and below are the results that were recorded in figure 4.

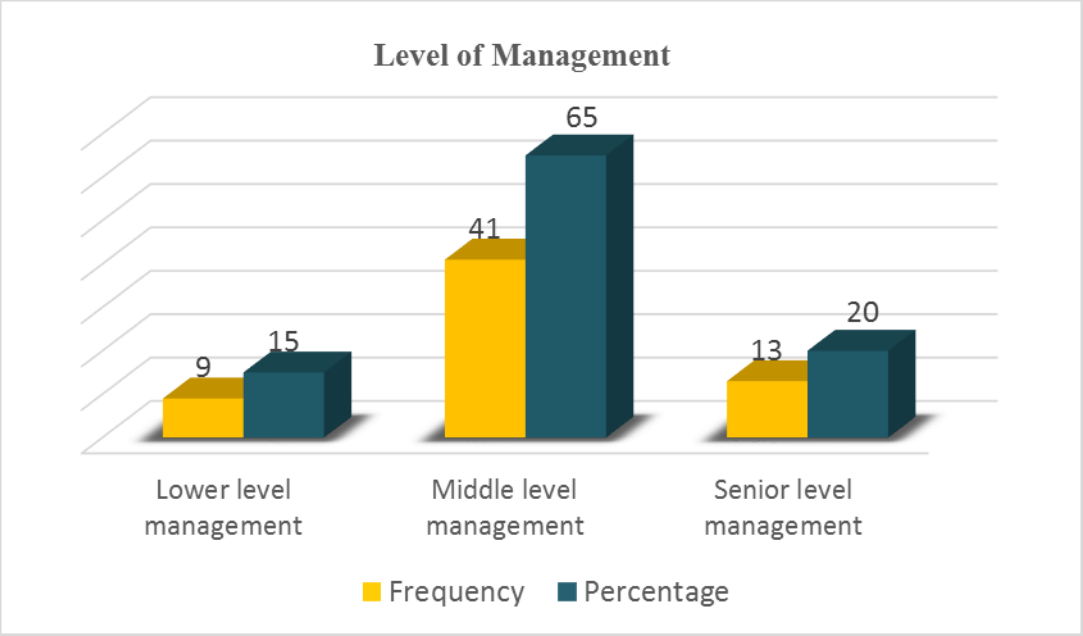

Figure 5: Level of Management

Source: Primary data

From figure 4 above, the majority of respondents 41 (65%) were at middle management level. Respondents at senior management level constituted 13 (20%), while only 9 (15%) of the respondents were at working in the lower management level.

Since majority of the respondents 54 (85%) where at middle and senior management level this implies that persons at this level of management are able to understand tactical and operational aspects of the business. This therefore means that majority the respondents were able to interpret and provide appropriate responses required for the study.

4.3.4 Education level

Respondents were also asked to state their level of education and findings are shown in figure 5 in details below.

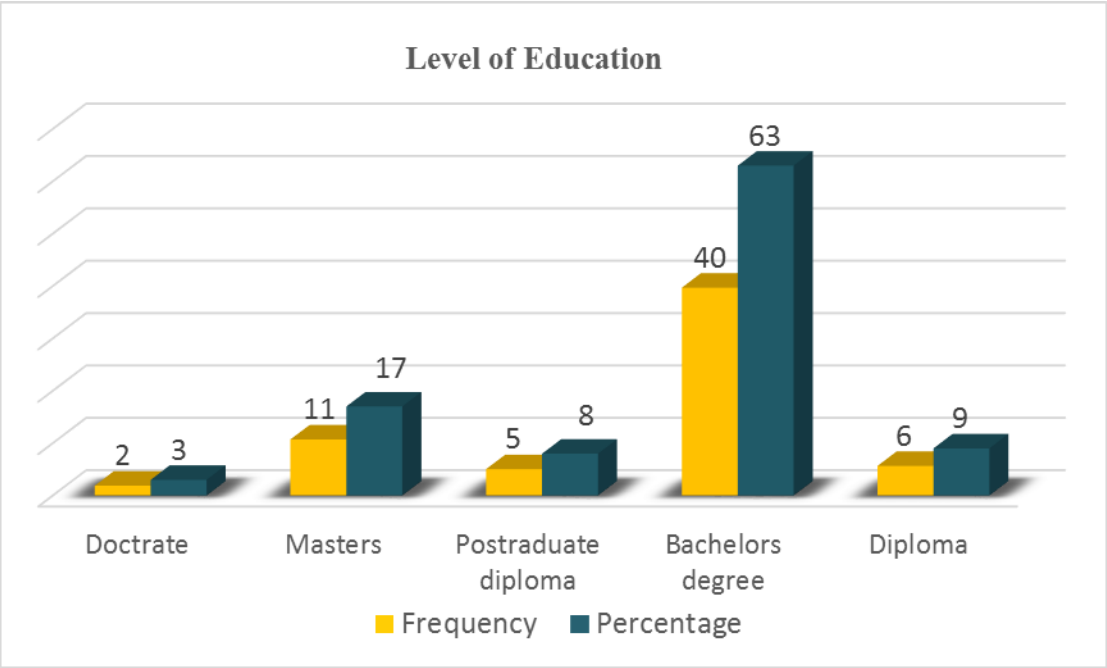

Figure 6: Education level of Respondents

Source: Primary data

Figure 5 indicates that most of the respondents 40 (63%) had attained up to bachelor's degree level of education. Those who had attained a doctorate were 2 (3%), while 11 (17%) had a master's level. Similarly, 5(8%) of the respondents had a postgraduate diploma level of education, and only 6 (9%) had a diploma.

Basing on the above findings, all the respondents had a tertiary level certificate. The study was conducted among people who had enough cognitive capacity to tell what was required for the study. And this implies that with regards relationship management and supplier performance, such people had enough capacity to understand what was taking place in NMS.

4.3.5 Pharmaceutical Supplies Category

To establish respondents' supplies category, they were asked to select the category of pharmaceutical supplies they handled and figure 6 shows the results that were recorded.

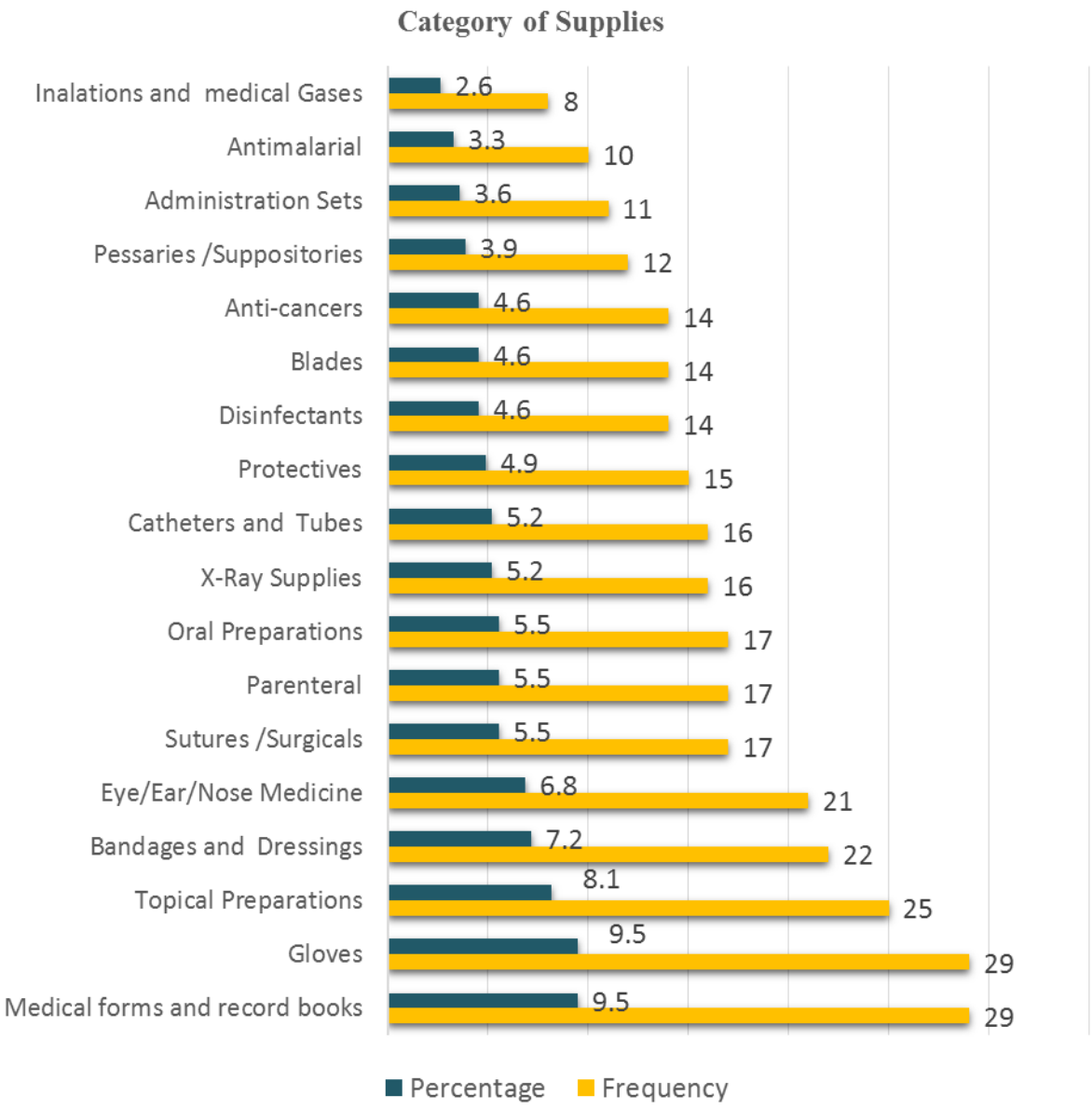

Figure 7: Category of Supplies

Source: Primary data

Study findings summarized in figure 6 show that most respondents 48 (19%) were involved in supply of gloves and medical forms and record books. Study findings also revealed that 25(8.1%)

of supplies were handling medicines under topical preparations category. Bandages and dressings category contributed 22(7.2%) while suppliers delivering eye/ear/nose medicine contributed 21(6.8%). The study findings further revealed that suppliers handling sutures/surgical, parenteral and oral preparations each contributed 17(5.5 %). Supplies categories of X-ray supplies plus catheters and tubes each had a frequency score of 16(5.2%). Suppliers dealing in protective responded with frequency of 15(4.9%) while, suppliers of disinfectants, anti-cancers and blades each contributed 14(4.6%) of the responses. Supplies category of pessaries/ suppositories, administrative sets, anti-malarial and lastly inhalations and medical gases each respectively contributed 12(3.9%), 11(3.6%), 10(3.3%) and 8(2.6%).

Based on the study findings, majority of suppliers handle more than one category of item with a mix of both imported and locally manufactured pharmaceuticals. This implies that with regards to relationship management and supplier performance, the results of the study give a generally good insight on issues faced by a broad section of supplier categories with both imported and locally manufactured pharmaceutical goods.

4.4 Empirical Findings

This section presents the empirical findings of the study according to the objectives. The empirical findings are analyzed using descriptive statistics, qualitative analysis and testing hypotheses for the respective findings. Study findings were obtained from questionnaires and interviews. They are discussed below.

4.4.1 To Establish the effect of Trust on Supplier Performance

The first objective of the study was to establish the effect of trust on supplier performance at NMS. The findings of this objective were gathered from questionnaires from NMS pharmaceutical suppliers and interviews with key informants who were NMS staff. The effect of trust on supplier performance was measured using a five point Likert scale of 1=strongly disagree, 2 = Disagree, 3=Neutral, 4=Agree, 5= strongly agree the results from the process of are displayed in table 5**.**

Table 5: NMS Suppliers' views on Trust

TRUST	N	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	*Mean*	*Standard deviation*
Cognitive Trust							*4.23*	
If we were to encounter an obstacle during the contract period, am confident NMS would help to overcome it.	63	-	15 (23.8%)	7 (11.1%)	18 (28.6%)	23 (36.5%)	*3.95*	*0.57*
When NMS promises to get, something done, am confident they would do so.	63		10 (15.9%)	8 (12.7%)	34 (54%)	11 (17.5%)	*4.25*	*0.68*
We feel that NMS contract managers are one of the most competent we have worked with.	63	2 (3.2%)	14 (22.2%)	10 (15.9%)	20 (31.7%)	17 (27%)	*4.33*	*0.70*
We know that if NMS is contacted by our organization, they would provide immediate and useful information.	63	-	15 (23.8%)	1 (1.6%)	16 (25.4%)	31 (49.2%)	*4.39*	*0.63*
Affective Trust							*4.01*	
We feel comfortable sharing our personal feeling and hopes with the NMS Contract manager	63	-	14 (22.2%)	12 (19%)	23 (36.5%)	14 (22.2%)	*4.21*	*0.53*
We could share strategic information about our organization with NMS without concerns	63	-	14 (22.2%)	15 (23.8%)	16 (25.4%)	18 (28.6%)	*3.85*	*1.19*
NMS has made a considerable emotional investment in our working relationship	63	-	12 (19%)	12 (19%)	26 (41.3%)	13 (20.6%)	*4.35*	*0.65*
We have always felt a positive bond with NMS	63	-	22 (34.9%)	4 (6.3%)	21 (33.3%)	16 (25.4%)	*3.65*	*1.15*

Source**:** Primary data

From table 4, the suppliers were asked about their views on NMS trust. The results from the study revealed that, of the total respondents, majority 41 (65.1 %) generally disagreed that if they are to encounter an obstacle during the contract period, they are confident NMS would help out. This implies that NMS does not necessarily support its suppliers in case they face any problem or

obstacle that results in delayed delivery of supplies. Furthermore, interviewing the Head of Procurement revealed that most challenges raised by suppliers are outside the scope of the contract obligations.

However, 15(23.8%) of the total respondents agreed that they usually get support and 7 (11.1 %) were not sure. In instances when NMS cannot provide support to suppliers faced with obstacles, they should try to explain to them the basis of their decision. This gesture of explanation should eventually build trust. It should be noted that these investments reduce the perceived opportunistic behavior thereby enabling continuity of future transactions.

Majority of the respondents 45 (71.4 %) generally disagreed that NMS promises to get something done, they were confident it would be done. This implies that in a number of instances, NMS does not keep its promises. However, 10 (15.9%) of the total respondents agreed and 8(12.7%) were not sure. The result generally showed that in some instances NMS does not endeavor to fulfill promises and they even make no effort to communicate back to suppliers explaining why they did not deliver what they promised. It is worth noting that when NMS fails to honor its promises such as on-time payment of invoices, suppliers trust can be lost as this could affect the effective delivery of the next consignment of supplies. Therefore, it should be noted that when individuals and companies don't deliver on their promises, they fail to create or maintain trust.

An ideal business relationship requires each member to have the right skill set and competences that will enable them execute the required job tasks most effectively. The study required respondents to indicate whether they felt that NMS contract managers are one of the most competent they have worked with. Majority of the respondents 37(58.7%) generally disagreed to the statement. This implies that the contract manager at NMS do not act to the satisfaction of the suppliers. As a result, suppliers, may not be willing to invest their entire effort in the contractual relationship

These results closely relate with study findings of NMS staff not keeping their promises. However, 16 (25.4%) of the total respondents generally agreed, while 10 (15.9%) were not sure. It should be

noted that in order to have an effective and efficient contracting function, it requires the right mix of skills to derive the most outcome out of the contracted relationship.

According to table 4 above, majority of the respondents 47 (74.6%) generally disagreed that if NMS is contacted by their organization for helpful information, they would provide immediate and useful information. This implies that NMS contract managers may not be familiar with the challenges of their suppliers that might need to be resolved with additional information and extra help from NMS. However, 15(23.8%) of the total respondents agreed and only 1(1.6%) respondent was not sure. The results show that NMS contract managers have not considered the best responses that can be provided to the wide range of possible supplier questions.

The study revealed that 37 (58.7%) generally disagreed that they feel comfortable sharing their personal feelings and hopes with NMS contract managers. This implies that suppliers do not trust NMS contract mangers in sharing personal and family challenges. The result could be indicative of the fact that NMS contract managers have not shown some degree of empathy while dealing with suppliers. However, 14(22.2%) of the total respondents agreed and 12(19%) were not sure. Repeated acts of benevolence will elicit an emotional bond of trust and this eventually results in desire to satisfy the needs of the other party.

Majority of the respondents 34(54%) generally disagreed that they were willing to share strategic information about their organization with NMS without concerns. This implies that NMS suppliers are not confident that they will enjoy business continuity with NMS in the future. Having information about the strategic direction of NMS can help suppliers to appropriately plan for future deliveries especially if the volumes of supplies are anticipated to increase. Such information helps suppliers negotiate better prices with manufacturers. Strategic information of customers helps suppliers to focus on re-designing their supply chains to cope with the future demands. However, the study also revealed that 15(23.8%) of the total respondents were not sure and 14 (22.2%) agreed.

The respondents were asked whether NMS had made a considerable emotional investment in their working relationship. The results indicated majority of the respondents 39(61.9%) generally disagreed that NMS has made a considerable emotional investment in their working relationship. This implies that there is inherent complexity and uncertainty in how NMS contract managers respond to suppliers needs. Contract managers are perceived as not willing to vest cognition-based trust with their associates which is not consistent with norms of reciprocity. However, 12(19%) of the total respondents agreed and were not sure respectively.

The results indicated that majority of the respondents 37(58.7%) generally disagreed that they have always felt a positive bond with NMS. This implies that there is a non-favorable relationship between NMS and its suppliers. This is exaggerated by issues such as failure to keep promises and lack of empathy for suppliers as revealed by other study findings. However, 22(34.9%) of the total respondents agreed and 4(6.3%) were not sure. Having a positive bond with customers is beneficial to the organization, thorough establishing a dialogue with suppliers to show a concern in understanding supplier challenges and willingness to work with suppliers in mitigating the bottlenecks they face during the contractual period.

The study noted that NMS was keen to improve its trust score as seen and evaluated by its suppliers. In fact, in an interview with the Head of procurement he mentioned that:

> *"In bid to improve our engagement with external customers, we are in the process of expanding our service level KPIs to include those that are measured through qualitative methods. Trust is one of those KPIs that has been suggested to be included."*

The response from the key informant shows that NMS has taken some steps towards building supplier trust, which might consequently enhance supplier performance.

4.4.1.1 Correlation of Trust and supplier performance

The relationship between trust and supplier performance was investigated using Pearson product - moment correlation coefficient. Preliminary analyses were performed to ensure no violation of the assumptions of normality, linearity and homoscedasticity. According to the interpretation by Cohen

(1988), there was a large positive correlation between the two variables, r = .649, n = 63, p < .005 with high levels of supplier performance associated with buyer-supplier trust.

Table 6: Correlations of Trust and Supplier Performance

		Trust	Supplier performance
Trust	Pearson Correlation	1	.649**
	Sig. (2-tailed)		.000
	N	63	63

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Primary Data

Results in table 6 reveal that buyer supplier trust has a significant relationship with supplier performance at 64.9 % (r=.649). This implies a positive and significant relationship between Trust and supplier performance, implying that with increased trust, there is likely to be improved supplier performance. The study findings thus imply that in order to register better supplier performance, NMS should invest more in developing and maintaining supplier trust.

4.4.1.2 Regression analysis of trust results

On the basis of the results obtained indicating a direct positive relationship between trust and supplier performance at NMS, an analysis was done using regression analysis to ascertain the extent to which trust influences supplier performance of NMS. Table 12 below gives a summary of the results.

Table 7: Regression Analysis for Trust

Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.142	.229		4.987	.000
	Trust	.632	.095	.649	6.669	.000

a. Dependent Variable: Supplier performance

The results in table 7 show that standardized regression coefficient (Beta) was statistically significant by Beta=0.649 t=6.669 P<0.005. This shows that increase in trust leads to a positive change in the supplier performance of 64.9 % and trust has a greater positive coefficient at value 6.669 than the standardized coefficients of value 0.649, hence it is significant. Thus improvement, in trust would enhance supplier performance. On the other hand, a decline in trust would negatively affect supplier performance at NMS.

From the above table 6, Y= a+bX; where Y= supplier performance at NMS and X is trust, it implies that supplier performance at NMS = 1.142 + 0.632 buyer supplier trust. On significance F (0.0005) is less than 0.1, further confirming that trust positively contributes to supplier performance at NMS. Still, from table 6, coefficient (b) is positive which means that improvement in buyer supplier trust would increase supplier performance at NMS.

4.4.2 To examine the contribution of communication to supplier performance at NMS

The second objective of the study was to examine the contribution of communication to supplier performance at NMS. The findings of this objective were gathered from questionnaires from NMS suppliers and interviewing key informants at NMS. The contribution of communication to supplier performance at NMS was measured using 10 items scored on a five point Likert scale of 1=strongly disagree, 2= Disagree, 3=Neutral, 4=Agree, 5= strongly agree the results from the process of are presented in table 7.

Table 8: NMS Suppliers Views on Communication

COMMUNICATION	N	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	Standard deviation
Frequency							4.20	
NMS frequently contacts our company and asks about our pipeline stock situation	62	-	10 (15.9%)	16 (25.4%)	14 (22.2%)	22 (34.9%)	4.46	0.58
NMS often shares relevant information that helps up plan our deliveries.	63	-	20 (31.7%)	9 (14.3%)	22 (34.9%)	12 (19%)	4.13	0.95

Your company freely shares updates on pipeline stock situation when it's requested by NMS.	63	5 (7.9%)	40 (63.5%)	8 (12.7%)	10 (15.9%)	-	4.16	0.8
Your company is always willing to share with NMS relevant information that will help you plan your deliveries.	63	9 (14.3%)	42 (66.7%)	6 (9.5%)	6 (9.5%)	-	4.04	0.87
Modality							3.91	
We have frequent face-to-face planning / communication with NMS	63	14 (22.2%)	8 (12.7%)	14 (22.2%)	17 (27%)	10 (15.9%)	4	0.8
Most of our communication with NMS is done through emails	63	16 (25.4%)	2 (3.2%)	1 (1.6%)	24 (38.1%)	20 (31.7%)	4.19	0.75
We use regular phone communication with NMS	63	3 (4.8%)	17 (27%)	8 (12.7 %)	14 (22.2 %)	21 (33.3%)	3.69	1.09
NMS often sends letters when communicating with us	63	16 (25.5%)	7 (11.1%)	6 (9.5%)	24 (38.1%)	10 (15.9%)	3.77	1.07

Source: Primary data

Majority of the respondents 36 (58.1%) generally disagreed that NMS frequently contacts their company and asks about their pipeline stock situation. On the other hand, 10 (16.1%) respondents agreed, while 16 (25.8%) were neutral. This implies that NMS does not routinely communicate with its suppliers to find out the status of their delivery plans. Having regular updates on supplier pipeline situation provides NMS with prior information about any challenges that would cause delivery delays. This communication exchange also helps the supplier to provide prior inform to NMS about any challenges faced so that NMS provides assistance if they are in capacity to do so, or devise alternative sourcing plans to ensure stock is delivered on the scheduled date.

The study required respondents to give their opinions on whether NMS often shares relevant information that helps to up plan their deliveries. In response, majority of the respondents 34 (54%) generally disagreed while 20 (31.7%) agreed, and 9 (14.3%) were neutral. This implies that NMS

does not provide usually all relevant information as needed by suppliers to plan deliveries. From the interview with the NMS Stock Control Officer he shared thus;

> *"Suppliers need to know NMS monthly patterns of consumption so that they adjust their delivery plans accordingly"*

The response from the key informant showed that when NMS fails to share relevant information with suppliers, it becomes difficult for them to know the limits within which they need to adjust their delivery schedules. It is worth noting that for any institution to achieve maximum benefit from its suppliers they need to routinely provide information about its consumption trends. Such information helps suppliers adjust their sourcing and delivery plans based on the prevailing trends.

The study sought to establish how freely suppliers share updates on pipeline stock situation when it's requested by NMS. The results revealed that majority of the respondents 40 (63.5%) agreed that they freely share updates on their pipeline stock situation when it's requested. Alternatively, 10 (15.9%) disagreed while, 8 (12.7%) were not sure and, only 5 (7.9%) strongly agreed. This implies that NMS makes effort to follow-up on its suppliers to understand their progress in sourcing supplies. Maintaining regular contact is key for any organization if they are to get the best benefit from their external stakeholders.

Respondents were asked to indicate the frequency of their willingness to share with NMS relevant information that will help you plan your deliveries. The results indicated that majority of the respondents 42(66.7%) agreed that they are willing to share with NMS relevant information that helps them plan their deliveries. Similarly, 9 (14.3%) strongly agreed and 6 (9.5%) were not sure in addition to the 6 (9.5%) who disagreed. This implies that generally NMS makes effort to constantly communicate with its suppliers before deliveries are made. From the interview with the Head of procurement at NMS, he revealed thus;

"NMS keeps a database of supplier emails and phone contacts. Whenever we notice an increased rate of depletion of stock, we immediately start email exchanges with the supplier to alert them of the situation."

The key informant's response showed that NMS takes the necessary steps to keep in regular communication with the suppliers. In any outsourced supply situation, firms need to provide timely information about consumption trends to their suppliers. This information then helps suppliers make adjustments to their sourcing strategies.

Majority of the respondents 27(42.9%) generally disagreed that they have frequent face-to-face planning / communication with NMS. 14(22.2%) were responded as neutral, while 22 (34.9%) generally agreed. The study findings further show that other than face to face interaction, NMS prefers using other modes of communication to reach out to its suppliers. Prolonged non-facial contact form of communication could lead to lack of empathy while dealing with people. Occasionally NMS should invite suppliers for a face to face discussion. Such a meeting would boost confidence that either party will honor resolutions of the discussion. In the same forum, multitude of issues can be resolved in same interaction opportunity.

The study noted that suppliers demand effective communication with NMS so that they can achieve their contractual obligations. From the interview with the NMS Procurement Officer he shared the following view:

"Poor information sharing practices of NMS could be frustrating our suppliers"

The above response from the procurement officer indicates that while there are some steps taken in terms of sharing information with NMS suppliers, there still remain many gaps and that could affect supplier performance.

The study required respondents to indicate whether most of their communication with NMS is done through emails. The results indicated majority of the respondents 44 (69.8%) generally disagreed

that most of their communication with NMS is done through emails. However, 16 (25.4%) of the total respondents strongly agreed 2 (3.2%) agreed and 1(1.6%) was neutral. The results can be correlated with outcome statistics seen in the results on how frequent NMS contacts suppliers. The former revealed that 42 (66.7%) disagreed that NMS frequently contacts them. Emails are an easy mode of electronic communication, which should be used regularly because of its relative ease of additions such as, scan copies of attachments and other relevant extra information to the main body of the email message.

Respondents were asked whether they use regular communication with NMS. The results showed that majority of the respondents 35 (55.6%) generally indicated disagreement to the statement. Others (20 /31.8%) generally agreed, while 8 (12.7%) were neutral. This implies that phone communication is not regularly used in contacting suppliers. During interview of the NMS Stock Control Officer he mentioned;

"I don't like wasting time calling suppliers who don't pick up calls. I rather send them an email"

The statement shows frustration from dropped calls. However, whereas this happens often, it is not reason enough for NMS contract managers to not engage suppliers through voice calls. A significant amount of information is exchanged during phone call than with an email. This could expedite the resolution of a number of issues that are perceived to negatively impact the relationship management process.

The study asked respondents whether NMS often sends letters when communicating with them. The results indicated that majority of the respondents (34 /54%) generally disagreed that NMS often sends letters when communicating with them. However, 23 (36.5%) of the total respondents generally agreed and 6 (9.5%) were neutral. This therefore means that majority of the respondent do not get letter communications from NMS. This can also be related to the background information of the questionnaire which showed that 20% of respondents where in Senior Management position,

while 65% where in middle management. Since most letter communications from NMS are sent to Senior Management then majority may not be privy to view such communication from NMS.

Pertaining to whether respondents shared information on their delivery schedules with NMS, results indicated that majority of the respondents 49 (77.8%) generally disagreed that they share information on their delivery schedules with NMS. However, 11 (17.5%) of the total respondents agreed and 3(4.8%) were not sure. This implies that since there is a low frequency of NMS engaging suppliers, similarly, the feedback information from suppliers will be small. A good supplier customer relationship thrives on information sharing as such NMS should encourage suppliers to share critical information that would be used in NMS decision making.

The study required respondents to indicate whether they share information on anticipated disruptions, to which majority of the respondents 39 (61.9%) generally disagreed. However, 16 (25.4%) of the total respondents agreed and 8 (12.7%) were not sure. The results imply that NMS does not make deliberate effort to request for information about supply disruptions. This information can be used to devise alternatives in case anticipated disruptions will lead to significant supply disruptions to health facility order requirements.

Further, respondents were asked to share their views as to whether NMS shares information on their cumulative supply status. Responses revealed that majority of the respondents (30 /47.6%) generally disagreed while 18 (28.5%) agreed that NMS shares this type of information, and 15 (23.8%) were neutral. This implies that NMS does not provide to suppliers' feedback on this key supply performance indicator. By NMS sharing data on cumulative supply status, the suppliers are able to evaluate their delivery performance and make corrections where deviations are noted.

Lastly, as to whether NMS freely shares with suppliers any information that might help them, majority of the respondents 39 (61.9%) generally disagreed; 16 (25.4%) agreed and 8 (12.7%) were neutral. The statistics generated show that NMS does not freely share information with its suppliers.

Failure to share information can be perceived as lack of openness in the contractual relationship. Ultimately, this can reciprocate in poor supplier performance.

4.4.2.1 Correlation of communication and supplier performance

The relationship between communication and supplier performance was investigated using Pearson product - moment correlation coefficient. Preliminary analyses were performed to ensure no violation of the assumptions of normality, linearity and homoscedasticity. According to interpretation by Cohen (1988) there was a large positive correlation between the two variables, r = .628, n = 63, p < .005 with high levels of supplier performance associated with buyer-supplier trust.

Table 9: Correlations of Communication and Supplier Performance

		Communication	Supplier performance
Communication	Pearson Correlation	1	.628**
	Sig. (2-tailed)		.000
	N	62	62

**. Correlation is significant at the 0.01 level (2-tailed).

From table 9, above it is indicated that there is a positive and significant relationship between communication and supplier performance (r=.628, P<0.005). The implication of the result is that when there are efforts in place to strengthen communication with NMS suppliers, the resultant effect will be improved supplier performance, and the reverse is also true. The study therefore validated the hypothesis that there is a significant relationship between relationship between communication and supplier performance.

From findings above it implies that with buyer supplier communication having a significant relationship with supplier performance at 62.8 % it shows that, NMS should invest in improving communication strategies that will result in improved supplier performance.

4.4.2.2 Regression analysis of communication results

Since the results indicate a direct positive relationship between buyer supplier communication and supplier performance, regression analysis was carried out to ascertain the extent to which buyer supplier communication influences supplier performance at NMS, as shown in the table 10

Table 9: Regression analysis of buyer-supplier communication

The results in table 10 show that buyer supplier communication standardized regression coefficient (Beta) was statistically significant by Beta=0.628. t=6.254, P=0.0005

Table 10: Regression Analysis for Communication

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.991	.268		3.696	.000
	Communication	.600	.096	.628	6.254	.000

[a.] Dependent Variable: Supplier performance

Source: Primary data

Table10 shows that a change in buyer supplier communication leads to a positive change in supplier performance by 62.8 %. The observed level of significance p=0.0005 is less than 0.01 hence it is significant. Therefore, improvement in buyer supplier communication would positively influence supplier performance

From the above table 27, Y= a+bX; where Y= supplier performance at NMS and X is communication. Therefore, supplier performance at NMS = 0.991 + 0.60 communication. On significance, F (0.000) is less than 0.05, further confirming that communication positively contributes to the supplier performance at NMS. The table also shows that coefficient (b) (.27) is positive, which means that improvement in buyer supplier communication would increase supplier performance at NMS.

4.4.3 To establish the contribution of transparency on supplier performance at NMS

The third objective of the study aimed at establishing the contribution of transparency to supplier performance at NMS. The findings of this objective were gathered from questionnaires from NMS suppliers and interviewing key informants at NMS. The contribution of transparency to supplier performance at NMS was measured using 10 items scored on five point Likert scale of 1=strongly disagree, 2= Disagree, 3=Neutral, 4=Agree, 5= strongly agree. The results from the process of are displayed in table 11.

Table 11: NMS Suppliers views on Transparency

TRANSPARENCY	N	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	Standard deviation
Tactical transparency							*3.72*	
NMS shares information on its purchasing performance	63	5 (7.9%)	24 (38.1%)	13 (20.6%)	10 (15.9%)	11 (17.5%)	*3.11*	*1.25*
NMS shares information on its operation scheduling	63	17 (27%)	8 (12.7%)	9 (14.3%)	19 (30.2%)	10 (15.9%)	*3.65*	*1.15*
NMS always shares its procurement and distribution logistical plans	63	18 (28.6%)	9 (14.3%)	16 (25.4%)	10 (15.9%)	10 (15.9%)	*4.15*	*0.66*
When approached, NMS is willing to share specific information that will aid us plan deliveries	63	-	18 (28.6%)	15 (23.8%)	16 (25.4%)	14 (22.2%)	*3.98*	*0.71*
Strategic transparency							*4.21*	
NMS periodically shares its supplier and customer performance reviews	63	8 (12.7%)	31 (49.2%)	5 (7.9%)	9 (14.3%)	10 (15.9%)	*4.00*	*0.76*
Our company is always informed about NMS business plans	63	11 (17.5%)	34 (54%)	5 (7.9%)	6 (9.5%)	7 (11.1 %)	*4.25*	*0.59*
NMS always shares or publishes its strategic objectives	63	12 (19%)	29 (46%)	8 (12.7%)	8 (12.7%)	6 (9.5%)	*4.36*	*0.52*

NMS management present and discusses details of its strategic goals with its stakeholders	63	26 (41.3%)	16 (25.4%)	6 (9.5%)	9 (14.3%)	6 (9.5%)	*4.25*	*0.93*

Source: Primary data

Respondents were asked to indicate as to whether NMS shares information on its purchasing performance. The results show that majority of the respondents 29 (46%) of the total respondents generally agreed that NMS shares information on its purchasing performance, 21(33.4%) disagreed and 13 (20.6%) were not sure. This implies that to a great extent, NMS shares information on its purchase performance which is perceived as an indication of openness by suppliers.

Concerning whether NMS shares information on its operation scheduling, majority of the respondents 29 (46%) generally disagreed that NMS shares information on operation scheduling. On the other hand, 25 (39.7%) generally agreed while 9 (14.3%) were not sure. This implies that NMS is perceived not to provide suppliers with information regarding its scheduling. Such information helps suppliers anticipate NMS stock depletion dates and as a result they make plans to deliver supplies much earlier.

Respondents were further asked as to whether NMS shares its procurement and distribution logistical plans. The results revealed that majority of the respondents 27(42.9%) generally agreed that NMS always shares its procurement and distribution logistical plans; 20 (31.8%) disagreed and 16 (25.4%) were neutral. This implies that NMS exhibits transparency in providing information about its procurement and logistics plans. This information is helpful to suppliers in planning and managing the cash flow invested in that specific NMS supply contract.

In line with whether when approached, NMS is willing to share specific tactical information that aids them plan deliveries, majority of the respondents 18 (28.6%) agreed; 15(23.8%) were neutral, while 16(25.4%) and 14(22.2%) disagreed and strongly disagreed respectively. This implies that NMS is not quick in sharing tactical information of any kind to its customers. These findings also relate to statistics generated from the communication variable which showed a positive correlation

with the results and that most respondents disagreed to NMS sharing relevant tactical information. NMS failure to share its tactical information to suppliers could be perceived are lack of transparency. From the interview with NMS Head of Procurement, he mentioned;

> *NMS needs to develop a clear policy on what kind of information needs to be shared with suppliers. Otherwise sharing of tactical information to suppliers in only done upon request to and approval of the General Manager.*

The response indicates that NMS has not taken the initiative to understand what information its suppliers require and neither is it willing to provide it. Understanding the suppliers' communication needs can build confidence and eventually lead to improved supplier performance.

When asked whether when approached, NMS periodically shares its supplier and customer performance reviews, a small portion of respondents (8 /12.7%) strongly agreed, while 31 (49.2%) agreed. On the other hand, 19 (30.2%) of the respondents generally disagreed to the same statement, while 5 (7.9%) remained neutral. The derived statistics imply that NMS provides feedback on supplier performance, which is perceived as an enhancer of buyer supplier relationship.

The study asked respondents whether their company is always informed about NMS's business plans. The results obtained indicated that 11 (17.5%) of the respondents strongly agreed, while 34 (54%) agreed. However, 13 (20.6%) of the respondents generally disagreed while 5 (7.9%) remained neutral. Results obtained suggest that NMS generally informs suppliers about NMS business plans. The gesture of NMS not concealing its business plans helps suppliers develop strategic plans on future partnerships with NMS.

Respondents were further required to give their opinion on whether NMS often shares or publishes its strategic objectives. The results show that 12 (19%) of the respondents strongly agreed, while 29 (46%) agreed. On the other hand, 14 (22.2%) of the respondents generally disagreed while 8 (12.7%) remained neutral. The study findings suggest that NMS shares its strategic objectives which suppliers use to align their current and proposed contractual relationship with NMS.

Lastly, the study required respondents to indicate whether NMS management presents and discusses details of its strategic goals with its stakeholders. Study findings revealed that 26 (41.3%) of the respondents strongly agreed, while 16 (25.4%) agreed. Nevertheless, 15 (23.8%) of the respondents generally disagreed as 6 (9.5%), remained neutral. The study results indicate that NMS management discusses details of its strategic goals with its stakeholders. By doing so, suppliers are able to understand details of NMS's strategic direction and see how they fit in the business model. This open discussion generally contributes to transparency in the relationship.

4.4.3.1 Correlation of transparency and supplier performance

The relationship between transparency and supplier performance was investigated using Pearson product - moment correlation coefficient. Preliminary analyses were performed to ensure no violation of the assumptions of normality, linearity and homoscedasticity. According to interpretation by Cohen (1988) there was a large positive correlation between the two variables, r = .613, n = 63, p < .005 with high levels of supplier performance associated with buyer-supplier trust.

Table 12: Correlations of Transparency and Supplier Performance

		Transparency	Supplier performance
Transparency	Pearson Correlation	1	.613**
	Sig. (2-tailed)		.000
	N	63	63

**. Correlation is significant at the 0.01 level (2-tailed).
Source: Primary data

From the table 12 above it is indicated that there is a positive and strong significant relationship between buyer supplier communication and supplier performance (r=.613, P<0.005). This means that a change in transparency would lead to a resultant positive change in supplier performance. That is, if transparency with suppliers is improved, it will bring about improved supplier performance. The study therefore validated the hypothesis there is a significant relationship

between relationship between buyer supplier transparency and supplier performance. The study established that NMS has mechanisms that aim at improving transparency with its key stakeholders.

From the table above, it implies that improved buyer supplier transparency would result into a significant change in performance by 61.3 %. It shows that there is need for NMS to uphold the mechanisms that enhance transparency that will eventually result in improved supplier performance.

4.4.3.2 Regression analysis of transparency results

On the basis of the results obtained indicating a direct positive relationship between transparency and supplier performance at NMS, an analysis was done using regression analysis to ascertain the extent to which transparency influences supplier performance at NMS. Table 12 below is the summary of this.

Table 13: Regression of Transparency with Supplier Performance

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.580	.341		1.701	.094
	Transparency	.681	.112	.613	6.063	.000
a. Dependent Variable: Supplier performance						

Source: Primary data

The results in table 13 show that transparency standardized regression coefficient (Beta) was statistically significant by Beta=0.613. t=6.063, P<0.005. This shows that change in transparency leads to a positive change in supplier performance at NMS of 61.3%, and transparency has a greater positive coefficient at value 6.063 than the standardized coefficients of value 0.613, hence it is significant. The result thus shows that improvement in transparency would enhance supplier performance at NMS.

From the above table 12, Y= a+bX; where Y= supplier performance at NMS and X is transparency. Therefore, supplier performance at NMS = 0.58 + 0.681 transparency. On significance F (0.0005) is less than 0.1 confirming transparency positively contributes to supplier performance at NMS from table 12, coefficient (b) is positive which means that improvement in transparency would increase supplier performance at NMS.

Table 14: Summary of Correlations

Correlations

		Trust	Communication	Transparency	Supplier performance
Trust	Pearson Correlation	1	.442**	.421**	.649**
	Sig. (2-tailed)		.000	.001	.000
	N	63	62	63	63
Communication	Pearson Correlation	.442**	1	.210	.628**
	Sig. (2-tailed)	.000		.102	.000
	N	62	62	62	62
Transparency	Pearson Correlation	.421**	.210	1	.613**
	Sig. (2-tailed)	.001	.102		.000
	N	63	62	63	63
Supplier performance	Pearson Correlation	.649**	.628**	.613**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	63	62	63	63

**. Correlation is significant at the 0.01 level (2-tailed).

From table 15 the results show that trust has a significant positive relationship on supplier performance at NMS (0.649**, p<0.005). The results further showed that communication has a significant influence on supplier performance at NMS (0.628**, p<0.005). On transparency, the study findings revealed that transparency positively influences supplier performance at NMS (0.613**, p<0.005).

Since the p-values generated for each of the independent variables were less than the acceptable conventional level p=0.01, then the study findings statistically affirm that correlation between the two variables is significant.

Correlation levels generated for buyer supplier trust, communication and transparency were 0.649, 0.628 and 0.613 respectively. This shows that for supplier performance at NMS to improve substantially, the three independent variables need to be upheld.

Table 15: Overall Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.747[a]	.558	.535	.44503

a. Predictors: (Constant), transparency, communication, trust

The overall model summary in table 15 combines all dimensions from relationship management and relates them with supplier performance at NMS, which generated R =0.747 which when squared indicates 55.8 per cent shared variance. Therefore, supplier performance at NMS helps to explain nearly 55.8% of the variance in respondents score on relationship scale. The results also show that 55.8% of the variance in supplier performance at NMS would be attributed to trust, communication and transparency. This is quite a respectable amount of variance explained when compared with a lot of the research conducted in the social sciences.

CHAPTER FIVE

SUMMARY, DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the study findings and it builds on the previous chapter by discussing the findings of this research. The results of the research are reviewed in light of the objectives of the study, literature review and methods used. Conclusions are then drawn on the research findings together with practical implications of the study on NMS and practical suggestions meant to influence management thinking and practice. Finally, appropriate recommendations are made in line with conclusions and on further areas of research.

5.2 Summary of findings

The study was an investigation into the relationship between supplier relationship management and supplier performance at NMS. The study specifically sought to examine the contribution of three relationship parameters: trust, communication, and transparency and supplier performance at NMS. Supplier performance was in turn represented by delivery lead-time and response to adjusted deliveries.

5.2.1 Objective 1: The effect of Trust on supplier performance at NMS

The hypothesis that there is a significant relationship between trust and supplier performance at NMS was tested and accepted. This is because the favorable results from the Pearson correlation indicated that the correlation coefficient value was 0.649 in respect to the hypothesis and statistically significant at $p<0.005$ which is less than 0.05 (level of significance). This implied that there was a statistically significant relationship among means.

5.2.2 Objective 2: The effect of Communication on supplier performance at NMS

The hypothesis that there is a significant relationship between communication and supplier performance at NMS was tested and accepted. This is because the favorable results from the Pearson correlation indicated that the correlation coefficient value was 0.628 in respect to the hypothesis

and statistically significant at p<0.005 which is less than 0.05 (level of significance). This implied that there was a statistically significant relationship among the means.

5.2.3 Objective 3: The effect of Transparency on supplier performance at NMS

The hypothesis that there is a significant relationship between trust and supplier performance at NMS was tested and accepted. This is because the favorable results from the Pearson correlation indicated that the correlation coefficient value was 0.613 in respect to the hypothesis and statistically significant at p<0.005 which is less than 0.05 (level of significance). This implied that there was a statistically significant relationship among means.

5.3 Discussion

This section presents a discussion of the study findings and results, in line with the specific objectives of the study. Findings are corroborated with the literature earlier reviewed.

5.3.1 The contribution of Trust on supplier performance at NMS

Results from the study indicated a significant relationship between trust and supplier performance at NMS, implying that results confirm the alternative hypothesis. The study results are also supported by Hanzaee and Norouzi (2012) who argued that by increasing the level of trust between partnering firms, more interactions are created and consequently, there is increased loyalty and performance of the service provider. In addition, Ahimbisibwe (2014) supports the findings and contends that lack of buyer supplier trust affects supplier performance.

The study findings concur with the views of Inayatullah, Rakesh and Amar (2015) who contend that development of trust has a positive influence on readiness of supplier to invest in the specific requirements of buyer. The established strong relationship between buyer and supplier would result in positively affecting supplier performance. Trust eliminates opportunistic behaviors, which in turn leads to enhanced performance of the interacting firms. Similarly, Holthausen (2013) asserts that gaining the trust of a partner, instead of simply being a regular participating member, is important, as this leads to privileged treatment and an ensured supply, which then leads to reduced uncertainty.

In addition, the findings of the study further affirm the value proposition of social exchange theory with states that " the more valuable to an individual a unit of the activity another gives him/her, the more often he/she will emit the activity rewarded by the activity of the other". Since the study generated a significant positive correlation between trust and supplier performance. The empirical observed findings can be explained using this theoretical proposition to show that it is important for purchasers to adopt relationship management techniques which reinforce their own firm's image as the best customer of a supplier. Through those efforts, the buying firm can maximize the value, within the exchange relationship.

5.3.2 The contribution of Communication on supplier performance at NMS

The study results revealed a significant positive relationship between buyer-supplier communication and supplier performance at NMS. The study therefore affirms the hypothesis that communication positively contributes to supplier performance at NMS. Morgan and Hunt (1994), in support of the findings, contend that communication in buyer-supplier relationships enhances levels of coordination and commitment resulting in higher performance. Relatedly, Nina (2011) also affirms that higher communication positively improves the involvement level of associating parties, resulting in observable improved performance of the participating members.

The study findings were found to agree with the deprivation satiation proposition of the social exchange theory. This proposition states that 'a partner in the exchange relationship who goes a long time without a desired reward becomes far willing to engage in behavior that will lead to the desired reward'. The assigned reward in the context of the study is feedback through regular communication. The theory therefore helped to explain that NMS suppliers demand for regular communication so that in turn, they can use the information obtained to reward the purchaser with improved delivery performance.

5.3.3. The contribution of Transparency on supplier performance at NMS

The results indicated that there is a significant relationship between buyer-supplier transparency and performance at NMS. Study results therefore affirm the hypothesis that transparency positively contributes to supplier performance at NMS.

Paulraj et.al. (2008) supports the study findings by asserting that transparency enables quick feedback cycles, which enhances trust, communication and information exchange between nodes in the supply chain. Such transparency in supply chain transactions is therefore expected to increase performance.

In agreement with the findings of this study, Sterman, (2000) affirms that increase in transparency improves decision-making quality that leads to better supply chain performance. A purchaser, when engaging in an exchange relationship should provide a holistic favorable environment. In other words, in addition to economic exchanges, similar focus should also be made on improving social norms of the relationship.

The observed outcomes of transparency as derived from the study were seen to correlate well with the stimulus proposition of the social exchange theory. This proposition states, "if a similar stimulus presents its self and resembles an originally rewarded activity, the individual is likely to repeat that course of action"

The study findings are further supported by Griffith et al. (2006) who argue that as one supply chain member treats its partner fairly (in terms of transparency) its partner reciprocates by adopting attitudes and engaging in behaviors aimed at strengthening the partnership which leads to better processes and in turn to an improved performance. Theretofore, repeated demonstration of transparency in the buyer-supplier relationship, leads to repeated improvement of supplier performance.

5.4 Conclusion

Presented in this section are the conclusions basing on the findings from the study. The conclusions were drawn according to and following the objectives of the study.

5.4.1 The contribution of trust on supplier performance at NMS

Results showed that there is a positive correlation between Trust and supplier performance at NMS. This finding implies that with increased outsourced supply of pharmaceutical trading stock, there is need for a relationship management strategy that focuses on investing more in fostering trust with its suppliers. This enhancement of interrelation trust should lead to operational advancement, resulting in performance improvement of the supplier.

5.4.2 The contribution of communication on supplier performance at NMS

The study revealed that there is a significant positive relationship between communication and supplier performance at NMS. Thus, supporting the hypothesis that communication positively contributes to supplier performance. It can therefore be concluded that a steady and continuous communication exchange leads to improved buyer-supplier relationships, which in turn lead to increase in performance.

Results showed that frequency and modality of communication were some of the strong communication facets that can be improved. This calls for NMS contract managers to adopt more frequent face-to-face dialogue while addressing supply chain bottlenecks. Then, suppliers would perceive this as an open gesture to openly discuss and resolve many issues in such a forum, which will then result in improved performance on the part of the supplier.

5.4.3 The contribution of transparency on supplier performance at NMS

The positive and significant correlation between transparency and supplier performance implies that by nurturing transparency in buyer-supplier relationship, the chance of improved supplier performance is higher. Transparency is further observed to compliment the two other relationship study variables of trust and communication. When transparency is perceived as high, suppliers gain

more confidence in the contractual engagement and reciprocate by aiming to fulfill their supply obligations.

Therefore, it can be deduced that if NMS views transparency in business as significantly important in maintaining highly productive relationships with its external partners, supplier performance will be improved. Suppliers are key linkages between NMS and its external environments. Therefore buyer- supplier transparency becomes imperative if the NMS is to realize sustainable performance of its suppliers.

5.5 Recommendations

Buyers and suppliers need to be viewed as a partnership. Buyers who work more closely with suppliers will be able to create a more responsive supply chain that can meet final demand in a timely manner. For NMS to realize benefits of this cooperation, the study makes the following recommendations.

5.5.1 Trust and supplier performance at NMS

NMS management should be more critical in making a healthy buyer supplier relationship. This can be achieved by NMS regularly evaluating its relationship index at defined regular intervals to know the strength of the relationship. The research and development team at NMS should help management to design a system that will be used to get feedback from suppliers on how NMS has performed on several qualitative aspects, including trust. Results from these studies should be used as performance evaluation of NMS contract managers with the aim of encouraging continuous improvement of contract management.

Similarly, NMS Head of Procurement should summarize periodic performance and provide feedback to each supplier. Using the feedback reports from NMS, suppliers should be allowed to give comments and suggestions for further improvements where expectations have not been met. It is anticipated that this strategy will enhance trust and contribute to better supplier performance.

5.5.2 Communication and supplier performance at NMS

In addition to the regular use of official letters and emails in communicating with suppliers, NMS General Manager needs to strongly encourage contract managers to have more frequent face-to-face interactions with suppliers. To achieve this NMS, needs to engage a consultancy firm to help them develop an NMS-Supplier communications strategy.

This strategic approach will ensure that NMS derives more benefit from the contractual relationship that will benefit both players more specifically helping suppliers to use the suggested communication paradigms to constantly improve their performance during the contractual period.

5.5.3 Transparency and supplier performance at NMS

NMS management should set up biannual NMS -Supplier meetings as a forum for communicating to suppliers their performance for the previous period and also getting their feedback. In this meeting, NMS should also suggest to suppliers the type, content and frequency of information to be shared between the two parties for the next period. This should be followed by session to discuss and reach a consensus on what is to be adopted. Such general NMS-Supplier meetings should provide the context for setting up a transparent information exchange system.

NMS General Manager should establish a mechanism such having in place as a complaints box to allow suppliers raise grievances when NMS contract managers do not meet their obligations in implementing the resolutions of the meeting. This will allow NMS management to regularly monitor the progress of achieving transparency, without necessary waiting for feedback in the next scheduled biannual meeting.

5.6 Limitations of the Study

i. The questionnaire approach used in data collection could have presented hidden challenges such as the amount of data collected and limitations in the amount of data captured by the close ended questionnaire.

ii. There was general lack of cooperation from respondents, especially those who considered the information confidential. The researcher assured the respondents of confidentiality of their information and that it was to be used solely for academic purposes by presenting an introductory letter from Uganda Management Institute.

iii. Measurements tools used were adopted from previous studies and therefore any limitations that are embedded in them equally affected this study.

5.7 Areas of further research

The research findings analyzed relationship and supplier performance using a case study research. The interested future researchers could formulate hypotheses basing on the findings of this study using a different research design other than the case study. A future researcher could explore the association between relationship and supplier performance in other government institutions.

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APPENDICES

Appendix 1: Questionnaire for Respondents - Suppliers

Dear respondent,

My name is William Musubire; I am currently a student at Uganda Management Institute (UMI) pursuing a Master's Degree in Management studies specializing in Business Administration. I am doing a research study on the topic **Relationship Management and Supplier Performance at National Medical Stores**. This questionnaire is intended for academic purpose only and not any other use. I would therefore like to assure you of the utmost confidentiality. The responses you give will not in any way be used against you.

Please take a few minutes to answer the questions below. Thank you in advance for your cooperation.

Section A:

BACKGROUND INFORMATION (Please tick in the box the most suitable answer)

1) Gender of respondent

a) Male	
b) Female	

2) How many years have you worked in this organization?

a) Less than 1 Year	
b) 1-2 Years	
c) Over 2 Years	

3) At what level of management are you in this organization?

a) Lower level management	
b) Middle level management	
c) Senior level management	

4) What is your highest level of education?

a) PhD		a) Bachelor's Degree	
b) Master's Degree		b) Diploma	
c) Postgraduate diploma		c) Others specify	

5) Which pharmaceutical category does your company supply? *(tick all that apply)*

a)	Administration Sets	
b)	Anti-cancers	
c)	Antimalarial	
d)	Bandages and Dressings	
e)	Blades	
f)	Catheters and Tubes	
g)	Disinfectants	
h)	Eye/Ear/Nose Medicine	
i)	Gloves	
j)	Inhalations and Medical Gases	
k)	Oral Preparations	
l)	Parenterals	
m)	Pessaries /Suppositories	
n)	Protectives	
o)	Medical forms and record books	
p)	Sutures /Surgicals	
q)	Topical Preparations	
r)	X-Ray Supplies	

SECTION B:

Please circle the number in which you are in agreement regarding the following attributes

TRUST		**Strongly Agree**	**Agree**	**Neutral**	**Disagree**	**Strongly Disagree**
Cognitive Trust						
1.1	If we were to encounter an obstacle during the contract period, am confident NMS would help to overcome it.	5	4	3	2	1
1.2	When NMS promises to get something done, am confident they would do so.	5	4	3	2	1
1.3	We feel that NMS contract managers are one of the most competent we have worked with.	5	4	3	2	1
1.4	We know that if NMS is contacted by our organisation, they would provide immediate and useful information.	5	4	3	2	1
Affective Trust						
2.1	We feel comfortable sharing our personal feeling and hopes with the NMS Contract manager	5	4	3	2	1
2.2	We could share strategic information about our organisation with NMS without concerns	5	4	3	2	1
2.3	NMS has made a considerable emotional investment in our working relationship	5	4	3	2	1
2.4	We have always felt a positive bond with NMS	5	4	3	2	1

COMMUNICATION

Frequency		**Strongly Agree**	**Agree**	**Neutral**	**Disagree**	**Strongly Disagree**
3.1	NMS frequently contacts our company and asks about our pipeline stock situation	5	4	3	2	1
3.2	NMS often shares relevant information that helps up plan our deliveries.	5	4	3	2	1
3.3	Your company freely shares updates on pipeline stock situation when it's requested by NMS.	5	4	3	2	1
3.4	Your company is always willing to share with NMS relevant information that will help you plan your deliveries.	5	4	3	2	1
Modality		**Strongly Agree**	**Agree**	**Neutral**	**Disagree**	**Strongly Disagree**
4.1	We have frequent face-to-face planning / communication with NMS	5	4	3	2	1
4.2	Most of our communication with NMS is done through emails	5	4	3	2	1
4.3	We use regular phone communication with NMS	5	4	3	2	1
4.4	NMS often sends letters when communicating with us	5	4	3	2	1
Please list your three most preferred means of communicating with NMS						

Content						
5.1	We share information on our delivery schedules with NMS	5	4	3	2	1
5.2	We share information on anticipated supply disruptions	5	4	3	2	1
5.3	NMS shares information on our cumulative supply status	5	4	3	2	1
5.4	NMS freely shares with suppliers any information that might help them.	5	4	3	2	1

TRANSPARENCY						
Tactical transparency		**Strongly Agree**	**Agree**	**Neutral**	**Disagree**	**Strongly Disagree**
6.1	NMS shares information on its purchasing performance	5	4	3	2	1
6.2	NMS shares information on its operation scheduling	5	4	3	2	1
6.3	NMS always shares its procurement and distribution logistical plans	5	4	3	2	1
6.4	When approached, NMS is willing to share specific information that will aid us plan deliveries	5	4	3	2	1
Strategic transparency						
7.1	NMS periodically shares its supplier and customer performance reviews	5	4	3	2	1
7.2	Our company is always informed about NMS business plans	5	4	3	2	1
7.3	NMS always shares or publishes its strategic objectives	5	4	3	2	1
7.4	NMS management present and discusses details of its strategic goals with its stakeholders	5	4	3	2	1

SUPPLIER PERFORMANCE						
Delivery lead-time		**Strongly Agree**	**Agree**	**Neutral**	**Disagree**	**Strongly Disagree**
8.1	Our company always makes on-time deliveries according to each call-off date.	5	4	3	2	1
8.2	Our company always delivers the entire quantity for each call-off date	5	4	3	2	1
8.3	When we deliver a quantity less than that called-off, we always deliver the remaining balance a few days later.	5	4	3	2	1
8.4	Our company always informs NMS when we will fail to deliver on the call-off date.	5	4	3	2	1
Response to adjusted deliveries						
9.1	Emergency deliveries grossly disrupt our planned delivery schedules	5	4	3	2	1
9.2	We have the capacity to respond to unexpected emergency deliveries	5	4	3	2	1
9.3	Our company freely allows NMS negotiations to adjust deliveries	5	4	3	2	1
9.4	If NMS does not make any adjustments to the delivery plan, we will be able to make all our deliveries according to the call-off schedules	5	4	3	2	1

Appendix 2: NMS INTERVIEW GUIDE

Dear respondent,

My name is William Musubire; I am currently a student at Uganda Management Institute (UMI) pursuing a Master's Degree in Management studies specializing in Business Administration. I am doing a research study **Relationship Management and Supplier Performance at National Medical Stores.** This questionnaire is intended for academic purpose only and not any other use. I would therefore like to assure you of the utmost confidentiality. The answer you give will not in any way be used against you.
Please take a few minutes to answer the following questions. Thank you.

1 What is your role in NMS?

…….

2 How many years have you worked in this organization?

a) Less than 1 Year

b) 1-2 Years

c) Over 2 Years

3.1 Buyer -Supplier Trust

What are some of the challenges that affect relationships of NMS contract managers and their suppliers?

……

……

3.2 Buyer -Supplier Communication

What means of communications do you use when corresponding with suppliers

……

……

What kind of information does NMS often share with suppliers?

……

……

3.3 Transparency

What kind of information do suppliers demand or wish to have from NMS side?

……

……

What risks do you anticipate when critical information is shared with suppliers?

……

3. 4 Supplier performance

What challenges do suppliers face in trying to meet their delivery lead times?

……

……

Do suppliers easily honor NMS requests to adjust deliveries? (Yes / No)

If No, what are some of the problems that suppliers present when asked to adjust their deliveries?

……

……

Closure of the Interview

The interviewer indicates that the end of the interview is reached and points out the next steps: the Interviewer will make a written record of the meeting, and this document (in concept) will be sent to the interviewee in order to check whether the answers given have been correctly recorded. If necessary, comments and corrections are incorporated.

The interviewer thanks the interviewee for his/her cooperation