

**INFORMATION SHARING, ADAPTATION, TRUST AND COMMITMENT IN BUYER-
SUPPLIER RELATIONSHIPS IN THE UGANDAN SMEs**

BY

ALOIKIN STELLA

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SUPERVISED BY:

DR. MOSES MUHWEZI (PhD)

PROF. JOSEPH. M. NTAYI (PhD)

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DECLARATION

I Aloikin Stella declare that this is my original work and is a result of my independent research and investigation, and that it has never been presented to any institution for any award. Where it is indebted to the works of others, due acknowledgement has been made.

STELLA ALOIKIN

REG NO: 2011/HD10/3793U

Signature.....

APPROVAL

This is to certify that this dissertation has been submitted for examination in partial fulfillment of the requirements for the award of a master of science in procurement and supply chain management degree with my approval as a university supervisor.

Dr. Moses Muhwezi (PhD)

Signature.....

Date.....

Prof. Joseph M. Ntayi (PhD)

Signature.....

.Date.....

DEDICATION

I dedicate this work to my beloved Aunt Rose Tilbrook and Guardian Muzee Festino Magino
your efforts for what I am will always be remembered.

ACKNOWLEDGEMENT

I extend my sincere gratitude and appreciation to all those people who assisted me in making this research a success. First I thank my supervisors Professor Joseph. M. Ntayi and Dr Moses Muhwezi for the valuable guidance and encouragement. To Professor Ntayi thank you for your precise inserts in the critical stages of this work, each of these pieces of advice put me back on track. Dr Muhwezi, sincerely I will not have proper words to thank you for your efforts seeing your unwavering commitment in guiding me. May God's blessing be upon you and your families. I thank all my friends and family. Among my friends, Miss Syda Bukenya and Miss Rebecca Nyafwono Othieno your continuous encouragements have enabled me endeavor to successfully complete this task, Thank you. To my husband David Okalebo, children Elijah Okello and Elisha Okalebo accept my sincerest thanks for the unconditional support you have always given me, through thick and thin. To my sisters Maria Ipoli and Kevin Acom thank you for your moral contribution during the study.

Table of Contents

DECLARATION	i
APPROVAL	ii
DEDICATION	iii
ACKNOWLEDGEMENT	iv
ABSTRACT.....	ix
CHAPTER ONE	1
INTRODUCTION.....	1
1.1 Background of the study	1
1.2 Statement of the problem.....	3
1.3 Purpose of the study	4
1.4 Research objectives	4
1.5 Research questions	4
1.6 Significance of the study	5
1.7 Justification for the choice of study Area	5
1.9 Scope of the study	7
1.9.1 Conceptual scope	7
1.9.2 Geographical scope	8
CHAPTER TWO	9
LITERATURE REVIEW	9
2.1 Introduction.....	9
2.2.1 The concept of Buyer-supplier relationship.....	9
2.3.1 Information sharing	10
2.3.2 Adaptation	12
2.3.3 Trust	13
2.3.4 Commitment	15

2.3.5	Information sharing and commitment in buyer supplier relationship.....	16
2.3.6	Adaptation and commitment in buyer supplier relationship.....	17
2.3.7	Trust and commitment in Buyer-supplier relationships	18
2.3.8	Information sharing, adaptation, Trust and commitment.....	18
2.4	Conclusion.....	19
CHAPTER THREE.....		20
METHODOLOGY.....		20
3.1	Introduction.....	20
3.2	Research design.....	20
3.2.1	The Study Population and Sample Size.....	20
3.2.2	Sampling design and process	21
3.3	Data collection methods	22
3.4	Measurements of variables	22
3.5	Data reliability and validity	22
3.6	Data Analysis.....	23
3.7	Limitation	23
CHAPTER FOUR.....		25
DATA PRESENTATION, ANALYSIS AND INTERPRETATION OF THE FINDINGS.....		25
4.1	Introduction.....	25
4.2	Background characteristics of individual respondent.....	25
4.2.1	Distribution of Respondents by Gender	25
4.2.2	Distribution of the respondents by Age.....	26
4.2.3	Distribution of respondents by the highest level of education.....	27
4.2.4	Distribution of respondents by Work experience.....	29
4.2.5	Position of the respondents in the firm.....	30
4.3	Background characteristics of respondent SMEs.....	31

4.3.1	Distribution of respondents by number of employees	31
4.3.2	Capital and Business Turn over	31
4.4	Relationship Between the study variables	33
4.4.1	The relationship between Information Sharing and commitment;	34
4.4.2	The relationship between trust and commitment	34
4.4.3	The relationship between adaptation and commitment	34
4.4.4	The relationship between information sharing, adaptation, trust and commitment	34
4.5	Regression Model.....	34
4.5. 1	Information sharing and commitment.....	35
4.5.2	Trust and commitment	36
4.5.3	Adaptation and commitment	36
CHAPTER FIVE.....		37
DISCUSSIONS, CONCLUSIONS AND RECOMMEDATIONS.....		37
5.1	Introduction.....	37
5.2	Discussions of research findings	37
5.2.1	The relationship between information sharing and commitment	37
5.2.2	The relationship between trust and commitment in buyer-supplier relationship	38
5.2.3	The relationship between adaptation and commitment	39
5.2.4	The relationship between information sharing, adaptation, trust and commitment	39
5.2.5	Conclusions.....	40
5.3	Recommendations	40
5.4	Areas of further research	41
REFERENCES.....		42
Appendix 1.....		49

Figure 1 - Conceptual Framework.....	6
Table1- Categories of Adaptation	13
Table 2- The Study population and sample size.....	20
Table 3 - Data reliability and validity.....	23
Table 5 - Distribution of respondents by Age.....	27
Table 6–Distribution of respondents by highest level of education	28
Table 7 -Distribution of respondents by Work experience	29
Table 8–Distribution of Respondents by Position in the Firm.....	30
Table 9 - Distribution of respondents by number of employees	31
Table 10 - Capital and business turnover of the Buyer SMEs	32
Table 11- Capital and business turnover of the supplier SMEs	32
Table 12–Distribution of respondents by Period of the Firms operation.....	33
Table 13 - The relationship between variables.....	33
Table 14 - Regression Model	35

ABSTRACT

In a business environment where firms are daily striving to achieve a competitive edge, commitment in buyer-supplier relationship is a requirement, this study was conducted to examine the relationship between information sharing, adaptation, trust and commitment in buyer-supplier relationships in the Ugandan SMEs. A quantitative cross-sectional survey was conducted using a sample of 384 SMEs. In addition, data was collected from 1 supplier firm for each of the SMEs, which meant that the researcher sought to get data from 384*2 SMEs from a population of 107,467. Data was collected using a self-administered questionnaire from the respondents. Overall 426 usable questionnaires were obtained. Correlation and regression analyses were used in data analysis. The results indicated a significant positive relationship between information sharing, adaptation, trust and commitment in buyer-supplier relationship. Further, the results showed that information sharing and trust are significant predictors of commitment in buyer-supplier relationships, while adaptation was not a significant predictor. In conclusion, it was recommended that SMEs need to share relevant information in major transactions with each other and should incorporate attributes of trust like honesty, sincerity and others in their dealings with each other in order to achieve commitment in their relations.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Uganda private sector is dominated by small and medium sized enterprises (SMEs), which account for the majority of the entire business community. Their commercial activities represent 75% of Uganda's annual domestic product (GDP). They employ over 80% of the total workforce in the country and produce largely for the domestic market (Ntayi, Eyaa, Zeija& Rooks, 2011). These commercial activities cannot be done without firms entering into some kind of collaboration; certainly collaborating partners cannot have proper relations without effective information sharing. According to Meyer, Information sharing refers to disseminating timely and relevant information to other partners, for informed decision making joint initiatives rely on clear expectations with all parties being fully informed of what is expected of them (as cited in Muhwezi, 2010). While adaptation refers to the specific modification made by a firm to meet the requirement of exchange partner (Hallen, Johnson, & Seyed-Mohammed,1991) .Such adaptation frequently occurs by way of investing in transaction specific assets such as production, process technology and human resource: surely this can only be attained if effective sharing of information is released. Muhwezi (2010) in his study reveals that the sharing of relevant information and knowledge is necessary for trust building.

Trust reflects one party's belief that its requirements will be fulfilled through future actions undertaken by the other party (Derek, Tukamuhabwa, & Eyaa, 2012). In this regard Ruyter, "argues that commitment is preceded by a high level of trust of inter organizational trust; Once trust is built, commitment follows" (as cited in Derek, 2012). Commitment presents the

manifestation of actions within the relationship (Yilmaz & Hunt, 2001). While Buyer-supplier relationship refers to two or more chain members working together to create a competitive advantage (Simatupang & Sridhara, 2002). A competitive advantage can be achieved “when commitment and trust---not just one are present, the production that comes out promote efficiency, productivity and effectiveness” (Muhwezi, 2010, p.31).

Indeed some Ugandan SMEs have tried to relate with their suppliers in order to achieve the benefits. However a majority of them lack commitment in their buyer supplier relationships. According to Ntayi et al. (2011), it's noted that SMEs and their suppliers in Uganda have adversarial relationships, these are run under the idea that what the seller gains the buyer must lose that is “we win – you lose” type of game. This kind of environment does not foster trust and commitment. According to Basheka (2007); Ntayi & Eyaa (2010) SME's buyer-supplier relationships in Uganda often are characterized as being problematic as evidenced by late deliveries, lack of concern for end customer, delays caused by disruptions, partial supply of items, supply of substandard items, failure or refusal to re-supply rejected products and deferred payments etc. This actions show lack of commitment in the buyer –supplier relationships since commitment refers to the manifestation of actions within the relationship. According to Ruyter, Moorman & Lemmink (2001) trust leads to a high level of affective commitment or in other words a strong need to maintain a relationship. It's unfortunate that such a situation does not exist in the Ugandan SMEs. Ntayi et al. (2011), reveal that the average relations between buyer-supplier have duration of about 3 years. This does not enable SME's to develop a conducive atmosphere required to support exchange and promote long term process of interaction. This problem is partly due to lack of capacity in the SMEs procurement department, selfish attitudes

and lack of concern of the end customer, unprofessional procurement practices and inadequate access to vital information. This problem needs urgently to be addressed if SMEs need to release commitment in buyer-supplier relationship and ripe the benefits.

In an interview with Alliaz Pharmacy the following was revealed in relation to buyer-supplier relationships “ it’s a common instance here that one is requested to supply a drug and takes long without communication and after getting the drug somewhere the same person than brings the drug yet we already got the drug. A person supplied less quantities of the drug and claimed to have delivered the full amount some supplier fail to supply completely while others supply wrong quantities”(Ntayi et al.,2011)

In the same vein another Buyer was interviewed and revealed the following; “we have had two serious problems with two major suppliers i.e. Kakira Sugar Works and Britannia. For Britannia they gave us expired biscuits and refused to exchange it. For Kakira there was failure to supply and lack of information sharing and this led to loss to the firm as we had to find an alternative supply (Kikuubo). They were so dissatisfied with both relationships though they had to continue to relate with the suppliers” (Ntayi et al., 2011).

1.2 Statement of the problem

Although some SMEs in Uganda have endeavored to attain relationships with their suppliers, it’s evident that lack of commitment in buyer-supplier relationship is a reality as the actions in the relationships portray a negative state of affairs which include, late deliveries, lack of concern for end customer, delays caused by disruptions, partial supply of items, supply of substandard items, failure or refusal to re-supply rejected products ,deferred payments and failure to retain suppliers etc (Ntayi & Eyaa, 2010).This may have been due to low levels of

information sharing and inability to align incentives which eventually led to low levels of adaptation and trust hence failure to attain commitment in buyer-supplier relationships.

1.3 Purpose of the study

This study sought to establish the relationship between information sharing, adaptation, trust and commitment in buyer-supplier relationships in Ugandan SMEs.

1.4 Research objectives

- I. To examine the relationship between information sharing and commitment in Buyer-supplier relationship.
- II. To establish the relationship between Trust on commitment in Buyer-Supplier relationship.
- III. To examine relationship between adaptation and commitment in Buyer-supplier relationship.
- IV. To establish the relationship between information sharing, Adaptation, Trust and commitment in Buyer-supplier relationship.

1.5 Research questions

- I. What is the relationship between information sharing and commitment in Buyer-Supplier relationships?
- II. What is the relationship between Trusts on commitment in Buyer-Supplier relationships?
- III. What is the relationship between adaptation and commitment in Buyer-Supplier relationships?

- IV. What is the relationship between information sharing, adaptation, Trust and commitment in Buyer-Supplier relationships?

1.6 Significance of the study

- I. The study will contribute to the available knowledge on information sharing , adaptation , Trust and commitment in Buyer-supplier relationship and fill the gap on the relationship between these variables especially by providing literature from Uganda for future reference by other researchers
- II. The results of the study are expected to help the managers of SMEs to recognize the importance of information sharing, adaptation and trust in enhancing commitment in Buyer-supplier relationships
- III. The study will provide Managers of SMEs in Uganda with various approaches of Adaptation and Trust in order to enhance commitment in Buyer-supplier relationship.

1.7 Justification for the choice of study Area

The SMEs sector in Uganda is extensive; there are an estimated 1,069,848 in urban and rural areas which account for 90% of the private sector. They employ 2.5 million people and are the prime source of new jobs in Uganda playing a vital role in income generation (Ntayi et al. 2011). The government is currently promoting SMEs in its poverty eradication Plan. In this regard for the government to attain Business growth in this sector The SMEs issues need to be addressed urgently.

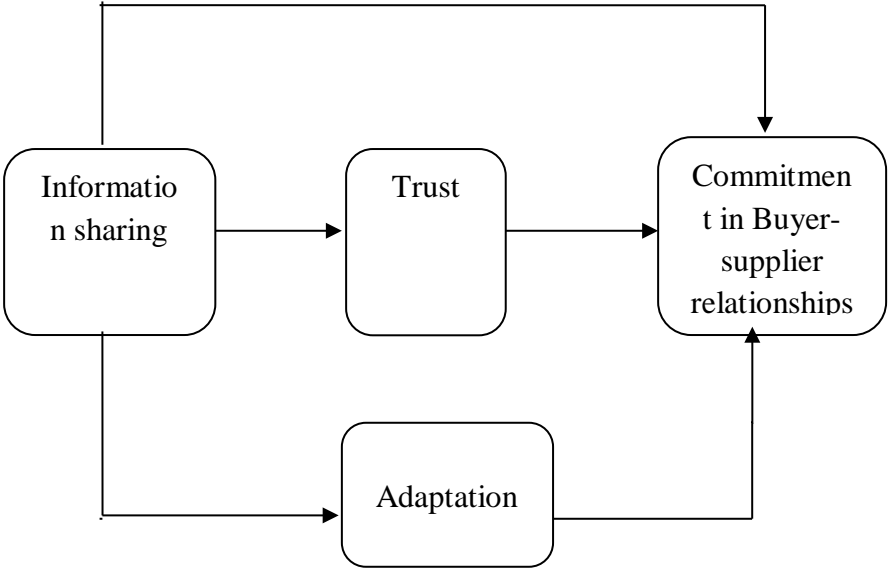
According to Ntayi et al. (2011), Buyer-supplier relationship is important in promoting Business growth. According to Henning–Thuran “Buyer-supplier relations success can be

measured by customer satisfaction and retention rates, in his approach trust and commitment are necessary to reach success. While success in buyer-supplier relations is associated with the following benefits increasing dyadic sales volumes, increasing product profitability, customer satisfaction and retention rates” (as cited in Aniko, e.d).

Looking specifically at the situation in Uganda where the benefits of Buyer-supplier relationships are worth attaining which are derived from commitment in buyer-supplier relationships. It’s largely evidenced in the SMEs Business environments that there is lack of commitment in buyer-supplier relationship. The reasons above provide the justification for the study.

Figure 1 - Conceptual Framework

1.8 Conceptual Framework



Source; Modified with consideration of the works of Ylimaz and Hunt (2001) and Muhwezi (2010)

Explanation of the conceptual framework

The model above examines the relationship between information sharing, adaptation, trust and commitment in buyer-supplier relationships. As shown in the model Buyer-supplier relationship has aspects it must uphold in order to achieve commitment in relations, this include information sharing, the information shared should be of high quality, authentic and complete to be depended on (Muhwezi, 2010). According to Korsgard, the sharing of relevant information and knowledge is necessary for building trust; this motivates the Buyer to stay with the supplier in relation (as cited in Muhwezi, 2010).Which is in its identity commitment. This is further supported by Ylimaz and Hunt (2001) that it is trust that sustains commitment. Likewise the sharing of information enables the partners to understand every aspect in the supply process hence avoiding conflict which leads to a general positive feeling towards each other this relates to affective commitment in buyer- supplier relationships.

Adaptation cannot be done without the sharing of information in regards to the requirement in question, since adaptation is the process of a firm modifying its process to meet the requirement of the partner. This makes a partner add value in their relation and incur costs making it difficult for either partner to easily leave the relationship commitment in question.

1.9 Scope of the study

1.9.1 Conceptual scope

The study was focused on commitment in buyer-supplier relationship (as the dependent variable) and information sharing, adaptation and trust (as the independent variables). Commitment in buyer-supplier relationship has aspects it must uphold in order for it to be attained; these include among others, information sharing, Trust and adaptation. According to

Korsgard, the sharing of relevant information and knowledge is necessary for building trust; this motivates the Buyer to stay with the supplier in relation (as cited in Muhwezi, 2010).

Ylimaz and Hunt (2001) state that it is trust that sustains commitment. Trust is ones belief that the other partner will act in a consistent manner and do what he or she says he or she will do (Muhwezi, 2010).

More so Eckerd and Hill (2011) reveal that information exchange between buyer and supplier firms as well as cross supplier networkers can assist in deterring perceived unethical behavior while fostering long-term commitment.

Adaptation cannot be done without the sharing of information in regards to the requirement in question; Adaptation refers to the process in which firms adjust their business practices exclusively for the other party in the collaborative exchange (Blonska, Rozemeijer, & Wetzel, e.d).This makes a partner add value in their relation and incur costs making it difficult for either partner to easily leave the relationship.

1.9.2 Geographical scope

The study was carried out in Kampala and Entebbe these was chosen due to their huge numbers in these areas and they carry out their business activities greatly in here compared to other parts of the country. This study was also done on selected SMEs because there are some SMEs which would not give relevant information in light to commitment in their Buyer-supplier relationships.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter deals mainly with the review of the related literature on the study variables, which include the concept of Buyer-supplier relationship, information sharing, adaptation, Trust and commitment. This review focuses on three dependent variables as constructs of commitment in Buyer-supplier relationship.

2.2.1 The concept of Buyer-supplier relationship

The concept of buyer-supplier relationship is as old as the time business originated. It's an old concept which dates back as far as the origin of business. Business in all its basic aspects must incorporate buyer-supplier relationship. As Sridharan point out, "Buyer-supplier relationships refers to two or more chain members working together to create a competitive age" (as cited in Mugarura, 2010).It is also a form of relational exchange that requires information sharing, incentive alignment and joint decision making (Corsten & felde, 2005).

According to Blevins et al. (e.d), Burt et al. (2003), they reveal that Buyer-supplier relationship has three types which include Transactional relationships, collaborative relationships and alliance relationships. Transactional are the most common and most basic type of Buyer-supplier relationships. This relationship is referred to as an arm's length relationship where neither party is concern about the other party's' well-being. There is very little trust involved in the relationship and could be one transaction between the buyer and supplier. Collaborative

relationship is one of mutual benefit to both parties, companies work together for increase savings and future innovations. In this type of relationships buyers have early involvements with suppliers (Burt, Dobler, & Starling, 2003). An alliance is formed for the systematic approach to enhance communication between the two firms, unlike collaborative relationships an alliance is built to have trust where both firms can be on the same level and help each other when they're in time of need or uncertainty.

2.3.1 Information sharing

According to Meyer, “information sharing refers to disseminating timely and relevant information to other partners, for informed decision making, joint initiatives rely on clear expectations with all parties being fully informed of what is expected of them” (as cited in Muhwezi, 2010). Biggeman (2012) defines information sharing as a form of collaborative communication that promotes trust and supports business growth. In the same vein Green, “stated that information sharing is the ability to synchronously share real –time information with supplier and customers” (as cited in Meacham, 2013). Muhwezi (e.d) notes that information sharing is important for any collaboration. Pettigrew further mentions, “the resource based view of the firm puts knowledge in the lead position and strategic resource”(as cited in Muhwezi, e.d). Gundlach et al. “argues that information sharing also reduces opportunistic behavior, increases commitment and fosters the establishment of long-term relationships” (as cited in Biggeman, 2012). Muhwezi (e.d) reveals that for someone to give up something in expectation of another, especially intangible information, the level of trust must be reasonably high. This is explained by Biggeman (2012) saying “First, mutual disclosure is the parties willingness to exchange meaningful information. It starts with one party’s initial disclosure of information, and then trust

starts growing, generating a sense of obligation in the counterpart to reciprocate”. This is certainly very important in attaining commitment in buyer-supplier relationship. This agrees with Ntayi and Eyaa (2011) who assert that collaboration aims at win-win situation where partners engage in joint efforts through information exchange.

Simatupang and Sridharan (2002) reveal that the data which are most often shared include the availability of resources (e.g. capacity, inventory, funds and capability); the status of performance (e.g. time, quality, costs and flexibility); the status of processes (e.g. forecasting, ordering, delivering, replenishing and servicing) and the status of contract. In this manner if a supplier can keep an enterprise customer fully informed about issues that will affect the customers’ business, the customer will feel the supplier is responsive to its needs and that the relationship with the supplier is worth maintaining (Yi-Ming Tai, 2011). This relates to Tai who denotes that “providing information sharing services to assist an enterprise customer in solving problems can lead to the customer developing positive feelings towards a supplier” (as cited in Yi-Ming Tai, 2011). While Cannon reveal that,“more open sharing of information is indicated by the willing by both parties to share important information, however lack of trust can be translated to be unwillingness to share information” (as cited in Hsiao et al. e.d).As Bair points out;“the restricted information flow will impede the channel of relationship” (as cited in Hsiao, Purchase & Rahma, e.d).More so Eckerd and Hill (2011) reveal that information exchange between buyer and supplier firms as well as cross supplier networkers can assist in deterring perceived unethical behavior while fostering long-term commitment.

2.3.2 Adaptation

Adaptation refers to the process in which firms adjust their business practices exclusively for the other party in the collaborative exchange (Blonska, Rozemeijer, & Wetzel, e.d). Brennan points out that, “Adaptation can occur as alteration of a product, management process, information exchange and organizational restructuring”(as cited in Blonska et al., e .d). Canning (2007) defines adaptation as a modification at the individual, group or corporate level which is carried out by one or both parties in an exchange relationship in order to suit new needs or conditions, and which is designed initially for that specific relationship. Cavusgil and Zou stress benefits of adaptation as follows; “the planned and systematic activities to meet local consumer preference; specifically such activities are found to yield sales growth and profitability” (as cited in Konstantinos & Efthimios, 2013). More so the resource invested in performing such adaptation to support a given relationship can not readily be transferred elsewhere; it’s also revealed that even if product adaptation leads to enhanced sales, these may not be enough to counter balance accumulated adaptation costs (Konstantinos &Efthimios, 2013). Williamson (1991) noted that such an act can signal commitment and result in a company being considered more trustworthy by an exchange partner.

According to Johanson “adaptation has categories or forms” (as cited in Canning & Hanmer-Lloyd, 2007).These are illustrated in the table below;

Table1- Categories of Adaptation

Category of Adaptation	Form of adaptation
Technical	Product and production processes
Logistical	Stock levels or delivery or delivery system
Administrative	Planning or rescheduling system
Financial	Handling of payments special credit arrangements
Knowledge	Information exchange acting together in technical development matters
Mutual orientation	Change in attitude and knowledge of exchange partners

Source: Canning & Hanmer-Lloyd (2007)

Assumption typically associated with adaptation in buyer-supplier relationships is that only one party performs the adaptation and in some cases this might be because of power asymmetry Hallen (1991). Anderson & Weitz (1992), further reveals that adaptations are known to affect trust in a relationship, for example mutual adaptation is central to the trust building process in relationships building. While its accepted that trust can develop as a consequence of adaptation, what appears to be universally and erroneously assumed, is that if either or both parties to a relationship make a relationship specific investment, then “de facto” trust will follow (Canning & Hanmer-Lloyd, 2007).

2.3.3 Trust

Trust is ones belief that the other partner will act in a consistent manner and do what he or she says he or she will do (Muhwezi, 2010). Moorman, Deshpande and Zaltman (1993) defines trust as a willingness to rely on an exchange partner in whom one has confidence. Rotter defines trust as, “a generalized expectancy that the word of another can be re-lied on” (as cited in Morgan & Hunt, 1994). Mayer defines trust as, “the willingness of a party to be vulnerable to actions of another party based on the expectations that other will perform a particular action

important to the trustor irrespective to the ability to monitor or control that other party” (as cited in Manuel Guillen Parran, 2011). Manuel, Alvaro Ileo de Nalda and Gines (2011) mention that the trustor will assess the attributes of the trustee to determine if s/he is trustworthy enough to assume a certain risk. Literature on trust suggests that confidence on the part of the trusting party results from the firm belief that trust worthy party is reliable and has high integrity which are associated with such qualities as consistent, competent, honesty, fair, responsible, helpful, and benevolent. Altman & Taylor, 1973; Dwyer & LaGace, 1986; Larzelere & Huston, 1980; Rotter, 1971 (as cited in Morgan & Hunt, 1994).

Swan and Trawick (1987) operationalized trust in five dimensions of; dependable/reliable, honest/candid, competent, partner orientation, and likeable/friendly. Sako operationalizes trust in three dimensions, “of contractual trust, based on the belief that the other party will fulfill its promises and act as agreed. While competence trust, based on the belief that the other party will be capable of doing what it has promised; and trust in good will based on a shared belief of both parties that the other is deeply committed to promoting a good development of the relationship and is willing to do more than could be expected according to the construal terms without expecting anything in exchange” (as cited in Mugarura, 2010). While Giddens distinguished “that commitment is evident through the fulfillment of expectations, and trust is associated with positive expectations in individuals or systems”(as cited in Gudrun, Hagberg, Inga-liu, Kristina and Jan, 2011). According to Goran (2005) Trust has major components which include interactive trust and mutual trust. Interactive trust is endless and describes a continuous process of trust which is more appropriate for decision synchronization, information sharing and incentive alignment. Mutual trust on the other hand is temporal and

describes a discontinuous process of trust, thus making it inappropriate for longer and stronger relations. That is the condition of trust. In the same vein Morgan and Hunt (1994) note that trust is found to lead to a higher level of commitment to the bargaining partner. Achrol and Ravi (1994) indicates that trust is a major determinant of relationship commitment.

Muhwezi (2010) reveals in his study that trust is a multidimensional construct and he highlights the following dimensions; Ability, altruism, acceptance, benevolence, business sense and judgment, character, competence, confidence, congruence, consistency, fairness, faith, integrity, motives or intentions, liking, loyalty, Motivation to lie, openness of management, respect and security. In this study the five dimensions of swan and Trawick will particularly be used that is dependable/reliable, honest/candid, competent, partner orientation and likeable/friendly.

2.3.4 Commitment

Commitment is the belief that the trading partners are willing to devote energy to sustaining the relationship (Dion, Banting, Picard, & Blenkhom, 1992). This also agrees with Ruyter et al. (2001), who states that commitment refers to the motivation to stay with the supplier. While Moorman et al. (1992), defines it as an enduring desire to maintain valued relationship. Relationship commitment is defined 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 indefinitely (Morgan & Hunt, 1994).

According to Kumar, Hibbard and Stern (1994) commitment is distinguished in two types that is affective and calculative commitment. Affective commitment expresses the extent to which customers like to maintain their relationship with their suppliers; affective commitment is

based on the general positive feeling towards the exchange partner. Calculative commitment, a negatively oriented type of motivation, refers to the firm's motivation to continue the relationship because it cannot easily replace its current partner and because it cannot obtain the same resource and outcomes outside its current relationship; this dimension posits commitment as a calculative act in which costs and benefits are examined. This partly relates to Gilliland and Bello (2002) who present three dimensions of commitment as follows; instrumental commitment, normative commitment and affective commitment. Instrumental commitment is where an actor is constrained by the costs and inconveniences of leaving the current collaboration. Normative commitment is based on the partner's value in the collaboration while affective commitment relates to commitment by the partner in relation the identification and the involvement with the others, when the commitment level is high, partners in collaboration want to continue. This progressively reduces optimism (Muhwezi, 2011).

2.3.5 Information sharing and commitment in buyer supplier relationship

The formal and the informal sharing of information through frequent two way dyadic inter-changes, also plays an important role in realizing the benefits of relationship (Ruyter, Moorman, & Lemmink, 2001). This agrees with Sanders, Autry and Gligor (2011) who reveal that processes of information acquisition, assimilation and conversation have become increasingly critical for organization; the knowledge derived from shared information as a primary competitive resource.

According to Sanders et al. (2001), through intense and frequent sharing of accurate information with suppliers, the buying firm harmonizes a competitive market force which leads to commitment in buyer supplier relationship. Kelley notes that through information sharing

exchanging parties come to understand better the outcome of mutual behavior (as cited in Doney, 1997). While open sharing of information leads to increased commitment in a relation (Anderson & Weitz, 1992).

2.3.6 Adaptation and commitment in buyer supplier relationship

Inter firm relationships in inevitably necessitates the adjustment by companies of resources or operations to ensure that some kind of match exists between two companies (Hallen, Johnson, & Seyed-Mohammed, 1991). This is important in attaining commitment in buyer supplier relationship.

Mohamed Points out, “adaptation occurs when one party in the relationship alters its processes or items exchanged to accommodate the other party. Both the buyer and supplier make adaptation to each other”(as cited in Wilson, e.d). Willison (e.d) noted that adaptation behavior, in the early states it will be a means to develop Trust, and solidify the relationship. Adaptation tends to bond the buyer and supplier in a tight relationship and create barriers for entry to a competing supplier. Hallen mentions that certainly adaptation requires partners to commit investments in a relationship in terms of human resource, technology, the product design. This makes partners hesitate to terminate the relationship hence attaining commitment (as cited in Wilson, 1995). This agrees with Wilson (1995) who notes that these non-retrievable investments (capital investment, training and equipment) cannot be recovered if the relationship terminates; the existence not only of these non-retrievable investments ‘but also the amount of stake, creates a hesitancy within the parties to terminate a relationship. According to Williamson,“the assumption of economic opportunism is inherent in transaction cost analysis in that a partner who has made a substantial non-retrievable investment may be at risk if appropriate safeguard

are not developed to stop exploitation of the at risk partner by the other partner”(as cited in Wilson,1995). This kind of situation will leave other at risk partner with no choice but to commit itself to the relationship.

2.3.7 Trust and commitment in Buyer-supplier relationships

Trust exists when one party has confidence in an exchange partners reliability and integrity. Morgan noted that “the outcome of trust, therefore is the firms belief that another company will perform actions that will result in positive outcomes for the firm as well as not take an unexpected actions that result in to negative outcomes”(as cited in Kwon & Suh, 2004).This aspect is very important in attaining commitment in a buyer-supplier relationship. This is in line with Kwon and Suh (2004) reveals that a successful supply chain relationship requires commitment among the supply chain partners and trust is a critical element to sustain such commitment. Zineldin notes “that increasing levels of trust is linked to relationship commitment” (as cited in Derek et al.,2012).While Kwon and suh (2004) reveal that no commitment is consummated unless the partners recognize the existence of the unbroken trust and they further noted that it is difficult to imagine a serious business commitment without Trust.

2.3.8 Information sharing, adaptation, Trust and commitment

Mackenzie states “the formal and informal sharing of information through frequent two-way dyadic inter-changes, also play an important role in realizing the benefits of relationship”(as cited in Ruyter, 2001). it’s also found out that information sharing reduces the level of behavioral uncertainty, which in turn improves the level of trust (Kwon & Suh, 2004).Many researchers have defined trust as concerning the partners two characteristics honesty and benevolence (Kwon & Suh, 2004). Kumar in his definition reveals that “trust exists when a firm believes its partner is

being honest and benevolent” (as cited in Kwon & Suh, 2004). Kwon and Suh (2004) further affirm that the level of commitment is strongly related to the level of trust. While Morgan and Hunt (1994) define commitment as an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it, which is committed parties believe that the relationship endures indefinitely. Ryu et al. (2009), further added that when companies collaborate, they open their information, knowledge and assets to their partners. In this respect Hallen points out that “Adaptation occurs when suppliers adapt to the needs of a specific important customer and that customers adapt to the capabilities of the specific suppliers” (as cited in Fynes, 2002). Fyness and Voss (2002), further adds that such adaptation frequently occurs by way of investing in transaction specific assets such as product/ process technology and human resources. This leads to commitment in buyer-supplier relationship.

2.4 Conclusion

Several studies and theories have established the relationship between information sharing, adaptation, trust and commitment in buyer-supplier relationship. It should be noted that most of the established relationships between the variables have been focused on developed countries. A study attempting to establish these relationships in less developed countries especially in Uganda is necessary for rational conclusions and their application.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This section discusses how the study was designed and carried out. It covers research design, the study population, data collection methods and instruments and how data was analyzed.

3.2 Research design

This study used a cross sectional survey design; it adopted a quantitative approach which focused on describing and drawing inferences from the findings on the relationship between information sharing, adaptation, trust and commitment in buyer-supplier relationship.

3.2.1 The Study Population and Sample Size

The study population consisted of 107,467 small and medium enterprises in Uganda. These shall be drawn from the listed sectors categorized under the following industrial groupings; Manufacturing, Trade, education, accommodation and food services. The sectorial classifications were obtained from Uganda Bureau of statistics as shown in the Table below;

Table 2- The Study population and sample size

Category/Industry	Small & Medium Population
Manufacturing	8,876
Trade	81,621
Accommodation & Food Services	13,728
Education	3,242
Totals Of The Population	107,467

Source: Uganda Bureau of statistics

Using the sampling frame of Krejcie and Morgan (1970), a sample of 384 SMEs was targeted. In addition, data was gathered from 1 supplier firm for each of the SMEs. This means that the researcher sought to get data from $384 * 2 = 768$ SMEs.

In line with the research of SMEs Yusof and Aspiwall point out that, “there is no consensus on the definition of SMEs, as variations exist between countries, sectors and even different governmental agencies within the same country” (as cited in Ntayi & Eyaa, 2011).In regard to the definition of SMEs as per the government of Uganda, A small enterprise is defined as an enterprise employing maximum 50 people; annual sales/revenue turnover of maximum Uganda shillings 360 million and total assets of maximum Uganda shillings 360 million. A medium enterprise is defined as an enterprise employing more than 50 people; annual sales/revenue turnover of more than Uganda shillings 360 million and total assets of more than Uganda shillings 360 million (Uganda investment Authority, 2011). This study will adopt the number of employees as a basis for the definition. An SME is identified as one that employees fewer than 250 staff (Ntayi & Eyaa,2011).

3.2.2 Sampling design and process

To obtain the specific respondent firms, a list of SMEs from Uganda small scale industries association (USSIA) and Uganda manufacturers Association (UMA) was attained. The respondent SMEs were selected using stratified and simple random sampling, stratified sampling was used since SMEs are categorized according to industrial groupings; from each stratum a sample representing the population was chosen using simple random sampling. This reduces bias on the selection of SMEs. The respondents were purchasing managers from the buying

organization and sales managers in the supplying organizations since they have relevant knowledge in the purchasing and supply respectively.

3.3 Data collection methods

Primary data was collected from respondents using a self-administered questionnaire and this enabled respondents to fill in their times of convenience. The questionnaire was designed according to the objectives and the study variables and responses to the questions were anchored on a five (5) point likert scales ranging from 5= strongly agree to 1= strongly disagree.

3.4 Measurements of variables

Based on literature, Information sharing was measured using the constructs of information sharing from the works of (Simatupang & Sridharan, 2004 a). And other items adapted from the works of Muhwezi (2010).

Adaptation was measured based on the works of (Sousa & Bradley, 2008).Who focused on: product adaptation, promotion adaptation, distribution adaptation and price adaptation.

Trust was measured according to the works of (Swan & Trawick, 1987).Who focused on: reliability, honesty, and competence among others.

Commitment was measured according to works of (Brown, Lusch, & Nicholson, 1995). (Gilliland & Bello, 2002).Who focused on: instrumental, normative, and affective commitment, among others.

3.5 Data reliability and validity

Validity of the instrument was obtained using the content validity index (CVI). This confirms the dimensions of the concepts under study which are operationally defined, to ensure appropriateness of results. To ensure the reliability of data collection instrument, The Cronbach Alpha method, used for assessing the internal consistency was used to compute the reliability of

measures of variables of the study using various questionnaires items administered to respondents (Sekaran, 2006). And the results were as shown in the table below;

Table 3 - Data reliability and validity

<i>Variable</i>	<i>Number of Items</i>	<i>Cronbach Alpha Coefficient</i>	<i>Content Validity Index</i>
Information sharing	24	.919	.833
Trust	14	.911	.786
Adaptation	10	.841	.800
Commitment in B-S Relationships	12	.879	.750

Source: Primary Data

The results in the table above indicated that the research instrument was both valid and reliable. This is easy to deduce from the Cronbach Alpha and Content Validity indices which were above 0.700 for all the study variables.

3.6 Data Analysis

Data was compiled, sorted, classified and entered into the computer analysis using statistical packages for social scientists (SPSS). A cross tabulation and correlation analysis was carried out to present the background information against the study variables and establish the strength of the relationship between variables. Regression analysis was used to determine variance in the dependent variable that is explained by the independent variable.

3.7 Limitation

- Lack of cooperation from respondents especially those who considered the information confidential. The researcher assured the respondent of the confidentiality of their information by presenting an introductory letter from Makerere University Business School.

- The use of a questionnaire for data collection had a limitation of the amount of data collected. There was a likely hood that relevant data could not be captured because of the use of close ended questions
- The sample study was drawn from only four industries in the nation for the SMEs and yet there are many industries left out, which when studied may give a different result.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION OF THE FINDINGS

4.1 Introduction

This chapter deals with presentation, analysis and interpretation of the data collected from the respondents. The chapter covers the demographic information about respondents and the relationships between the study variables which were presented using results, correlation and regression analysis. This presentation was guided by the following research objectives;

I. To examine the relationship between information sharing and commitment in Buyer-supplier relationship.

II. To establish the relationship between Trust on commitment in Buyer-Supplier relationship.

III. To examine the relationship between Adaptation and commitment in Buyer-supplier relationship.

3 To establish the relationship between information sharing, Adaptation, Trust and commitment in Buyer-supplier relationship.

4.2 Background characteristics of individual respondent

4.2.1 Distribution of Respondents by Gender

The results in the table below show the nature of the distribution observed when the gender variable was run for both the Buyer firms and the Supplier firms.

Table 4- Distribution of respondents by Gender

		Respondent Category		Total	
		<i>Buyer Firms</i>	<i>Supplier Firms</i>		
Gender	Male	Count	124	111	235
		Column %	58.2%	52.1%	55.2%
	Female	Count	89	102	191
		Column %	41.8%	47.9%	44.8%
Total	Count	213	213	426	
	Sample %	50.0%	50.0%	100.0%	

Source: Primary Data

Results show evidently that the majority of the respondents were male (55.2%) while the females constituted 44.8%. Among the Buyer firms, the greatest percentage was the males (58.2%). This trend was observed even among the supplier firms where the males still dominated the category (52.1%).

4.2.2 Distribution of the respondents by Age

The results in the table below show the age groups of the respondents who participated in the study for both the Buyer and supplier firms

Table 5 - Distribution of respondents by Age

		Respondent Category		Total
		<i>Buyer Firms</i>	<i>Supplier Firms</i>	
21 - 25 yrs	Count	50	24	74
	Column %	23.5%	11.3%	17.4%
26 - 30 yrs	Count	87	45	132
	Column %	40.8%	21.1%	31.0%
31 - 35 yrs	Count	42	61	103
	Column %	19.7%	28.6%	24.2%
36 - 40 yrs	Count	22	67	89
	Column %	10.3%	31.5%	20.9%
Above 40 yrs	Count	12	16	28
	Column %	5.6%	7.5%	6.6%
Total	Count	213	213	426
	Sample %	50.0%	50.0%	100.0%

Source: Primary Data

The results indicated that the majority of the respondents were of age bracket of 26-30 years (31.0%) of which a majority of these were from the buyer firms with (40.8%) and suppliers only had (21.1%). In a nutshell, it was observed that the majority of the respondents were of the age bracket of 26-30 years, while the least of the respondents were from the age bracket of above 40 years (6.6%). This result reveals that most of the SMES are managed by younger persons with ages ranging from 26-30 years.

4.2.3 Distribution of respondents by the highest level of education

The table below shows the highest level of education of the respondents by category distribution in the Buyer firms and Supplier firms;

Table 6–Distribution of respondents by highest level of education

		Respondent Category		Total	
		<i>Buyer Firms</i>	<i>Supplier Firms</i>		
Highest Level of Education	Primary	Count	3	6	9
		Column %	1.4%	2.8%	2.1%
	Secondary	Count	32	36	68
		Column %	15.0%	16.9%	16.0%
	Certificate	Count	44	58	102
		Column %	20.7%	27.2%	23.9%
	Degree	Count	90	56	146
		Column %	42.3%	26.3%	34.3%
	Post Graduate	Count	21	28	49
		Column %	9.9%	13.1%	11.5%
	Others	Count	23	29	52
		Column %	10.8%	13.6%	12.2%
	Total	Count	213	213	426
		Sample %	50.0%	50.0%	100.0%

Source: Primary Data

The result indicated that there was a dominance of the degree holders with (34.3%), while (2.1%) had primary education as their highest level of education reached, which presented the least respondents. Those which had secondary education, certificates, post graduate and others had 16.0%, 23.9%, 11.5% and 12.2% respectively.

Furthermore while the highest respondents had degrees (34.3%) the buyer SMEs comprised of 42.3% and suppliers SMEs had 26.2%. Primary education had Buyer firms having 1.4% and supplier firms had 2.8%. This implies most persons with degrees are managing or owning the SMEs.

4.2.4 Distribution of respondents by Work experience

The results below show the work experience of the respondent SMEs of the distribution observed for both the buyer and supplier firms.

Table 7 -Distribution of respondents by Work experience

		Respondent Category		Total	
		Buyer Firms	Supplier Firms		
Work experience	Less than 1 year	Count	19	7	26
		Column %	8.9%	3.3%	6.1%
	1 - 3 yrs	Count	80	41	121
		Column %	37.6%	19.2%	28.4%
	4 - 5 yrs	Count	44	61	105
		Column %	20.7%	28.6%	24.6%
	6 - 8 yrs	Count	33	63	96
		Column %	15.5%	29.6%	22.5%
	Over 8 yrs	Count	37	41	78
		Column %	17.4%	19.2%	18.3%
	Total	Count	213	213	426
		Sample %	50.0%	50.0%	100.0%

Source: Primary Data

A majority of the respondents had been employed for 1-3 years (28.4%), while those who worked less than 1 year had only 6.1% had the least respondents. Others which worked for 4-5 years, 6-8 years and over 8 years had 24.6%, 22.5%, 18.3% respectively.

The respondent that worked for 1-3 years had buyer firms and supplier firms having 37.6%, 19.2% respectively; those that had been employed for less than a year had 8.9% and 3.3% for the Buyer and supplier firms respectively. While those that had worked for 4-5 years constituted 20.7% and 28.6% for Buyer and supplier firms respectively. Respondents with 6-8 years of existence in the firm had 15.5% and 29.6% for Buyer and supplier respectively. SMEs

which worked in the Businesses for over 8 years comprised of 17.4%, 19.2% for both Buyer and supplier firms respectively.

Most respondents had worked in the firms for 1-3 years which comprised of 28.4% of the sample and the lowest number of the respondents had worked for less than a year(6.1%), the rest of the respondents had 24.6%,22.5% and 18.3% that is (4-5) ,(6-8)and over 8 years respectively. This result revealed that a majority of the respondents worked in the SMEs in question for (1-3) years.

4.2.5 Position of the respondents in the firm

The positions of Participants in the study are indicated in the table below in regard to the following titles owner manager, manager, department head, and employee.

Table 8–Distribution of Respondents by Position in the Firm

		Firm Category		Total	
		<i>Suppliers</i>	<i>Buyers</i>		
Position of Respondent	Owner Manager	Count	46	34	80
		Column %	21.6%	16.0%	18.8%
	Manager	Count	41	37	78
		Column %	19.2%	17.4%	18.3%
	Department Head	Count	42	50	92
		Column %	19.7%	23.5%	21.6%
	Employee	Count	84	92	176
		Column %	39.4%	43.2%	41.3%
	Total	Count	213	213	426
		Sample %	50.0%	50.0%	100.0%

Source: Primary Data

The results reveal that most of the respondents were employees (41.3 %) while the least respondents where managers employed in the firms (18.3%) of the sample, owner Manager and

departmental head had 18.8 %, 21.6% respectively. Employees had 43.2% being buyers and 39.4% of the respondents were suppliers.

4.3 Background characteristics of respondent SMEs

4.3.1 Distribution of respondents by number of employees

The results below show the number of employees of respondent firms by category distribution of the Buyers and suppliers.

Table 9 - Distribution of respondents by number of employees

		Category		Total	
		<i>Buyer</i>	<i>Supplier</i>		
Number of Employees	Less than 15	Count	106	45	151
		Column %	49.8%	21.1%	35.4%
	16 - 30	Count	49	88	137
		Column %	23.0%	41.3%	32.2%
	31 - 50	Count	35	40	75
		Column %	16.4%	18.8%	17.6%
	Above 50	Count	23	40	63
		Column %	10.8%	18.8%	14.8%
	Total	Count	213	213	426
		Sample %	50.0%	50.0%	100.0%

Source: Primary Data

The result indicate that most SMEs employ less than 15 employees with percentage of the buyer firms having less than 15 employees (49.8%) while the Suppliers have (21.1%). Very few Firms employ workers above 50, While SMEs which had employees 16-30 and 31-50 were represented with 32.2% , 17.6% respectively.

4.3.2 Capital and Business Turn over

The results in the tables below show the capital and business turnover of participants in the study

Table 10 - Capital and business turnover of the Buyer SMEs

The table below highlights the Capital and business turnover of the SMEs of the Buyer SMEs

Capital and Business Turn Over			
Values indicated in Billions (N = 213)	N	Mean	S.D
Capital	213	.418	1.520
Turn Over	213	.116	0.996

Source: Primary Data

Results showed that the mean value for the capital among these businesses was .418 billion while the mean value for the Turnover was noted at .116 Billions.

Suppliers Capital and Business Turn Over

The results for the Annual Sales/ Revenue Turnover, Total Assets and the Capital investment and all these were in millions of Uganda Shillings. The codes for these were such that 1 represents Less than 12 m, 2 represent 12 - 360 m and 3 represents More than 360 m.

Table 11- Capital and business turnover of the supplier SMEs

figures indicated in millions	N	Mean	SD
Annual Sales	213	2.02	.62
Total Assets	213	2.17	.74
Capital	213	2.08	.63

Source: Primary Date

These results show that on average for these suppliers, the Annual Sales (Mean = 2.02), the total assets (Mean = 2.17) and their capital (Mean = 2.08) are all between 12 – 360m

4.3.3 Distribution of respondents by Period of the Firms operation

The table below shows the period for which the business has operated and category distribution

Table 12–Distribution of respondents by Period of the Firms operation

		Firm Category		Total	
		Suppliers	Buyers		
Period for which the Business has Operated	Less than 1	Count	3	15	18
		Column %	1.4%	7.0%	4.2%
	1 - 3	Count	20	27	47
		Column %	9.4%	12.7%	11.0%
	4 - 5	Count	36	43	79
		Column %	16.9%	20.2%	18.5%
	6 - 8	Count	52	49	101
		Column %	24.4%	23.0%	23.7%
	More than 8	Count	102	79	181
		Column %	47.9%	37.1%	42.5%
	Total	Count	213	213	426
		Sample %	50.0%	50.0%	100.0%

Source: Primary Data

The results reveal that most firms had operated business for more than 8 years (42.5%) while the least respondent firms had operated for less than one year. For the firms which had been in operation for more than 8 years had most of them being suppliers 47.9% and Buyers had only 37.1%

4.4 Relationship Between the study variables

The Pearson (r) correlation coefficient was used to examine the nature of the relationship between the study variables. The results were shown in the table below;

Table 13 - The relationship between variables

	1	2	3	4
Information sharing-1	1.000			
Trust-2	.332**	1.000		
Adaptation-3	.475**	.215**	1.000	
Commitment in Buyer-supplier relationships-4	.552**	.355**	.214**	1.000

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

Source: Primary Data

4.4.1 The relationship between Information Sharing and commitment;

A significant positive relationship was noted to occur between information sharing and commitment in buyer supplier relationships ($r = .552, p < .01$). The results show that there is a strong relationship between information sharing and commitment in buyer –supplier relationship.

4.4.2 The relationship between trust and commitment

The results in the table reveal that trust had a significant positive relationship with commitment ($r = .355, p < .01$). The results imply that there is a strong relationship between trust and commitment in buyer- supplier relationship.

4.4.3 The relationship between adaptation and commitment

The results in the table reveal that adaptation was significantly positively related to commitment in buyer-supplier relationship ($r = .214, p < .01$). These results indicate that there is a strong relationship between adaptation and commitment in buyer-supplier relationship

4.4.4 The relationship between information sharing, adaptation, trust and commitment

Significant Positive relationships were noted as all the variables being Information Sharing, Adaptation and Trust, were positively related not only to each other but to Commitment. These results show that all the three variables have a strong relationship with each other and commitment.

4.5 Regression Model

The regression model results show the degree to which Information Sharing, Trust and Adaptation can predict Commitment in Buyer-Supplier Relationships

Table 14 - Regression Model

<i>Model</i>	<i>Unstandardized Coefficients</i>		<i>Standardized Coefficients</i>	<i>t</i>	<i>Sig.</i>
	<i>B</i>	<i>Std. Error</i>	<i>Beta</i>		
(Constant)	1.070	.293		3.652	.000
Information sharing	.518	.066	.518	7.895	.000
Trust	.256	.065	.233	3.942	.000
Adaptation	.042	.032	.083	1.292	.198
Dependent Variable: Commitment in Buyer-supplier relationships					
R	.597				
R Square	.356				
Adjusted R Square	.347				
Std. Error of the Estimate	.382				
F Statistic	37.784				
Sig.	.000				

Source: Primary Data

Results show that the Information Sharing and Trust are significant predictors and can predict up to 34.7% of the variance in the Commitment In Buyer-Supplier Relationships (Adjusted R Square =.347). While adaptation is not a significant predictor of commitment. The regression model was statistically significant (sig. <.01).

4.5.1 Information sharing and commitment

Information sharing was noted to be a significant predictor of commitment in buyer supplier relationships (sig .000). The results show that if there is adequate sharing of information on requirements in regard to clarifying the definition of need, to offer details like maintenance and repair, volumes needed and market research, this will enhance the commitment that suppliers and buyers have in the Buyer Supplier relationship. In addition, if information sharing on issues such as invoice processing, payment process, late and faulty deliveries, contract quality and

performance and not forgetting making clear issues regarding after sales services is done effectively commitment in buyer-supplier will be attained.

4.5.2 Trust and commitment

The results in the table reveal that trust was a significant predictor of commitment (sig .000). These results show that if the suppliers meet the deadlines suggested by buyers, supply exact amounts of products needed, and maintain timely deliveries the buyers will increasingly trust and consider these suppliers to be very reliable, people of integrity and worth dealing with in future. Further if buyer-supplier relationship issues reflecting trust such as honesty, sincerity about the quantities supplied, sharing information about changes in delivery time and information on products supplied, are part of the buyer-supplier relationships, the buyers shall be convinced that this is a relationship they have to stick to and support with a lot of commitment.

4.5.3 Adaptation and commitment

The results reveal that adaptation was not a significant predictor. This implies that though adaptation aspects are incorporated in a buyer supplier relationship commitment will not be attained significantly.

CHAPTER FIVE

DISCUSSIONS, CONCLUSIONS AND RECOMMEDATIONS

5.1 Introduction

This chapter presents the discussions, conclusions and recommendations drawn from the study findings chapter four. It's organized in the following three sections; Discussions and conclusions related to the research objectives, recommendations these are also in line with the findings, while the third section presents areas of further study.

5.2 Discussions of research findings

5.2.1 The relationship between information sharing and commitment

The results indicate that there was a significant positive relationship between information sharing and commitment in buyer-supplier relationship and information sharing was a significant predictor of commitment in buyer-supplier relationship. This implies that when buyer-suppliers decide to share relevant information in the process of transacting business with each other this will promote commitment in their relationships. These findings are in line with Sanders et al. (2001), who assert that through intense and frequent sharing of information with suppliers the buying firm harmonizes a competitive market force which leads to commitment in buyer-supplier relationships. This is further supported by Gundlach stated that "information sharing also reduces opportunistic behavior, increases commitment and fosters the long-term relationships" (as cited in Biggeman, 2012).

For example results reveal that if there is clarity in definitions of needs, details on maintance and repairs, volumes needed which is the basic business process commitment will be

attained. This finding is confirmed by Simatupang and Sridharan (2002) that the data which are most often shared include the availability of resources (e.g capacity, inventory, funds and capability), the status of performance (e,g time ,quality, costs and flexibility),the status of process(e.g. forecasting, ordering, delivery, replenishing and servicing) and status of contract. This is also in agreement with YI-Ming Tai (2011) who stated that if a supplier can keep an enterprise customer fully informed about issues that will affect the customers' business, the customer will feel the supplier is responsive to its needs and that the relationship is worth maintaining. This was also supported by Eckerd and Hill (2011) who reveal that information exchange between buyer and supplier networkers can assist in deterring perceived unethical behavior while fostering long-term commitment.

5.2.2 The relationship between trust and commitment in buyer-supplier relationship

The results reveal that trust had a significant positive relationship with commitment as well as being a significant predictor. This implies that if SMEs decide to trust each other in their transactions commitment in buyer-supplier relationship will be released. These results are consistent with Morgan and Hunt (1994) who noted that trust is found to lead to a high level of commitment to a bargaining partner, this further agrees with Achrol and Ravi (1994) who argues that trust is a major determinant of relationship commitment. In the same vein Kwon and Suh (2004) reveal that a successful supply chain relationship requires commitment among supplier chain partners and trust is a critical element to sustain such commitment. The result is further supported by zineldin that “increasing level of trust is linked to relationship commitment” (as cited in Derek et al., 2012).

5.2.3 The relationship between adaptation and commitment

Adaptation was not a significant predictor of commitment in buyer supplier relationship. This implies that if SME'S decide to change their business operations to meet specific needs of each other; commitment in their buyer supplier relationships will not significantly be attained.

5.2.4 The relationship between information sharing, adaptation, trust and commitment

The findings indicated that information sharing and trust are significant predictors of commitment in buyer –supplier relationship: while adaptation is not a significant predictor This implies that if buyers and suppliers decide to share relevant information with each other, and practice attributes of trust in their dealings with each other, its vivid that commitment in buyer-supplier relationship will significantly be attained; while changing business operations and processes to meet each other's needs will led to commitment though not significantly. These results are in agreement with Gundlach who argued that information sharing also reduces opportunistic behavior, increases commitment and fosters the establishment of long-term relationships (as cited in Biggeman,2012). This is further supported by Biggeman (2012) he noted that first mutual disclosure is the party's willingness to exchange meaningful information, and then trust starts to grow, generating a sense of obligation in the counterpart to reciprocate. Cannon supported this argument by asserting that “open sharing of information is indicated by the willingness by both parties to share important information, however lack of trust can be translated to be unwilling to share information” (as cited in Hsiao et al., e.d). In the same vein Morgan & Hunt (1994) noted that trust is found to lead to a higher level of commitment to the bargaining partner.

Adaptation showed a positive significant relationship with commitment was supported by Konstantinos and Efthinos (2013) they argued that the resource invested in performing such adaptation cannot be transferred elsewhere and they further note that even if product adaptation

leads to enhanced sales, these may not be enough to counter adaptation costs. And Williamson (1991) adds that such an act can signal commitment and results in a company being considered more trustworthy by the exchange partner.

5.2.5 Conclusions

Generally, the study has examined the relationship between, information sharing, adaptation, trust and commitment in buyer-supplier relationships in the Ugandan SMEs. Particularly the study examined the dimensions of information sharing, adaptation and trust of which information sharing and trust were found to be significant predictors of commitment in buyer-supplier relationships while adaptation is not a significant predictor. However information sharing, adaptation and trust are found to be positively significantly related to commitment in buyer-supplier relationship.

Finally, the relation between information sharing, adaptation, trust and commitment in buyer-supplier relationship is evident in that when SMEs decide to share relevant information in their business processes, make necessary adjustments to meet the partners' needs and apply attributes of trust in their business dealings commitment in their relations will be released.

5.3 Recommendations

In view of the research findings, the following recommendations are made;

- ❖ The research findings indicate that SMEs need to share information in all their major transactions with each other. This implies that this can help them attain commitment in their relationships or not. SMEs should share information on aspects like definitions of needs, details like maintenance and repair, volumes required, market research. They should further share information in areas like invoice processing, the payment process and aspects on transactional and contract management. Information should be shared by buyers and

suppliers by having collaborative meetings where detailed information is shared freely and unclear circumstances resolved more regularly, also Buyer-supplier collaborative websites could be put in place for the case of distant suppliers where they can access relevant information on a daily basis and interfacing in situations of lack of understanding.

- ❖ Managers of SMEs should incorporate attributes of trust in their relations with each other. This includes honesty, sincerity among others. SMEs should incorporate aspects of trust as part of their general practice in business by introducing these in their policies and penalties put forward in case of breach. This can be done through signing common agreements and organizing seminars geared to pass moral and ethical behaviors which inform SMEs of their benefits which accrue in business.
- ❖ Efficiency in contract delivery should be emphasized by SMEs in their relations: These include aspects like; meeting deadlines suggested by the buyers, supply of exact amounts of the product required and ensuring deliveries are made timely; since this has been found to give suppliers to be viewed as persons of integrity. Managers of SMEs need to consider these issues when transacting business with each other. This could be enforced by using contracts stipulating all aspects required and clauses showing penalties in case of breach of contract should be made clear to both parties.

5.4 Areas of further research

- i. Buyer-supplier relationship Management and commitment in the buyer's perspective.
- ii. Information sharing, trust, commitment in business relations as a competitive advantage.
- iii. The role of commitment in buyer-supplier relationship as a source of Economic growth in developing countries.
- iv. Trust in buyer-supplier relationship and the challenge of adaptation in public entities.

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Appendix 1

MAKERERE UNIVERSITY GRADUATE AND RESEARCH CENTRE

Dear Sir/ Madam,

Please kindly spare some of your time and respond to the following questions. The purpose of the study is to investigate “**INFORMATION SHARING, ADAPTATION, TRUST AND COMMITMENT IN BUYER-SUPPLIER RELATIONSHIPS IN THE UGANDAN SMES**”: The information that is collected with this questionnaire will be kept confidential and it is for academic purposes only. Please indicate by ticking the number that best represents what you think. Thank you for your kind support.

SECTION 1: Background DETAILS

Please tick the most appropriate box in respect to the following items.

1. Name of Buyer/supplier _____

2. Category of respondent. Buyer 1 Supplier 1

3. Gender Male 1 Female 2

4. Age group

<i>Age Group</i>	21-25	26-30	31-35	36-40	Above 40
Code	1	2	3	4	5

5. Please indicate the level of your Highest Academic Qualification

<i>Level</i>	Primary	Secondary	Certificate	Degree	Post Graduate	Others
Code	1	2	3	4	5	6

6. Work Experience in the Firm

<i>Experience (yrs)</i>	Less than 1year	1-3 yrs	4-5 yrs	6-8 yrs	Over 8 yrs
Code	1	2	3	4	5

7. Number of full time workers/ Employees

<i>Employees</i>	Less than 5	5- 49	50 - 99	100 & above
Code	1	2	3	4

8. Size of business;

9.	<i>Please rate once for each measure accordingly</i>	Less than 12 m	12 - 360 m	More than 360m
	a.) Annual Sales/Revenue turnover in millions	1	2	3
	b.) Total Assets in millions	1	2	3
	c.) Capital investment in millions	1	2	3

d) for which the business has been running

Age Business	Less than 1year	1-3	4-5	6-8	More than 8
Code	1	2	3	4	5

10. Position of respondent

Position	Owner Manager	Manager	Department Head	Employee
Code	1	2	3	4

SECTION: B- *Please answer the following questions appropriately. This should be in relation to Buyer/supplier under study. For each of the statements, please tick once to reflect your level of Agreement or Disagreement.*

Part 1: Information sharing

	Part 1: Information sharing	Strongly Disagree-1	Disagree-2	Not Sure-3	Agree-4	Strongly Agree-5
1	We share information on definition of what needs to be purchased /sold with our suppliers/Buyers.	1	2	3	4	5
2	We share information on requirements our suppliers/buyers need to meet in its offer including maintenance and repair.	1	2	3	4	5
3	We share information about the volumes of requirement with our suppliers/Buyers.	1	2	3	4	5
4	Our suppliers /buyers freely share important information on market research.	1	2	3	4	5
5	The selection criteria information is freely shared by us with our suppliers/buyers	1	2	3	4	5
6	We share information about the important aspects which must be incorporated in suppliers/buyers proposals/offers	1	2	3	4	5
7	We share information on the measurements used in the evaluation of proposals/offers with our suppliers/buyers	1	2	3	4	5
8	We willingly share information on the legal implications on contracts to be signed with our suppliers/buyers	1	2	3	4	5
9	Our suppliers/buyers and us freely discuss on the type of contract to be employed for a particular purchase/sale	1	2	3	4	5
10	We always inform the affected persons/departments of our suppliers/buyers of the content of the contract to be signed	1	2	3	4	5
11	We share information with our suppliers/buyers of the possibility and procedures pertaining contract amendments	1	2	3	4	5
12	We share information on expected frequency of orders with our suppliers/buyers	1	2	3	4	5

13	Information about the volume of the order required in a particular delivery is shared by us with our suppliers/buyers	1	2	3	4	5
14	We share information on the time of delivery of orders with our suppliers/buyers	1	2	3	4	5
	Part 1: Information sharing	Strongly Disagree-1	Disagree-2	Not Sure-3	Agree-4	Strongly Agree-5
15	We share information on where and to whom orders are to be delivered to	1	2	3	4	5
16	We share information about the incoming invoice processing/what should be incorporated in it	1	2	3	4	5
17	We share information about the expected payment process with our suppliers/buyers	1	2	3	4	5
18	Information on late and faulty deliveries is shared freely with our suppliers/buyers.	1	2	3	4	5
19	We share information on quality and performance of the contract with our suppliers/buyers.	1	2	3	4	5
20	We share Information on the supplier /buyers evaluation results and recommendations for improvements with our suppliers/buyers.	1	2	3	4	5
21	We share information on supplier /buyer invoice verification with our suppliers/buyers.	1	2	3	4	5
22	We share information on how to handle claims with our suppliers/buyers	1	2	3	4	5
23	We share information on any addition or reduction of work with our	1	2	3	4	5
24	We share information on after sales services required with our suppliers/buyers	1	2	3	4	5
	Part 2: Adaptation					
1	Our suppliers/buyers are willing to change product lines to meet our needs.	1	2	3	4	5
2	Our suppliers/buyers are willing to customize/accept new product features for us.	1	2	3	4	5
3	Our suppliers/buyers are willing to adjust /accept new packaging to suit our needs.	1	2	3	4	5
4	Our suppliers/buyers are willing to change their sales force structures for us.	1	2	3	4	5
5	Our suppliers/buyers are willing to change their adverting budget to meet our	1	2	3	4	5
6	Our suppliers/buyers have adapted to personnel selling to meet our unique needs.	1	2	3	4	5
7	Our suppliers/buyers are willing to adjust the roles of their middlemen for our sake	1	2	3	4	5
8	Our suppliers/buyers are willing to change their transportation strategy to meet our transportation needs.	1	2	3	4	5
9	Our suppliers/buyers are willing to adjust their delivery/receipt process to suit us	1	2	3	4	5
10	Our suppliers/buyers are willing to change channels of distribution to meet our specific distribution requirement.	1	2	3	4	5
11	Our suppliers/buyers are willing to change their profit margins to meet our end customer needs.	1	2	3	4	5
12	Our suppliers/buyers are willing to change their discount policy in our favor.	1	2	3	4	5
13	Our suppliers/buyers are willing to offer sales credit terms/advance payment anytime we request for them.	1	2	3	4	5

14	Our suppliers/buyers pricing strategies depend a lot on company's purchasing strategies.	1	2	3	4	5
	Part 3: Trust	Strongly Disagree-1	Disagree-2	Not Sure-3	Agree-4	Strongly Agree-5
1	Our suppliers/buyers always meet the deadlines suggested	1	2	3	4	5
2	Our suppliers/buyers always supply/receive exact amounts needed	1	2	3	4	5
3	Our suppliers /Buyers supply/receive good quality products	1	2	3	4	5
4	Our suppliers/buyers always bring /receive product on the time expected	1	2	3	4	5
5	Our suppliers/buyers always inform us of any changes in quantities given/received	1	2	3	4	5
6	Our suppliers/buyers always inform us of any changes in time of delivery/receipt	1	2	3	4	5
7	Our suppliers/buyers always provide us with any information concerning the products	1	2	3	4	5
8	Our suppliers /us buyers provide /receive high quality product	1	2	3	4	5
9	The staff of our suppliers/buyers have good customer care	1	2	3	4	5
10	Our suppliers/buyers provide /buy products with the best prices compare to others	1	2	3	4	5
	Part 4: Commitment					
1	We are afraid of what might happen if we leave this relationship now	1	2	3	4	5
2	We need to keep collaborating with our major suppliers/buyers	1	2	3	4	5
3	We are willing to invest in suppliers/buyers specific assets so as to keep the current relationship.	1	2	3	4	5
4	The reason we collaborate with our suppliers/buyers is because of the values they stand for.	1	2	3	4	5
5	Over time our values and those of our suppliers/buyers have become similar	1	2	3	4	5
6	If the values for the suppliers /buyers we collaborate with changes, we would not be attached to them.	1	2	3	4	5
7	The objective of our suppliers/buyers are important to us	1	2	3	4	5
8	We feel our suppliers/buyers view us as being an important buyer/supplier	1	2	3	4	5
9	There is a strong involvement in our company's affair by our suppliers/buyers	1	2	3	4	5
10	We take up our collaboration with our suppliers/buyers as a great relationship to be connected	1	2	3	4	5
11	Our suppliers/buyers identify themselves with our company's aims and objectives	1	2	3	4	5
12	We are proud to associate with these suppliers/buyers	1	2	3	4	5

THANK YOU



MAKERERE UNIVERSITY BUSINESS SCHOOL

Plot M118, Portbell Road, P. O. Box 1337, Kampala - Uganda
Phone: Direct Line: +256-414-222545; General Line: +256-414-338120; Fax: +256-414-505921

Graduate & Research Centre

August 21, 2013

TO WHOM IT MAY CONCERN

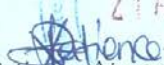
Dear Sir/ Madam,

RE: ALOI KIN STELLA MPSCM REG.No 2011/HD10/3793U

The above named is a student of Makerere University Business School, pursuing studies leading to the award of Master of Science in Procurement and Supply Chain Management of Makerere University. She joined the School in 2011 and has completed the course work component of the programme and currently doing research on the topic; **"Information sharing, adaptation, Trust and Commitment in Buyer -Supplier relationships in the Ugandan SMEs."**

Any assistance rendered to her will be highly appreciated.

Thank you.


Patience Atwongyere.
Graduate and Research Centre

