

## **BUYER-SUPPLIER COMMITMENT, TRUST AND COOPERATION AS INFLUENCING FACTORS TO BUSINESS PERFORMANCE IN THE FAST MOVING CONSUMER GOODS INDUSTRY**

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### **ABSTRACT**

The Fast moving consumer goods industry (FMCG) in South Africa is extremely volatile and is characterised by many competitors who jostle for market share, profitability and long-term survival. Businesses operating in this industry has to adopt new business strategies to remain competitive. Supply chain management offers opportunities for the adoption of such strategies. The aim of this study was to investigate the influence of buyer-supplier commitment, trust and cooperation on business performance in the FMCG industry in South Africa. A quantitative research methodology was used with structured questionnaires to collect data from 224 supply management professionals, working for FMCG companies in Gauteng Province. Psychometric properties of the constructs were put to the test using Confirmatory factor analysis (CFA) and hypotheses were scrutinised using structural equation modelling (SEM). The results of the hypotheses tests revealed positive and significant associations between the three predictor constructs (buyer-supplier commitment, trust and cooperation) and business performance. Buyer-supplier cooperation emerged as the most important construct in influencing business performance. The results of the study may be used as a diagnostic tool in addressing business performance related challenges in the FMCG sector of the industry.

### **INTRODUCTION**

In South Africa, the Fast moving consumer goods (FMCG) industry is an important and fast growing industry, which accounts for over 1,080,000 enterprises (KPMG, 2015). It is estimated that over 20 000 new FMCG enterprises would have entered this massive and fierce sector of the economy by 2020 (Price Waterhouse Coopers, 2016). This being the case, the FMCG industry could be seen as one of the major contributors to the growth of the South African economy. Economic contributions of the sector are acknowledged in such areas as employment creation, economic empowerment, attracting foreign direct investment, infrastructural development and the expansion of its upstream and feeder industries (Gauteng Provincial Government, 2012). FMCG is defined as consumer products or goods that have a relatively fast shelf turnover, with a low purchase cost and financial investment attached to them (Nielsen, 2007). The FMCG industry is mainly characterised by private branded products with low risk and cost and consists mainly of product categories such as toiletries, cosmetics, food and beverages (Beneke and Carter, 2014).

The FMCG industry is one of the most volatile sectors to operate in, with a plethora of competitors fighting for survival (Flowers, Parker, Arenz, Gaffley, Greighton, Fredricks, Rasdien, Matthews,

Pietersen, and Smit, 2012). This creates a need for businesses in the FMCG industry to find new strategies in order to enhance their chances of success. Supply chain management is one strategy that can offer opportunities for success for businesses in the FMCG industry. Such opportunities stem from the view that supply chain management can increase an organisation's competitiveness through alliances, collaboration and integration (Prajogo and Olhager, 2012). Alliances, collaborations and integration need commitment, trust and cooperation between buyers and suppliers to be successful (Pooe, Mafini and Loury-Okoumba, 2015). This is because in a supply chain, members need to work together synergistically to enhance their competitiveness (Giannakis, Doran and Chen, 2012). Buyers and suppliers require mutual trust and close relationships in order to create long-term relationships. Cooperation from supply chain partners is essential in ensuring that businesses support each other in their operations. This is of great importance in the FMCG industry where businesses rely on their suppliers for most of their merchandise, which is usually in the form of finished products that are ready for retail (Beneke and Carter, 2014). Hence, the FMCG industry could benefit by focusing on commitment, trust and cooperation as tools for improving business performance. Previous studies in the FMCG sector in South Africa focused on consumer perceptions of private label brands within the retail grocery sector (Beneke, 2010), corporate governance practices (Flowers *et al.*, 2013) and the profile and future prospects of the retail industry (Montandon, 2014). In supply chain management within South Africa, Nel and Badenhorst-Weiss (2010) interrogated some conundrums related to supply chain design while Pooe *et al.* (2016) focused on antecedents to supplier performance in small businesses. By implication, a research gap exists, since there is a paucity of previous research that focused on the influence of supply chain commitment, trust and cooperation on business performance in the South African FMCG sector. This study was intended to occupy this research gap by providing empirical evidence and insights on how these constructs can be harnessed to improve business performance in the FMCG sector, thereby broadening the scope of supply chain management literature in the South African context. It is also important that continued research be directed to the FMCG sector, given its significance to the South African economy.

## **OBJECTIVES OF THE STUDY**

The aim of this study was to investigate the influence of buyer-supplier commitment, trust and cooperation on business performance in the FMCG industry in South Africa. In order to achieve this aim, three objectives were formulated, namely (1) to determine the influence of buyer supplier commitment on business performance, (2) to determine the influence of buyer supplier trust on business performance and (3) to determine the influence of buyer supplier cooperation on business performance. It was deemed important to conduct this study because one of the key enablers of business success is based on the ability to establish, develop and maintain sound and well-functioning supply chain networks (Lai, Wong and Cheng, 2010).

The article commences with a brief overview of the relevant literature on the research constructs which are business performance, buyer-supplier commitment, buyer-supplier trust and buyer-supplier cooperation. The research methodology and results are then discussed and conclusions are drawn. The article finishes with a discussion of the theoretical and managerial implications and recommendations for future research.

## **LITERATURE REVIEW**

### **Business Performance**

Generally, the concept of performance describes how individuals as well as groups reach a conclusion to achieve an aim (Wales, Plarida and Patel, 2013). The notion of business performance is demonstrated

through the fulfilment of tasks by an organisation's prominent employees (Shin, Lee, Kim and Rhim, 2015). This explains why organisational success is directly proportional to collective employee performance (Ledwith and O'Dwyer, 2014). Business performance describes the level of fulfilled tasks of the business's aims or targets as determined by outputs obtained at the end of a particular business period (Yildiz, 2010). Moreover, business performance can be measured by either subjective or objective scales (Darwish and Singh, 2013). However, in most previous studies, both subjective and objective methods are used in combinations in order to offset the shortcomings of either method (Muduli, 2015). It has become evident that, while profitability, sales and market share are the most used criteria in subjective criteria, Return on assets (ROA) and Return on earnings (ROE) are the most used ones in objective method (Yildiz and Karakaş, 2012). Although various measurement methods of business performance have been developed by scholars and practitioners, there is still no single universal valid method that is applicable in all contexts. Furthermore, as mentioned by some scholars (Hsu, Kannan, Tan and Leong, 2008; Parker, 2007), commitment, trust and cooperation between buyers and suppliers can increase supply chain performance, which, in turn, will lead to business performance. This suggests that business performance is likely to increase when commitment, trust and cooperation exists between buyers and suppliers in a supply chain.

### **Buyer-Supplier Commitment**

Commitment has been viewed as a crucial and important factor that contributes to strengthening buyer-supplier relationships (Kim, Park, Ryoo and Park, 2010). Commitment is defined as the belief and intention to continue with a relationship that one may see as valuable (Wong, Lai, Lun and Cheng, 2012). Buyer-supplier commitment has been regarded as a key construct in determining long-term business relationships in a business-to-business (B2B) context (Cannon, Doney, Mullen and Petersen, 2010). Moreover, the abilities of businesses to achieve the required levels of performance sought is achieved through their willingness to engage in effective and adequate commitment with their business partners (Liu, Huang, Luo and Zhao, 2012). This points to the vital role and significance that buyer-supplier commitment has in ensuring firms' sound operations which may culminate in performance enhancement.

Based on the fundamentals of B2B relationships, satisfaction between parties has been established as a driver to long-term orientation, loyalty and relationship commitment amongst business partners (Suh and Houston, 2010). In addition, Chen, Yen, Rajkumar and Tomochko (2011) endorse that the willingness of buyers to commit to their relationships with suppliers has a positive influence on establishing trust in their associations, which demonstrates the major role that buyer-supplier commitment exerts in the performance of businesses. Businesses that engage in committed relationships have better performance through their common desire and willingness to share sensitive and strategic proprietary information, which are critical in the well-functioning of their supply chain activities (Yang, 2013). In addition, high levels of commitment between businesses contribute significantly to establishing mutual trust (Yam and Chan, 2015). This results in the mutual exchange of critical information and a knowledge-base, both of which are essential in facilitating business's growth. In light of the aforementioned literature, the following hypothesis was formulated:

H<sup>1</sup>: Buyer-supplier commitment exerts a positive influence on business performance in the FMCG industry

### **Buyer-Supplier Trust**

Chang, Ouzrout, Nongaillard, Bouras and Jiliu (2014) define trust as the confidence or belief that exchange partners have in each other's reliability and integrity. Confidence and belief in a business partner's credibility and goodwill are fundamental characteristics of trust (Zhang, Viswanathan, John and

Henke, 2011). The importance of the concept of trust in buyer-supplier relationship has been well-documented in supply chain literature with a number of scholars (Zhang *et al.*, 2011; Liu, 2012) acknowledging the importance of trust in stimulating the performance of both buyers and suppliers. Trust has also been described as the backbone of interpersonal as well as inter-organisational relationships (Koh, Fichman and Kraut, 2012). Furthermore, Ha, Park and Cho (2011) posit that trust is essential in organisations' ability to build and develop sound buyer-supplier cooperation. Through trust, greater efficiencies are created within the business, leading to cost reductions, which in turn triggers supply chain efficiencies (Ireland and Webb, 2007). According to Chen *et al.* (2011), buyer-supplier relationships that are characterised by good and uninterrupted flow of quality information tend to result in the establishment of adequate trusting behaviours among the involved parties. Moreover, trust has also been found to be a prerequisite element in securing commitment in buyer-supplier environments (Panayides and Lun, 2009). Therefore, buyer-supplier trust is important in every business' efforts to achieve the adequate performance of their supply chain activities. Drawing from the above literature review, stated empirical review, it can be hypothesised that:

H<sup>2</sup>: Buyer-supplier trust exerts a positive influence on business performance in the FMCG industry

### **Buyer-Supplier Cooperation**

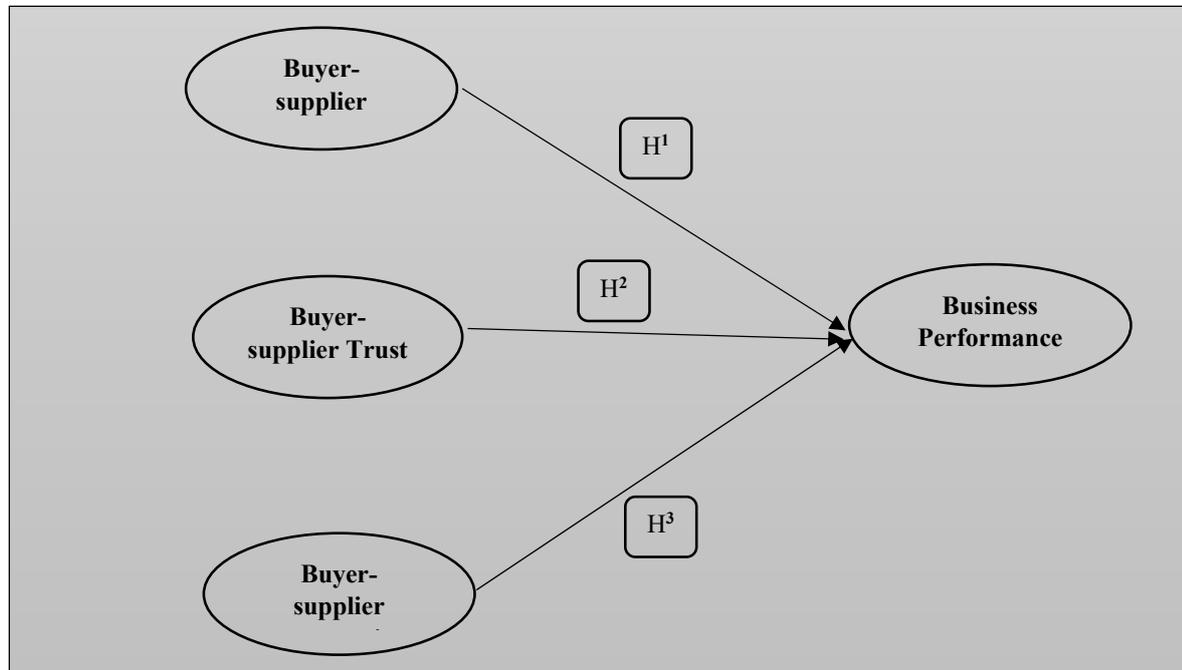
Buyer-supplier cooperation is the joint of common activities between business partners or organisations with the objective to achieve mutual goals and set targets that one could not attain solely (Chinomona and Pretorius, 2011). Cooperation among supply chain partners is critical in their ability to work synergistically towards reaching optimum business performance (Brito, Brito and Hashiba, 2014). Sound cooperation efforts from business parties contribute significantly to producing better performance outcomes in terms of information sharing as well as sound and adequate problem resolution (Cao and Zhang, 2011). Relationship commitment among buyers and suppliers is fundamental in establishing and maintaining cooperation among businesses (Chen *et al.*, 2011). Buyer-supplier cooperation has also been identified as an important antecedent construct to inter-organisational trust (Xie, Li, Su and Teo, 2010). In addition, buyer-supplier cooperation is a direct driver for organisational performance (Zeng, Xie and Tam, 2010; Zhu, Geng and Lai, 2010; Wu, Chuang and Hsu, 2014). Furthermore, effective and efficient cooperation among supply chain members has been identified as necessary in achieving the required level of supply chain performance (Prajogo and Olhager, 2012). For example, when a supplier is struggling to meet the requirements of the buyer, the latter may assist the supplier by launching a supplier development program to enable the supplier to meet the needs of the buyer. It appears then that buyer-supplier cooperation is a key factor in facilitating and contributing to the smooth operation of any firm's supply chain effectiveness. This leads to the following hypothesis;

H<sup>3</sup>: Buyer-supplier cooperation has a positive influence on business performance in the FMCG industry

### **Conceptual Framework**

Based on the stated hypotheses, the conceptual framework illustrated in Figure 1 of this study was developed to ascertain and test the proposed relationships.

**FIGURE 1**  
**CONCEPTUAL FRAMEWORK: BUYER-SUPPLIER COMMITMENT, TRUST AND COOPERATION AND BUSINESS PERFORMANCE**



## RESEARCH METHODOLOGY

A quantitative research methodology was applied and structured questionnaires (refer to Addendum A) were used in the collection of the data. The quantitative method was used because it enabled the researcher the opportunity to include a larger number of relevant respondents, which helped to obtain accurate and reliable results (Creswell, 2009).

### Sample and Demographic Profile of Respondents

The investigation was essentially done among FMCG companies located in Gauteng Province. The survey population included supply management professionals working in the FMCG industry. For the purposes of this study, a supply management professional was taken to be anyone who either held a qualification related to logistics and supply chain management or who was working in a department that associated with the supply chain management profession. The survey method was preferred because of its empirical nature, the ability to yield a large volume of data in a short time at lower costs and the view that it enabled the generalisation of results since it had a wider scope of coverage of the population (Story, Ranong and Jones, 2011). The selection of respondents was based on the non-probability convenience sampling method. The convenience sampling technique was deemed appropriate for this study as it was difficult to locate supply management professionals at the same place and time due to their busy work schedules.

Questionnaires were distributed in person by the researchers with the help of a trained assistant during the month of June 2014. Questionnaires were returned and or collected after a period of 3 weeks. From the 450 initial questionnaires that had been distributed, 244 were returned. In the screening process, it was

discovered that 44 questionnaires were spoilt. The spoilt questionnaires were subsequently discarded and not considered for further analysis, leaving a response rate of 54%. Table 1 provides information regarding the profile of the respondents.

**TABLE 1  
 PROFILE OF RESPONDENTS**

<b>Variable</b>	<b>Categories</b>	<b>N</b>	<b>N</b>	<b>%</b>
Nature of business	FMCG manufacturing	244	102	42
	FMCG retail	244	142	58
<b>TOTAL</b>			<b>244</b>	<b>100</b>
Gender	Male	244	165	68
	Female	244	79	32
<b>TOTAL</b>			<b>244</b>	<b>100</b>
Race	Black	244	95	39
	White	244	100	41
	Indian	244	29	12
	Mixed Race	244	20	8
<b>TOTAL</b>			<b>244</b>	<b>100</b>
Occupational Area	Procurement	244	<b>98</b>	<b>40</b>
	Transportation	244	<b>42</b>	<b>17</b>
	Customer services	244	<b>72</b>	<b>30</b>
	Warehousing	244	<b>09</b>	<b>4</b>
	Other (e.g. planning, financial services)	244	<b>23</b>	<b>9</b>
	<b>TOTAL</b>			<b>244</b>

As indicated in Table 1, 58% (n=142) of companies included in the sample were in the retailing of FMCGs, whereas 42% (n=102) were in the manufacturing of FMCGs. In terms of gender distribution, most respondents were male (68%; n=165), while 32% (n=79) were female. In terms of race, 39% (n=95) of the respondents were black, 41% (n=100) were white, 12% (n=290) were Indian and 8% (n=200) were of mixed race. In terms of occupational area, the largest group of respondents were in procurement (40%; n=98), followed by those in customer service (30%; n=72).

### **Measurement Instruments**

The survey instrument (structured questionnaire) consisted of five sections:

Section A provided general information on the background of the FMCG companies and the actual respondents. Section B focused on buyer-supplier commitment using a five-item scale adapted from Morgan and Hunt (1994) and Abdul-Muhmin (2005). Section C measured buyer-supplier trust using six-items adapted from Ketkar, Kock, Parente and Verville (2012). Section D measured buyer-supplier cooperation using a seven-item scale derived from Cannon and Perreault (1999) and Maloni and Benton (2000). Section E focused on business performance which was assessed with five-items adapted from Prajogo, Chowdhury, Yeung and Cheng (2012). Response options in Sections B to E were configured on

five-point Likert-type scales that were anchored by 1= strongly disagree to 5= strongly agree to express the level of agreement.

### Psychometric Properties of Scales

Psychometric properties of the measurement scales were assessed using confirmatory factor analysis. Two parameters, namely reliability and validity were considered. The results of these tests are reported in Table 2.

**TABLE 2**  
**ACCURACY ANALYSIS STATISTICS**

Research Constructs		Descriptive Statistics		Cronbach's Test		C.R.	AVE	Factor Loading	Highest Shared Value
		Mean	SD	Item-total	$\alpha$ Value				
Buyer-supplier commitment	BSC <sub>1</sub>	3.110	1.706	0.752	0.711	0.709	0.422	0.594	0.264
	BSC <sub>2</sub>			0.741				0.751	
	BSC <sub>3</sub>			0.712				0.607	
	BSC <sub>4</sub>			0.667				0.676	
	BSC <sub>5</sub>			0.679				0.621	
Buyer-Supplier Trust	BST <sub>1</sub>	3.137	1.314	0.778	0.867	0.798	0.536	0.836	0.101
	BST <sub>2</sub>			0.602				0.545	
	BST <sub>3</sub>			0.692				0.816	
	BST <sub>4</sub>			0.786				0.679	
	BST <sub>5</sub>			0.780				0.562	
	BST <sub>6</sub>			0.712				0.735	
Buyer-Supplier cooperation	BSCO <sub>1</sub>	3.042	1.042	0.788	0.763	0.823	0.481	0.714	0.375
	BSCO <sub>2</sub>			0.807				0.877	
	BSCO <sub>3</sub>			0.701				0.723	
	BSCO <sub>4</sub>			0.698				0.559	
	BSCO <sub>5</sub>			0.754				0.570	
	BSCO <sub>6</sub>			0.698				0.688	
	BSCO <sub>7</sub>			0.712				0.513	
Business performance	BP <sub>1</sub>	3.261	1.791	0.684	0.865	0.812	0.703	0.812	0.223
	BP <sub>2</sub>			0.793				0.571	
	BP <sub>3</sub>			0.695				0.660	
	BP <sub>4</sub>			0.816				0.834	
	BP <sub>5</sub>			0.752				0.578	

Note: BSC= Buyer-supplier commitment; BST= Buyer-supplier trust;  
 BSCO=Buyer-supplier cooperation;  
 BP= Business Performance; C.R.: Composite Reliability; AVE: Average Variance Reliability  
 Scale: 1= Strongly disagree; 2=Disagree; 3= No Opinion; 4=Agree; 5= Strongly Agree

## Reliability

This study used the Cronbach's alpha and the Composite reliability to ascertain internal reliability of the constructs. Acceptable reliability should have a Cronbach alpha as well as a Composite reliability (CR) value that is equal or greater than 0.7 (Fornell and Lacker, 1981; Nunnally and Bernstein, 1994). Cronbach alpha values for all constructs in this study were satisfactory since they met the following prescription: buyer-supplier commitment (0.711); buyer-supplier trust (0.867); buyer-supplier cooperation (0.763) and business performance (0.865). In addition, CR values for all constructs met the stipulated minimum threshold of 0.7. This confirms that reliabilities for all constructs were satisfactory.

## Validity

There are two factors that need to be determined in order to conduct a validity test, namely convergent and discriminant validity (Hair, Anderson, Tatham and Black, 2006). According to Fraering and Minor (2006), factor loadings should be greater than 0.5 in order to ascertain convergent validity. In this study, this recommendation was satisfied, since the factor loadings for all constructs ranged between 0.513 and 0.877. In addition, as suggested by Anderson and Gerbing (1988), discriminant validity was established by testing whether the AVE value was greater than the highest Shared Variance (SV). In this study the average value extracted was higher than the highest shared variance for all constructs, which attests that discriminant validity was satisfactory.

## Hypothesis Tests

In this study, hypotheses were tested through the use of Structural equation modelling (SEM). In testing the model fit, the following statistical parameters recommended by Blunch (2008) were used: CMIN/DF value < 3; both GFI as well as AGFI values  $\geq 0.80$ ; RMSEA values  $\leq 0.080$ ; IFI, TLI, CFI values  $\geq 0.90$ . The following results were attained: CMIN/DF = 2.35, GFI = 0.91, AGFI = 0.847, RMSEA=0.079, IFI = 0.94, TLI = 0.906 and CFI = 0.953, as reported in Table 3. These results signify that the structural model converged well (acceptable model fit) since it satisfied the recommended numerical thresholds. The results obtained in the hypotheses tests are reported in Table 3.

**TABLE 3**  
**RESULTS OF STRUCTURAL EQUATION MODEL ANALYSIS**

Path Coefficients	Hypothesis	Factor Loading	Decision
Buyer-supplier commitment → Business performance	H <sub>1</sub>	0.707***	Accepted
Buyer-supplier trust → Business performance	H <sub>2</sub>	0.625***	Accepted
Buyer-supplier cooperation → Business performance	H <sub>3</sub>	0.814***	Accepted
Structural model fit: $\chi^2/df=2.35$ ; AGFI = 0.847, GFI=0.94; RMSEA=0.079; IFI=0.94; TLI = 0.906; CFI= 0.95			
Significance level <0.05*; significance level <0.01;*** significance level <0.001**			

## DISCUSSION AND CONCLUSION

Table 3 reveals the results of hypotheses tests. The first hypothesis ( $H_1$ ) was supported and accepted in this study. This decision was premised on the observation that there was a positive and significant association between buyer-supplier commitment and business performance ( $r = 0.707$ ;  $p < 0.01$ ). These results find support in a previous study by Kim (2006) which has concluded that effective commitment between supply chain partners is a key driver of business performance. Another study by Pinho, Rodrigues and Sally (2014) has concluded that supply chain partners who exhibit sound commitment attitudes towards achieving common objectives are usually able to meet their performance targets, unlike those who show the lack of commitment. Furthermore, the willingness by supply chain partners to commit in their respective relationships results in enhancing business performance in terms of adequate exchange of critical and proprietary information vital in improving their supply chain network (Yam and Chan, 2014). Still, the preparedness of buyers and suppliers to commit in long-term relationships, as characterised by mutual and joint investment strategies designed at improving productivity, contributes to overall business performance (Krause, Handfield and Tyler, 2007). Thus, a conclusion can be made that business performance amongst players in the FMCG industry in South Africa can be linked to the level of commitment existing between them.

The second hypothesis ( $H_2$ ) was supported and accepted in this study. As support for this decision, there was a positive and significant association ( $r = 0.625$ ;  $p < 0.01$ ) between buyer-supplier trust and business performance. This result is in sync with the results of a study by Jain, Khalil, Johnston and Cheng (2014) which endorses that trust between supply chain partners performs a major role in consolidating business performance. The presence of mutual trust enables business partners to combine their resources in solving problems that one party could not solve alone (Chinomona, 2011). In addition, mutual trust is a vital factor in reducing business cycle times, which is necessary for meeting customer demands and also contributes to improving flexibility in organisations (Panayides and Lun, 2009). Besides, the disposition by supply chain partners to engage in relationships which are characterised by a high level of trust enhances their Just-in-time (JIT) performance, which is key in ensuring customers' satisfaction (Teeravarapug, Kitiwanwong and SaeTong, 2011). From the above, it becomes apparent that the existence of trust between buyers and suppliers in the FMCG sector in South Africa has a stimulus effect on their business performance.

As revealed in Table 3, the third hypothesis ( $H_3$ ) was supported and accepted in this study. This decision was premised on the fact that a positive and significant relationship ( $r = 0.814$ ;  $p < 0.01$ ) was found between buyer-supplier cooperation and business performance. These results resonate with Cao and Zhang's (2011) observation that reciprocal cooperation among supply chain partners is an effective enabler of business performance as it contributes significantly to reducing costs associated with procurement activities. Sheu, Yen and Chae (2006) have observed that cooperation initiatives and strategies by supply chain partners are useful in achieving performance improvements through increased profitability and technical cooperation. This projects the major role that collaborative engagement between buyer and supplier partners performs in enhancing their overall business performance. A conclusion could be made that cooperation efforts in the FMCG industry in South Africa is an important antecedent factor to business performance.

## LIMITATIONS AND IMPLICATIONS FOR FURTHER RESEARCH

The present research has provided significant results that support already established ones in the discipline of supply chain management. However, despite these significant results, there remains a number of loopholes that hindered the flawless completion of this investigation. One of the main drawbacks that limited this research existed in the limited sample size, since only 244 respondents

properly answered the questionnaires. This could be seen as a small sample that has made it difficult to generalise these results to other contexts of FMCG enterprises. Moreover, the limited geo-spatial scope of this study (Gauteng Province) presents the impetus to conduct a similar study in broader environments, using amplified sample sizes. Since the study was limited to a purely quantitative approach, it would be interesting to conduct similar studies using a mixed method approach in order to extend the results of the study by yielding more in-depth insights that could not be captured in this study. The results of the study were limited to only four constructs, which provided opportunities to include other supply chain constructs (e.g. supply chain integration, supply chain risk and supply chain practices) that had been excluded from this study. The conceptual framework tested in this study could also be tested in other industry sectors such as SMEs and mining and industrial goods, among others. This will provide a basis for both empirical comparisons as well as meta-analysis in the future. Also, correlation studies between the three antecedent factors may be necessary to determine how commitment, trust and cooperation relate to each other within supply chains. The nature of such associations should not be left to speculation.

### **Managerial implications**

This study investigated the influence of buyer-supplier commitment, trust and cooperation on business performance in the FMCG industry in South Africa. The overall conclusion of the study is that commitment, trust and cooperation between buyers and suppliers in the FMCG industry exert a positive influence on business performance. The results of this study are relevant to managers in the FMCG industry. Managers in the FMCG sector may use the results of this study as a diagnostic tool in addressing business performance related challenges. When business performance related challenges emerge, it may be useful for managers to check if the cause of the problem is not amongst any of these three constructs. Since the three constructs exerted a positive and significant influence on business performance, the latter may be enhanced by, amongst other things, devising initiatives for enhancing the mutual commitment, trust and cooperation between supply chain partners in the FMCG sector. For instance, engaging in sound interactions and sharing strategic resources such as information, personnel and technical expertise may contribute to strengthening commitment, trust and further cooperation in order to drive successful long-term relationships (Chen *et al.*, 2011). Since buyer supplier cooperation exerted the highest influence on business performance, greater efforts may be directed towards strengthening cooperation than towards both trust and commitment.

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## **ADDENDUM A**

### **QUESTIONNAIRE ITEMS**

#### **Buyer Supplier Commitment**

BSC1: We always pay our suppliers on time

BSC2: Our suppliers provide the right quantity and quality of goods and services

BSC3: Our suppliers deliver products on-time

BSC4: The procurement costs of our suppliers' products are highly competitive

BSC5: We have no intentions to change our current suppliers

#### **Buyer-Supplier Trust**

BST1: The relationship between our business and its major suppliers is characterised by high levels of trust.

BST2: We generally trust our major suppliers to stay within the terms of the contract.

BST3: Our major suppliers do not try to alter the facts in order to get concessions from us.

BST4: We trust that our suppliers will deliver goods and services on time

BST5: We trust that our suppliers will deliver high quality most of the time.

BST6: We experience minimum conflict with our suppliers

### **Buyer Supplier Cooperation**

BSCO1: We are happy with the relationships that we have with our suppliers

BSCO2: Part of our profits are realised from procurement cost savings.

BSCO3: Our suppliers depend on our business for achieving their business goals

BSCO4: Our suppliers have some level of bargaining power

BSCO5: We strive to achieve synergy through working together with our suppliers

BSCO6: The procurement costs of our suppliers' products are highly competitive

BSCO7: We have a supplier relationship management program in place

### **Business Performance**

BP1: Our company has a high level of profitability.

BP2: Our company has a high level of sales growth

BP3: There is a high level of innovation in this company

BP4: Employees in this company are happy and motivated.

BP5: Our customers are satisfied with our service