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Effect of Buyer-Suppliers Relationships on Buying Firm Competitiveness in Medium and Large Scale Hotels and Restaurants in Nakuru Municipality

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Abstract
The main purpose of this study was to investigate the effects of buyer-suppliers relationships on the buying firm competitiveness in medium and large scale hotels and restaurants in Nakuru municipality in relation to trust and commitment. The study was guided by resource based view theory (RBV) which encourages sharing of resources and building long-term relationships between buyers and suppliers to ensure that both parties achieve competitive advantage. Explanatory research design was used in this study because it analyses the cause-effect relationship. Census survey technique was employed in picking respondents for the study. Data was collected from a sample of 162 purchasing officers. Five point Likert type of questionnaire was used to solicit primary data. The data analysis methods used were descriptive and inferential statistics, utilizing a multiple regression analysis model. the findings of this study indicated that both trust and commitement in buyer –supplier relationship postively and sinficantly affect firm competitiveness.The study concludes that there is a clear link between the relationship the buyer firm has with its major suppliers and its competitive position in its customer market. Therefore, it's recommended for a buying firm to establish and develop positive relationships with its major suppliers.
Keywords: Buyer, Supplier, Trust, Commitment, Firm Competitiveness

Introduction

Firm competitive advantage refers to the ability of the firm to continuously outperform its rivals. The more sustainable the competitive advantage, the more difficult it is for competitors to neutralize the advantage (Li *et al*., 2006). Similarly, Porter (1985) claims that competitive advantage is the extent to which an organization is able to create a defensible position over its competitors. According to the resource based view theory, a firm can become comptetitive through access to resources (Sousa, 2003). The RBV of the firm and the industrial marketing and purchasing approach supports relationship building such as buyer-supplier relations as way of gaining access to resources. Since companies can no longer possess all competencies themselves, strategic partnerships between buyers and suppliers are becoming more and more essential; suppliers are becoming a value added resource to the firm when managed strategically. In fact, buyers rely on strategic partners to achieve and sustain a competitive position (Wagner and Boutellier, 2002).

Buyer-supplier relationship refers to the way an organization and its suppliers interact and relate (Lyson and Farrington, 2003).In past literature, much is written about types of buyer-suppliers relationships. There are two major different types of buyer-supplier relationships: adversarial and collaborative relationships (Lindgreen and Wynstra, 2005). Burt *et al* (2003) and Bloomberg *et al* (2002) concurs that each organization desires to have long term collaborative relationships with its suppliers based on; mutual trust, interdependency and cooperation, and mutual goals. In addition, the survival and growth of organizations largely depend on the ability to secure critical resources from the external environment (Casciaro and Piskorski, 2005). These inter-firm (buyer-supplier) resources must have certain features which will enable firms to gain competitive advantage; they must be valuable, rare, inimitable and non-substitutable (VRIN) (Peteraf and Barney, 2003).

Suppliers are sources of ideas, technologies, and savings in time and money (Wynstra*et al*., 2001), and by treating suppliers as allies and sharing strategic information with them; firms can achieve better lead times and quality, increase operating flexibility, and establish long-term cost reductions, all of which could help these firms enhance value for the ultimate customer (Janda*et al*., 2002).In addition, like most good business ideas, the concept of collaborative relationships is simple: that buyers and suppliers working together as a team can drive down total cost, improve quality and speed products to the market, far more effectively than the same people working as adversaries. Partnership can be considered as the preferred relationship strategy where there is a high level of beneficial mutual interdependence and where the failure of one party to perform or operate in an effective way can affect negatively the performance of the other party (Veludo*et al*., 2004).

Unfortunately, most firms have not taken seriously the concept of inter-firm relationship; they use the most common and most basic type of a relationship that is adversarial in their procurement processes. Adversarial relationships are arms length in nature and do not focus on long-term relationships. This has compromised quality and driven up procurement costs brought about by multiple contract administration, monitoring suppliers' performance, and educating the suppliers on firm's processes. More time is also consumed in soliciting different suppliers and this has led to late deliveries of materials/products (Jared, 2009).

Few studies have addressed the competitive advantages that a buyer derives from partnering with one major supplier(Daniel, 2012). However, there is lack of empirical evidence that address the competitive advantages attributable to a buyer as a result of their collaborative relationships with several major suppliers.Thus, this study sought to answer the following questions: what are the effects of buyer-suppliers relationships (trust, commitment, information sharing, and idiosyncratic investments) on buying firm competitiveness on medium and large scale hotels and restaurants?The primary objective of this paper was to establish the effects of buyer-suppliers relationships on buying firm competitiveness in medium and large scale hotels and restaurants.

Literature Review

Buyer-Supplier Trust

The first major bond of a relationship is trust. One of the most widely acknowledged social norms for governing and co-ordinating interfirm exchange is trust. Trust is a central aspect for the relationship continuity. This aspect is identified when a partner has certainty of trustworthiness and integrity of its partners (Morgan and Hunt, 1994); trust is considered one of the primary facilitating elements of inter-firm relationships (Liang and Wang, 2006); it's the willingness to rely on the other partner (Power and Reagan, 2007). Furthermore, some scholars perceive trust as an important element for survival of any commercial exchange system (Chow, 2008). In order to develop a successful relationship, trust and commitment must exist between the relevant members of partner firms (Morgan and Hunt, 1999).

The emperical literature on trust asserts its significance in facilitating relationships which bind counterparts and has vital prospects. Thus the necessity for trust between counterparts has been recognized as a fundamental theory of a long-term buyer-supplier relationship (Claro *et al.,* 2004). In addition, trust can also reduce transaction and negotiation costs (Madhok, 2006). These costs include all the expenditures necessary to achieve an agreement that satisfies the two parties (Zaheer *et al*., 1998), and the time and efforts needed to fulfil an effective course of actions (Chow, 2008).

Therefore, such benefits may have a direct effect on firm competitiveness and they could be further enhanced if exchange partners succeed in reaching their strategic objectives in terms of price, delivery, quality, and outcomes (Davies and Prince, 2005). It has the propensity to facilitate rich information exchange while also increasing the probability that both exchange partners will rely upon each other. Exchange partners who trust each other are willing to share important ideas and valuable information, clarify goals and problems and tend to approach problems with a problem solving orientation (Barney and Hansen, 1994). Trust is also a necessary pre-condition for the ongoing development of the relationship (Daniel, 2012).

On the other hand, the absence of trust could lead to poor relation among exchange partners. Scholars have noted that shared values, that is the extent to which both partners have common beliefs on goals, influences trust between exchange partners (Morgan and Hunt, 1994). Thus, a lack of trust also implies a lack of a shared understanding about goals between exchange partners, leading to a greater degree of vulnerability. A lack of trust on either side would reduce the confidence between the parties. Individuals may engage in trusting actions with an intention to develop close, long-term, collaborative relationships, but if the organisations are not supportive of these actions, interfirm benefits may never be achieved (Barney and Hansen 1994).

Ho_1: *Trust has no significant effect on buying firm competitiveness in medium and large scale hotels and restaurants.*

Buyer-Supplier Commitment

The second major bond of a relationship is commitment. Morgan and Hunt (1994) describes commitment as an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it; that is, the committed party believes the relationship is worth working on to ensure that it endures. It is the intention to continue the relationship and to work on it to ensure its continuance.

According to Daniel (2012) commitment has been reviewed as a significant and critical variable in research on inter-organizational relationships. Commitment is the desire to develop a stable relationship, a willingness to make short-term sacrifices to maintain the relationship, and a confidence in the stability of the relationship. It implies the adoption of a long-term orientation toward the relationship, short-term sacrifices to realize long-term benefits, an implicit or explicit pledge of relational continuity between exchange partners.

Scholars have identified various types of commitment. Kingshott (2006) distinguished affective commitment and attidunal commitment as the most relevant types of commitment, since these types occur most often in practice. Affective commitment expresses the extent to which a party likes to maintain a relationship with the other party. This kind of commitment is based on a general positive feeling towards the exchange partner. An affective committed partner desires to continue his relationship because he likes the partner and enjoys the partnership. Attudinal commitment is the level to which buyers state that there is just too much time, energy, and expense involved in terminating our relationship with this supplier.

Suppliers in a committed relationship gain greater access to market information for developing products. Buyers in committed relationships will receive more relevant on-time market and product information, and a more efficient service delivery because both parties receive valued contributions from each other. Each partner has a strong motivation to build, maintain, strengthen and deepen the relationship, making it more likely that they perceive their relationship as a win–win opportunity. The future stability of any buyer-supplier relationships depends upon the commitment made by the interactants to their relationship. The greater the commitment of the organization to a specific relationship, the greater the stability of that relationship (Carr and Kaynak, 2007).

However, time may erode the commitment of one of the parties to the relationship, resulting in disproportionate commitments and gradual or immediate dissatisfaction with a partner's performance (Gundlach *et al*., 1995). In mature relationships, some buyers gradually develop the belief that a supplier is taking advantage of the trust and is acting opportunistically. Relationship development may sharply deteriorate the moment in which relationships transform into unsatisfactory relationships. From the buyer's perspective, a relationship develops in an unfavourable way as the supplier unilaterally decreases his dependence on the buyer. This results in a locked-in position on the buyer's account.

***Ho_2*:** *Commitment has no significant effect on buying firm competitiveness in medium and large scale hotels and restaurants.*

Theoretical Framework

This study is anchored on the resource-based view theory (RBV). RBV of the firm rose in response to porter's (1985) structural perspective of strategy. The RBV of an interorganizational exchange integrates focal constructs from other perspectives by proposing that competitive advantage occurs when relationship partners invest time, resources (assets), knowledge, and capabilities into a relationship and that they build an effective governance structure (Dyer and Singh 1998).

More recently, researchers have recognized that these critical resources may span the firm's boundaries and be embedded within inter-organizational processes and activities (Li *et al*., 2006); some strategic resources lie beyond the boundaries of the firm (Das and Teng, 2000); inter-firm relationship that is buyer-supplier relationship may allow a firm to acquire resources which increases its level of competitive advantage (Araujo *et al*., 1999); competitive advantage is attributed to both the unique resources and capabilities of the firm, as well as of those firms within its network (Squire *et al.*, 2009). Research in this area suggests that firm competitiveness is derived from both internal and external assets; therefore inter-firm relationship is viewed as a means to acquire external resources and capabilities. The survival and growth of organizations largely depend on the ability to secure critical resources from the external environment (Casciaro and Piskorski, 2005). The past research has also shown that responsiveness to the customer that is better quality, reduced costs among others are important determinants of competitive advantage (Li *et al*., 2006) and is influenced by buyer-supplier relationships (Handfield and Bechtel, 2002).

Moreover, external relationship acts as a vehicle to acquire those resources required to fill the resource gap which is the difference between a firm's strategic goals and its current resource endowments (Mathews, 2003). Thus, supplier is considered one of the most important external resources of the firm. In addition, Daniel (2012) propose that, by moving away from adversarial relationships through inter-firm specific investments, trust, commitment, and information sharing, firms can create the potential for earning firm competitiveness. Barney (2000) further notes that the growing need for competitive advantage in their operation has forced more companies to engage in partnerships leading to increased dependence on each other's resources and capabilities.

METHODOLOGY

The researcher specifically employed explanatory research design because it analyses the cause-effect relationship between two or more variables. A census survey of 176 medium and large scale hotels and restaurants in Nakuru municipality was used for the study. Primary data was collected from one purchasing officer in each medium and large scale hotel and restaurant. Secondary data was obtained from the internet, textbooks, government publications, and journals. Five point likert scale questionnaire was used to collect data on all research variables, all the measurement items in the study were adapted from the relevant literature, with minor modifications and re-wording to ensure contextual consistencies. These were adapted from Doney and Cannon (1997); Kingshott (2006) and Li *et al* (2006).

Measurement of variable
Buying Firm Competitiveness
The dependent variable in this case is indicated by two constructs namely quality and cost which were measured using a 10 item scale as adapted from (Li *et al.*, 2006). The items measuring quality are; the ability to offer high quality products to the customers, ability to exceed customers' expectations, ability to deliver what their customers need, provision of tailored services/products to suit the needs, tastes, and preferences of their customers, and finally their ability to compete based on quality.

On the other hand, the items measuring cost are; ability to maintain low cost of operation in the industry, ability to keep costs of replacements low as a result of quality supplies, ability to offer prices as low or lower than their competitors, keeping cost of holding inventory low as a result of efficient suppliers, and their ability to offer competitive prices.
Buyer-Supplier Trust
The first independent variable is inter-firm trust and was measured using 5 scale items adapted from (Doney and Cannon, 1997), the items measured whether the parties in relational exchange are genuinely concerned with each other's success; provide best quality products in the market; keep their promises; trust the information suppliers provide; and suppliers being able to keep the buyer's best interests in their mind.
Buyer-Supplier Commitment
The second variable is adapted from Kingshott (2006). This was measured using 5 scale items. The items assessed if, the buying firms give maximum attention to their relational exchanges; view the relationships with its major suppliers as a long-term partnership; care for relational partners; listen to suppliers' complaints; and if buying firms are committed to their major suppliers.

Data Analysis and Assumptions of Regression Model
The data was analyzed using descriptive and inferential statistics techniques, descriptive statistics gives the profile of the respondents (frequencies and their percentages) whereas inferential statistics used the multiple regression equations to determine the pattern and strength of the relationship that exist between independent variables (trust, commitment, information sharing, and idiosyncratic investments) and dependent variables (buying firm competitiveness). A statistical package for social sciences (SPSS) was used to analyze both descriptive and inferential statistics; data was presented in the form of frequency distribution tables, pie charts, and bar graphs. The following Multiple Regression Analysis Model was used to analyze data.

$$y = \alpha_1 + \beta_1 x_1 + \beta_2 x_2 + \varepsilon$$

Where:
Y- The dependent variable (buying firm competitiveness)
α_0- The constant
$\beta_1 \ldots \beta_2$-are regression coefficients or change induced by each X on Y
X_1= Trust
X_2 = Commitment
ε = Error term

Findings
Buyer-Supplier Trust
Study results in table 1 shows that respondents (buying firms) agreed that they trust their major suppliers to keep their best interests in mind ($\bar{X}$ = 4.23, $\sigma = 0.799$), and to be genuinely concerned about their firm's success ($\bar{X}$ = 4.10, σ = 0.813). In addition, the findings showed respondents trust their suppliers to deliver the best quality products ($\bar{X}$ = 4.20, σ = 0.755$\sigma = 0.67$), provide trustworthy information ($\bar{X}$ = 4.19, σ = 0.752), and trust their suppliers to keep their promises ($\bar{X}$ = 4.01, σ = 0.776).
In overall, standard deviations (σ) were less than mean ($\bar{X}$), revealing less deviations from the mean. Respondents had trust on their suppliers ($\bar{X}$ = 4.1519, σ = 0.36666). Skewness of -1.059 and kurtosis of 0.876 means data was normally distributed as skewness and kurtosis were less than 1 and 3 respectively; showing responses were not deviating from the average. Finally, it can be deduced from the results that buying firm competitiveness is enhanced by inter-firm trust. These results are shown in table 1

Table 1 Buyer-Supplier Trust

Trust	Mean ($\bar{X}$)	Standard Deviation (σ)	Skewness	Kurtosis
Our major suppliers are genuinely concerned that our firm's succeeds	4.10	0.813	-0.956	0.869
We trust our major suppliers to give us the best quality products in the market	4.20	0.755	-1.311	2.492
We trust our major suppliers to keep promises made to us	4.01	0.776	-1.060	1.472
We trust the information that our major suppliers provides to us	4.19	0.752	-1.307	2.514
We trust our major suppliers to keep our best interests in mind	4.23	0.674	-0.813	1.400
Trust	**4.1519**	**0.36666**	**-1.059**	**0.876**

Cronbach Alpha = 0.742 ***Source; (Survey Data, 2013)***

Buyer-Supplier Commitment

Table 2 shows that firms had a clear tendency of viewing their relationships with their major suppliers as deserving maximum attention to maintain ($\bar{X}$ = 4.36, σ = 0.481). Respondents highly agreed that their firm really cares about relationships they have with their major suppliers ($\bar{X}$ = 4.33, σ = 0.619), and viewed the relational exchange as a long-term partnership ($\bar{X}$ = 4.33, σ = 0.796). Furthermore, they often listened to their suppliers' complaints ($\bar{X}$ = 4.12, σ = 0.817), and were generally committed to their relational exchanges ($\bar{X}$ = 4.04, σ = 0.965).

This summed the commitment to a $\bar{X}$ = 4.2086, σ = -0.44117. Skeweness = -0.420 and kurtosis = -0.231, reveals that data was normally distributed as skewness and kurtosis were less than 1 and 3 respectively; the results imply that buying firms are committed in relationships with their major suppliers. Therefore, the results show that buying firm competitiveness is enhanced as a result of buyer-suppliers commitment. These results are shown in table 2

Table 2 Buyer-Supplier Commitment

Commitment	Mean ($\bar{X}$)	Standard Deviation (σ)	Skewness	Kurtosis
The relationship that our firm has with our major suppliers deserves our firm's maximum attention to maintain	4.36	0.481	0.598	-1.663
We view the relationship with our major suppliers as a long-term partnership	4.33	0.796	-1.197	1.152
The relationship that our firm has with our major supplier is something our firm really cares about	4.33	0.619	-0.828	1.970
We are always committed to listening to supplier complaints	4.12	0.817	-1.269	1.778
The relationship that our firm has with our major suppliers is something that we are very committed to	4.04	0.965	-1.252	1.467
Commitment	**4.2086**	**0.44117**	**-0.420**	**-0.231**

Cronbach Alpha =0.785 ***Source; (Survey Data, 2013)***

Buying Firm Competitiveness

In respect of buying firm's competitiveness, results are shown in table 3 below. The findings showed that buyers' costs of replacements were always low as a result of good quality supplies ($\bar{X}$=4.60, σ = 0.492). They offered high quality products to their customers ($\bar{X}$=.53, σ = 0.501), and were able to meet customers' needs beyond their expectations ($\bar{X} = 4.51 \sigma = 0.501$). Furthermore, buying firms were always in a position to offer prices as low or lower than their competitors ($\bar{X}$=4.46, σ = 0.500), at the same time offering competitive prices in the market ($\bar{X}$=4.43, σ = 0.566).

The results also indicate that buyer firms were always in a position to deliver what their customers

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need ($\bar{X}$=4.42, σ = 0.520), and were able to compete based on product quality ($\bar{X}$=4.40, σ = 0.516). Furthermore, their cost of holding inventory was low because of supplier efficiency which enabled them to have shorter cycle time ($\bar{X}$=4.31, σ = 0.466). Moreover, buying firms were able to maintain low cost of operation in the industry ($\bar{X}$=4.22, σ = 0.841), and finally, provide tailored services/products to suit the needs, tastes, and preferences of their customers ($\bar{X}$=4.22, σ = 0.685). In overall, the results had a mean of 4.4105, standard deviation of 0.14472, skewness of -0.920 and a kurtosis of 2.590, which implies that enhanced inter-firm relationships between buyer and its suppliers through inter-firm trust, inter-firm commitment, information sharing, and idiosyncratic investment largely improves overall competitiveness of buying firm. These results are shown in table 3

Table 3 Buying Firm Competitiveness

Buying Firm Competitiveness	Mean ($\bar{X}$)	Standard Deviation (σ)	Skewness	Kurtosis
We offer high quality products to our customers	4.53	0.501	-0.125	-2.009
We give our customers more than they expect	4.51	0.501	-0.050	-2.023
We are always in a position to deliver what our customers need	4.42	0.520	0.058	-1.388
We provide tailored services/products to suit the needs, tastes, and preferences of our customers	4.22	0.685	-1.246	3.181
We are able to compete based on quality of our products	4.40	0.516	0.131	-1.357
We are able to maintain low cost of operation in the industry	4.22	0.841	-1.708	2.934
Our costs of replacements are always low as a result of good quality of supplies	4.60	0.492	-0.407	-1.858
We are able to offer prices as low or lower than our competitors	4.46	0.500	0.150	-2.002
We offer competitive prices	4.43	0.566	-0.328	-0.822
Our cost holding inventory is always low because our efficient suppliers enables us to have shorter cycle time	4.31	0.466	0.805	-1.369
Buying Firm competitiveness	**4.4105**	**0.14472**	**-0.920**	**2.590**

Source; (Survey Data, 2013)

Correlation Results

Pearson correlation analysis was conducted to examine the relationship between the variables. Correlation coefficient value (r) ranging from 0.10 to 0.299 is considered weak, 0.30 to 0.49 is considered medium while, 0.50 to 1.0 is considered strong as cited in (Wong and Hiew, 2005). However, correlation coefficient should not go beyond 0.8 to avoid multi-colinearity (Field, 2005).

Correlation findings in table 4 which show the association between two interval-ratio variables, reported that information sharing between the buyer and its suppliers has the highest positive relationship with buying firm competitiveness (r = 0.539). In addition, trust was observed to have positive association with buying firm competitiveness (r = 0.408). Similarly, inter-firm investment in relational exchanges was revealed to have positive association with firm competitiveness (r = 0.397). Although it has least association, firm commitment to its suppliers showed a correlation with buying firm competitiveness (r = 0.266). To deduce further from the correlation results, none of the variables had high inter-relationship over 0.80. Thus, there was no multi-colinearity. These results are shown in table 4.

Table 4 Correlation Results

Variables	Firm Competitiveness	Trust	Commitment
Firm competitiveness	1		
Trust	.408**	1	
Commitment	.266**	.129	1

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

Source; (Survey Data, 2013)

Hypothesis testing

Coefficient of determination (R^2) was found to be 0.508. It can therefore be deduced that using four tested variables, firm's competitive advantage can only be predicted by 50.8 % (R square =0.508). Adjusted R square corrects R square to more closely reflect the goodness of the fit of the model in the population (Koutsoyiannis, 1993). Nevertheless, if another variables is added there is likelihood of the predicted value to increase with 1.3% (adjusted R square = 0.495). The adjusted R square adjusts for the number of explanatory terms in a model; it increases only if a new term improves the model more than would be expected by chance. It can't be negative and will always be less than or equal to R square. Durbin Watson test indicated that there was no autocorrelation since it fall between the recommended thumb rules of 1 to 2. These results are shown in table 5

Study findings in ANOVA table 5 indicate that the above discussed variation was significant as evidence by F ratio of 40.452 with p value 0.000 <0.01 (level of significance). This indicates that it is unlikely the null hypothesis is true. Thus, the model was fit to predict buying firm competitiveness using trust and commitment. Statistically it can be interpreted that none of the independent variables had zero coefficients, reflecting that there is significant linear relationship between independent variables against the dependent variables.

A hypothesis testing was conducted using 0.05 significance level. Findings show that none of the variance inflation factor (VIF) value exceeded the thumb value of 4 (X_1 = 1.091; X_2 = 1.021) implying absence of multi-colinearity. Tolerance indicator for all the independent variables are all greater than 0.2 (X_1 = 0.916; X_2 = 0.979) hence, there is no multi-colinearity problem (Longnecker *et.al*., 2001; and Hui*et al*., 2008)

Ho_1: *Trust has no significant effect on buying firm competitiveness in medium and large scale hotels and restaurants in Nakuru municipality*

The first objective of this study was to determine the effect of trust on buying firm competitiveness in medium and large scale hotels and restaurants in Nakuru municipality. From the results ($\boldsymbol{\beta_1}$ = 0.240, p < 0.05), the implication of this is that '$\mathbf{H_{01}}$: is **rejected** and alternate hypothesis is accepted'. It is concluded that trust has significant and positive effect on buying firm competitiveness, and failure to improve inter-firm trust would lead to poor relational exchange between buying firm and its suppliers, thus, this would reduce buying firm competitiveness.

Ho_2: *Commitment has no significant effect on buying firm competitiveness in medium and large scale hotels and restaurants in Nakuru municipality*

The second objective of this study was to investigate the effects of commitment on buying firm competitiveness in medium and large scale hotels and restaurants in Nakuru municipality. Commitment between buyers and suppliers has a significant and positive effect on buying firm competitiveness ($\boldsymbol{\beta_2}$ =0.201, p < 0.05). It follows that $\mathbf{H_{02}}$ is **rejected** and accepting that inter-firm commitment has a positive effect on buyer firm competitiveness. Failure to build inter-firm commitment would mean poor buyer-supplier relationship, and this could reduce buying firm's competitiveness.

Table 5 Multiple Regression Results

	Unstandardized coefficients	Standardized coefficients			Colinearity statistics		
	B	Std. Error	Beta	T	Sig.	Tolerance	VIF
(constant)	2.414	0.159		15.223	0.000		
Trust	0.095	0.023	0.240	4.109	0.000	0.916	1.091
Commitment	0.066	0.019	0.201	3.554	0.001	0.979	1.021
R square	0.508						
Adjusted R square	0.495						
Durbin-Watson	2						
F	40.452						
Sig.	0.000						

Dependent variable: buying firm competitiveness

Conclusion and recommendation

This paper was intended to hypothesize, analyze, or justify any material related to a theory or previous studies on effect of buyer-suppliers relationships on buying firm competitiveness. The results provide support for the notion that buyer-suppliers relationships have an effect on competitive outcomes for buyer firms. There is a clear link between the relationship the firm has with its major suppliers and its competitive position in its customer market. This study also concludes that various relationship elements affect competitive outcomes differently.

Findings provided adequate evidence of trust being paramount in buyer supplier relationships because of its role in facilitating buying firm competitiveness. These infers that when a buyer trusts its suppliers to be genuinely concerned with its success, provide best quality products in the market and always keep their promises, it will put the buying firm in a better position in the market. Moreover, the firm competitiveness level is enhanced when their suppliers provide trustworthy information and keep the firm's best interests in their mind.

Buyer-suppliers commitment goes a long way in ensuring that relationships are established and maintained for a long period of time. Buying firms are therefore recommended to give maximum attention to their relational exchanges, view the relationships with its major suppliers as a long-term partnership, care for relational partners and be committed to listening to suppliers' complaints. This gives a buying firm strong competitive advantage against its competitors.

Buyer-supplier trust encourages openness and trustworthiness between partners. The parties in relational exchange are recommended to be genuinely concerned with each other's success, provide best quality products in the market and always keep their promises in order to put buyer firm in a better position in the market. Moreover, trusting information suppliers provide, and suppliers being able to keep the buyer's best interests in their mind will increase the firm competitiveness level. Therefore, buying firms should emphasize on creating an environment where trust between the firm and suppliers is not an option but a condition.

Implication of Findings

The findings of these study has managerial, academic and theoritical implications. Based on survey responses from 162 purchasing managers, this study has linked buyer-suppliers relationships to higher product quality and lower firm's total costs. Purchasing managers have a leading role in developing more collaborative relationships with suppliers. Moreover, they can work with supplier-firm staff to define user requirements and assure that quality is designed, manufactured and delivered. Buying firm's purchasing managers are now able to view the relationship they have with their major suppliers as one that has a significant influence on their ability to satisfy their own customers through better quality and reduced overall costs. These abilities are likely to distinguish them in their marketplaces and act as a source of competitive advantage.

These findings are also relevant for scholars interested in developing an understanding of the competitive impacts of buyer-suppliers relationships. Academics and practitioners in the related functional areas of purchasing have much to gain through sharing information and experience. This study builds on studies recently conducted (Daniel, 2012; Myhal *et al*., 2008; Schurr *et al*., 2008), of more interest to the scholars is the assessment of firm competitiveness using two relative measures and subjective assessment. This adds to the growing body of research that advocate this approach to the study of competitive advantage (Li *et al.,* 2006).

The findings of the study support claims in the resource-based view theory (RBV). Each relationship element can be seen as a resource which has a competitive impact. Trust and commitment are more closely related to administrative resources (Penrose, 1959) since they are intangible and they help to facilitate the formation of resource ties.

Suggestion for Further Research

Buyer-suppliers relationships and firm competitiveness is a broad issue and this study only touched on a very small portion. This study can be replicated in a larger, more representative sample and in a more stable socio-political and economic environment. It is also suggested that this study be replicated in different business sectors. Further, the study can be replicated in different environmental contexts and settings, which may provide additional insights about the subject area.

There is also an important research direction that could follow from this work. This research examines the upside potential of close relational exchange between the buyer and its suppliers. But what about the downside risks of these close relational exchanges? What are the factors that make an ongoing relational exchange go awry and prevent it from achieving its intended outcomes? To date, there is little systematic research on this issue.

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