CHAPTER 8
FINDINGS AND SUGGESTIONS

This chapter summarizes the findings of the study and discusses the implications ensuing from it. A brief review of the findings of the study is presented at first. Based on the results, the suggestions for procuring organizations while managing relationship with suppliers have been made. Finally, the direction of future research emanating from the study is deliberated.

8.1 MAJOR FINDINGS OF THE STUDY

- The close type of relationship exists between the buyer and the key-input supplier surveyed, for which the critical incidents reported by the buyer have been congregated. More positive incidents (139) as compared to negative incidents (34) are reported which suggest that ‘close’ relationship exists between the buyer and key-input supplier but this relationship is dependent more on personal and power elements and less on mutual and intense elements.

- The factors of relationship between the buyer and the key-input supplier are as follows:
  - The trust between the two parties is inculcated when the key-input supplier is sincere, reliable, consistent and straightforward and shows low level of sub-optimization.
  - For long term orientation, the sense of courtesy, open-mindedness to share, intensity to assist and assurance of bright future are required.
  - In case of development, the buyer need to directly assist, support, regulate and augment the key-input supplier.
The buyer expects the conduct of coordination and cooperation from the key-input supplier in the form of dedication, assistance and commitment for the buyer.

To enhance the level of information sharing with the key-input supplier, the proper exchange of information, reliability to share and use of technology for quick sharing are followed by buyers.

To govern the relationship the buyer believes in applying the principles of deal-formulation and structural-mode.

The buyer perceives that the relationship with key-input supplier is beneficial when it results in proper delivery of orders, value addition to the products ordered, alterations made in time of need, consistency in orders and flexibility in volumes and schedules to the advantage of buyer.

- The criteria used in supplier selection and evaluation are based on priority and percentage norms followed by the buyer. It is found that Quality, Delivery and Manufacturing capabilities of the Supplier are the most considered ones and least considered criteria are: Financial affiliation, Learning curve, Value analysis/value engineering.

- The model for BSR is proposed depicting the aspects linkages. The model developed (eq. 8.1) depicts the significant association of trust, elements for long term orientation, cooperation and coordination and information sharing with the benefits accrued from the relationship and no significant association of supplier development, governance mechanisms and length of years of association with the BSR benefits. It is represented as:

\[
BSR\;BEN = 2.228 + 0.472\,(CoCo) + 0.144\,(INFO) + 0.328\,(LTO) + 0.190\,(TRU) \quad \cdots\; (8.1)
\]
• For further associations among the aspects of BSR, the path analysis suggests that the years of association between the buyer and key-input supplier influence information sharing, cooperation and coordination and trust. The trust between the two organizations contributes to long term orientation which further enhances the level of cooperation and coordination which lead to benefits reaped by the buyer. Governance mechanisms followed influence the information shared between the two organizations which further stimulate the benefits reaped. Although governance mechanisms may impact the length of association in years between the two organizations but it may hamper the level of coordination and cooperation. The buyer may be ready to develop the supplier if higher levels of information sharing, cooperation and coordination and long term orientation are seen between the buyer and the supplier.

8.2 SUGGESTIONS

• BSR is still a critical issue (Cousins and Spekman, 2003) at corporate level. This study is a phenomenal step to understand the underlying relationship intricacies and making thoughtful relationship decisions. The buyer organizations which possess the knowledge and expertise to focus on managing close relationship with the suppliers providing strategic material or services to the buyer can use relationship as a source of benefits received. Therefore, organizations are advised to build a systematic strong supplier relationship in order to improve the relationship quality. From a practical standpoint, procuring executives must be aware of the criticality of the product procured from suppliers so as to give special focus to these key-input suppliers.
as it is not easy and feasible by the buyer to develop ‘close’ relationship with all suppliers.

- The relationship characteristics mentioned in the study must be used by the buyer to develop the relationship on these parameters so as to generate the strong bond between the two parties. Strengthening the relationship on the basis of these characteristics may help in improving the quality of relationship they are sharing. For enhancing the strategic level of relationship mutuality and intensity from both the parties may catalyze the process of building a better relationship.

- For evolving the association from transaction to relationship orientation, the conducts are required which have been investigated in the form of factors of different aspects of BSR in this study. The focus on these factors will streamline the course of conduct followed by the buyer to enhance the relationship characteristics expressed. The factors of benefits accrued from the relationship like proper delivery, value addition, ability to alter, consistency and flexibility can be used in identifying the areas of profitability which establishes the strong link between supplier relationship and supplier performance.

- Selecting and evaluating the supplier on the basis of certain logical criteria can augment the efficiency and responsiveness of not only the buyer firm but also the whole supply chain. The criteria surveyed can be wisely used by the buyer organizations according to their importance and criticality of the product to be procured. Dependency on cost features only for selection can be extended to focusing on other important criteria identified like quality conformance, manufacturing capability, technological capability and design/engineering
capability so as to have the relationship with ‘right’ kind of supplier. To face the effect of ever changing demand and shrinking product life cycles, the buyer has to select the supplier on the basis of learning curve and value analysis/value engineering abilities of supplier as the supplier with these knowledge and skills may help in innovation, differentiation and more product variety. Even for long term sustainability, the agile and leagile concept need to be followed which are applicable only when the suppliers are also aware of the required parameters for the system. The other criteria surveyed also present the picture of supplier selection and evaluation followed by the procurement division which may be used by the organizations for further formation of relationship with the supplier. Also, the potential of a supplier should be judged taking into consideration his performance after extending required assistance.

- The model (eq. 8.1) can be used while analyzing the linkages of different aspects of BSR on benefits accrued by the organization. So, the organizations should focus more on developing trust as it may help the buyer to focus on core activities without any fear of risk and uncertainty. Trust also helps in reducing the paper work and substitutes the formal governance mechanisms to be used for maintaining the relationship. The benefits accrued increase with the level of cooperation and coordination which is inculcated via long term orientation. Also governance mechanisms used should not be rigid as they may hamper the coordination and cooperation and further accruing of benefits. The supplier development is still an awaited initiative as the buyers could not link it with benefits, but for future sustainability supplier development initiative should be taken by the buyer as it will create the platform of
innovation and pro-activeness to understand and resolve the issues of business mutually to be competitive.

Therefore, insights from this study have inferences in the BSR management with reference to cultivating trust, sharing information, developing long term orientation, coordinating efforts by the supplier, investing to develop supplier, use of appropriate governance mechanisms and selection criteria to enhance the efficiency and responsiveness of the buyer and ultimately the whole supply chain.

8.3 LIMITATIONS OF THE STUDY

This study has its limitations, which provide opportunities for further research.

- Only monadic data have been taken with no reference to the views of the counterparts in the relationship. The methodological difficulty and complexity of adopting a dyadic approach, the one sided perception of relationship (buyers’ perspective) has been taken whereas a dyadic approach would have yielded greater insights into understanding and establishing the BSR.
- Additionally, the study makes use of cross-sectional data which limits the interpretation of findings. A more rigorous test of the relationship requires a longitudinal study or field experiment.
- The respondents were reluctant sometimes while providing the information which led to difficulty in procuring the exact data.
- Time and distance had been the constraints in frequent personal visits to the units for required interactions.
- The relationship of buyer with key input supplier only has been taken into consideration which further narrows the generalization of the BSR.
• The generalization of the findings should be treated with care because of an explorative character of the study and all possible features may not have been identified and included.

8.4 FUTURE DIRECTIONS OF RESEARCH

While this study provides support for four out of seven hypotheses with statistically significant results, it does not provide the statistical power to firmly dismiss the relationships that failed to show statistically significant results. The relationship perspective from buyer-key input supplier can be extended to buyer and other suppliers also. Also this study was confined to buyer’s perspective. A dyadic study would have further increased the validity of the findings and provided valuable insights. More elaborate research designs can be used to study how in a network, a BSR is affected by another existing dyadic relationships. The situational characteristics like the supplier alternatives availability, geographical proximity of suppliers, the past record of suppliers, financial and technological condition of supplier, and importance of the material to be bought are more determinative for the suitability of certain selection and evaluation criteria. Therefore, in future research, more attention should be paid to these factors along with the soft aspects to be considered as criteria.

By and large this study offers important groundwork for understanding the BSR and its impact on benefits accrued i.e. it provides a justification for the compelling need of identifying the issues of BSR along with their link to profitability in supply chain. Future work might improve this framework by taking closer look at aspects of relationship extended to second and third tier suppliers and other partners of supply chain.