

## **NEGOTIATION SITE SELECTION AND ITS IMPACT ON THE OUTCOME OF PURCHASER-SUPPLIER AGREEMENTS**

**Nyile Erastus Kiswili** 

School of Business, Economics and Social Sciences

Taita Taveta University College, Voi, Kenya

nyileras@gmail.com

**Mercy Wambui Mwithiga**

School of Business, Economics and Social Sciences

Taita Taveta University College, Voi, Kenya

**Bellah Chepkulei**

School of Business, Economics and Social Sciences

Taita Taveta University College, Voi, Kenya

**Mwakaya Mwanasiti Omar**

Mwanasitikaya@yahoo.com

### **Abstract**

*This study investigates the effects of Negotiation sites on purchaser-supplier agreements in the Kenyan private sector. The population of interest for this study was private Supermarkets in Kenya. Data collection was undertaken by surveying several supermarkets in Kenya. A stratified random sampling method was used. The study targeted 100 procurement managers from the supermarkets, out of which after sampling 50 were issued with questionnaires. To ensure the reliability of the questionnaire, test- retest method was used. Descriptive statistics was used. A correlation analysis was also used to determine the relationship between gender and choice of negotiation site. From the findings, many purchasing personnel mostly preferred home turf. This is due to the advantages that accompany the home venue. Neutral place was second and at far the suppliers' premises (away) was preferred. The choice of venue to hold procurement negotiation entirely lies to both purchaser and supplier. The two should come into an agreement*

*and choose a place comfortable to both. From the findings gender amounted to have no effect on the choice and preference of negotiation sites. This is because both male and female purchaser preferences conformed. Negotiation site is an influencing factor to the other party in a negotiation process. It thus acts as a source of power during negotiation and can be used to compromise or intimidate the other party to a negotiation. In a nutshell, it's concluded that negotiation sites affect purchaser- supplier agreements. The prices, discounts, offers and concessions pronounced by suppliers are dependent on the place of staging negotiation. The negotiation site also influences the propensity of agreeableness between supplier and purchaser and thus the site can be used as an influencing technique in a negotiation process.*

*Keywords: Negotiation site, purchaser-supplier agreements, supermarkets, Kenya*

## **INTRODUCTION**

Aharoni's study (1999) set a base foundation to Kapoor's study that was perhaps the first who made research on international business negotiations. According to Aharoni's study, commitments often emerge from negotiations with potential partners. Kapoor's study (2000) gives insight that the nature of the relationship between the negotiators from the parties involved affects the negotiation process. An understanding of the variables affecting the negotiation is essential for better-approached negotiation. Environmental differences is no exceptional thus its documentations for decades (Ghauri 2003)

Many studies conducted focus on the effect of culture of negotiators in specific countries. John Graham (2003) did studies concerning negotiation styles in 16 countries with 18 different cultures. Although negotiators from different countries obtained the same outcome, the way they negotiated to get the outcome was different.

It is good to understand the meaning of negotiations. Lysons (2006) defined negotiation as a dialogue between two or more parties, intended to reach an understanding, resolve point of difference, or gain advantage in outcome of dialogue, to produce an agreement upon courses of action, to bargain for individual or collective advantage, to craft outcomes to satisfy various interests of two people/parties involved in negotiation process. An occasion where one or more representatives of two or more parties interact in an explicit attempt to reach a jointly acceptable position or divisive issues which they would like to agree. Again, it is a form of verbal communication in which the participants seek to exploit the relative competitive advantage and needs to achieve explicit or implicit objectives within the overall purpose of seeking to resolve problems that are barriers to agreement. Negotiation takes place in the context in which the participants use their comparative competitive advantage and the perceived needs of the party

to influence the outcome of the negotiation process. Each participant has implicit as well as explicit objectives that determine the strategy. A supplier will explicitly wish to obtain the best price but implicitly will be seeking a contribution to fixed overheads and endeavouring to keep the plant and workforce employed.

Burt et al (1999) found negotiation as one of the most important as well as the most interesting and challenging aspects of supply management. In industry, negotiation is sometimes confused with “haggling” and price chiseling. In government, negotiation is frequently perceived to be nefarious means of avoiding competitive bidding and of awarding large contracts surreptitiously to favoured suppliers. Negotiation is the field of knowledge and endeavours that focuses on gaining the favours of people from whom we want things (Herb Cohen 2009). This is where each party involved in negotiating tries to gain an advantage for themselves by the end of the process and thus negotiation aims at compromise. According Roger Fisher et al (2005), negotiation is the basic means of getting what you want. Negotiation occurs in business, non-profit organizations, and Government branches, legal proceedings, among nations and in personal situations such as marriage, divorce, parenting, and everyday life.

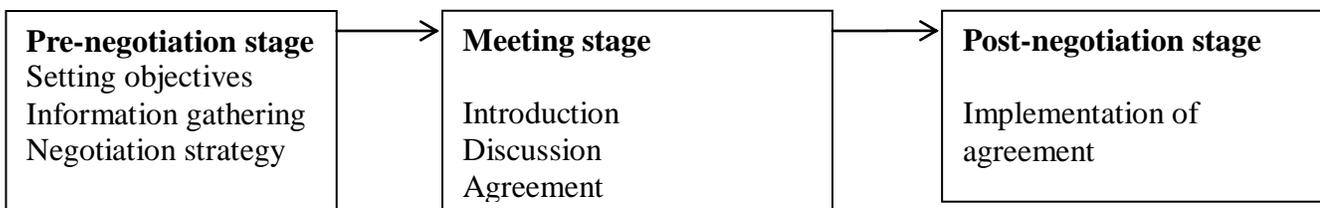
Negotiation has a wide application. In Procurement, negotiation is the process whereby a buyer and supplier interact in order to discuss various aspects relevant to a given purchase transaction. The purpose of negotiation is to provide opportunities to both parties to clarify certain issues relating to a purchase transaction in order to reach a mutual agreement. Again, negotiations aim at eliminating areas of misunderstanding. Procurement negotiations can take a wide variety of forms/strategies, from trained negotiator acting on behalf of a particular organization or position in a formal setting, to an informal negotiation between professionals and suppliers. Procurement negotiations are procedural and follow a systematic procedure. When and what to negotiate should be well defined because due to the costly nature of negotiations, not everything is worth negotiating. Issues/ aspects of negotiation in procurement arise from the nature of material being purchased. Among the generally discussed issues include: Quality specifications, price of the material, delivery period, quantity of supply, discounts, terms and conditions of purchase. Dependent on the nature of purchase, other specific issues such as warranty period, installation in case of a capital purchase, may arise. (Leenders 2006)

Leenders (2006) went an extra mile and said that; negotiations are expensive and time consuming and thus not all procurements are negotiated. Negotiations are only used in special instances, such as; when buying materials from monopoly supplier, buying highly technical and complex materials, buying material critical to organization operations, buying high value

requirements, or even when contemplating to engage a new supplier on long-term supply contracts.

Negotiation is conceptually a three-phase process where the first of the three phases is the preparatory stage, where information analysis is done, the objectives set and strategies developed. The meeting phase is concerned with the process of discussion, further information collecting and analysis, and with the reaching of agreement between the parties. The final stage involves the implementation of the agreement within and between the organizations represented in the previous phase. The process of negotiation may involve one or several meetings. The preparation stage may require consideration of phased objectives, for instance it may be that the first meeting between the parties will be concerned solely with exploratory discussions: both sides may need to clarify the issues of negotiation and there will always be need to obtain more information. A subsequent meeting (or meetings) might be concerned with discussions leading towards the desired agreement. In some cases, agreement may be reached in one meeting; in others, the situation might necessitate further meetings to conclude the agreement. (David Jessop 2005).

Figure 1: Negotiation process



Source: David Jessop (2005)

Rogerfisher and William Ury (2007) described four principles for effective negotiation. They also described three common les to negotiation and discussed ways to overcome those obstacles. They explained that a good agreement is one which is wise and efficient, and which improves the parties' relationship. Wise agreements satisfy the parties' interests and are fair and lasting. Negotiations often take the form of position bargaining where each party opens with their position on their issue. The parties then bargain from their separate open positions to agree on one position. Negotiations can take different styles like aggressive, assertive or submissive, or may be dominated by a manipulative as opposed to an assertive phased approach. During negotiation, body language has to be studied. One can't say definitely which is the best way to negotiate or which is the best style, much will depend on existing relationship and objectives. It however, argued by experienced negotiator that a purely short-term manipulative approach to

negotiations based on I win you lose leads to long term problems. These days, particularly with the view of long-term negotiation objectives, one finds a move towards more of a win-win approach based on trading wants and using a phase approach to reach a settlement more satisfactory.

In Kenya in accordance to the Public Procurement and Disposal Act (2005), Public Procurement and Disposal Regulations (2006), which regulate the public sector procurement; a procuring entity only enters into negotiations pursuant to section 84 of the Act once the tender committee has approved the successful project. Negotiations are conducted by at least two members of staff of the procuring entity appointed by Accounting officer or the head of the procuring entity on the recommendation of the procurement unit. The members of staff conducting the negotiations prepare a report of the negotiations and submit it to the tender committee for decision-making. The report prepared forms part of the procurement records.

The process of negotiation and the approaches used is a decision made by the organization and it is dependent on the nature of the purchases. Not all procurements are negotiable, what and when to negotiate is a dire area of concern. The place to stage or hold procurement negotiations is a decision imperative due to its implications to the results of the negotiation. The person to choose the venue is also a million dollar question that needs indefatigable answers in particulars. This research explores the possibilities and strategies surrounding this crucial decision. It is apparent that there exists a gap as it regards the negotiation-holding venue in procurement. This research attempts to bridge this gap by investigating the preference to the place of negotiations

### **Objectives of the study**

The general objective of this research is to investigate and elucidate the applicability of negotiation in the field of procurement. Arising from this, the following are the specific objectives:

- a) To find out the most preferred place for carrying out procurement negotiations
- b) To determine the effect of 'where to negotiate' on the outcome of the procurement negotiations
- c) To find out the party responsible for choosing the place of holding procurement negotiations
- d) To examine the influence of the place of negotiation as a source of power in purchaser-supplier negotiations
- e) To find out the effect of gender on the choice of the negotiation holding venue

## Research questions

- a) Which is the most preferred place for carrying out procurement negotiations?
- b) How does the venue for staging procurement negotiations affect the outcome of the negotiations?
- c) Whose responsibility is it to choose the site for holding procurement negotiations?
- d) How does the venue of negotiations acts as a source of power in buyer-supplier negotiations.
- e) How does gender affect the choice of the venue for holding procurement negotiations?

## REVIEW OF NEGOTIATION SITES

### Site selection

Site selection is a critical variable in the influence that place has on the intercultural negotiation process. Choice of venue for holding procurement negotiations is a focal point during the pre-negotiation phase. Among other factors, Site selection will affect psychological climate, space availability, time factors and limits, stress management, team building, information flow and adoption of communication channels. In many cases, the location of negotiations will favour one party in a negotiation over the other.

According to a journal by Latz negotiation institute (2003), choosing the negotiation site is a critical move and should not be an automatic, default decision. First, a consideration of abandoning preconceptions may harbour about conducting a negotiation. By making the choice a default, negotiator will overlook and possibly miss very powerful opportunities.

These apparently innocuous choices, like in Lorenz's Butterfly Effect, will almost certainly have an ever-increasing effect on the procurement negotiation. Whether the negotiation site influences the negotiation positively or negatively may be contingent on the initial decision of where to conduct the negotiation. Several options of choice include; supplier's premises, buyer's place or even a neutral place. (Latz journal, 2003)

### Home turf (Purchaser's place)

Most negotiators generally feel more comfortable and possibly more confident in their ability to engage in meaningful negotiations at their own place of business. Additionally, if the negotiator is at his or her office, they have easier access to any documents or records they may need during the negotiation. He or she also have the benefit of the support staff and access to computers and other sources of information that may be important. On the other hand, it is

important to note the other party has the same ease of access to your information. Conflict over whether or not to provide the information could then become a distracting issue (Latz 2003)

### **Neutral Territory**

The tactic of choosing a place that neither party has ties to has been in effect for time immemorial. The purpose for choosing a neutral, informal venue is to take the edge off the negotiations. In today's wired, high-speed world, proposing a meeting at a neutral site should take into consideration whether or not there is Wi-Fi or other technological requirements.

### **Suppliers place (Away)**

According to Latz 2003, there are many benefits to conducting the negotiation at the other party's choice of venue. A consideration of both practical and psychological reasons for choosing the other party's office is important. Finally, there is no order of preference. That is to say, no one option is more important than another is, each should be considered independently.

### **Supplier- Purchaser agreements**

According to Robert (2008), criteria of quality, price and delivery are necessary but no sufficient condition of consideration. This captures the essence of the problem with regard to the selection of suppliers a long-term partner. Quality, quantity, delivery, price and service are the most common requirements. Practitioners often use the term quality to describe the notions of function, suitability, reliability and conformance to specifications, satisfactions with actual performance and best buy. This is highly confusing.

Quality refers to the ability of the supplier to provide goods and services in conformance with specifications. Quality also may refer to whether the item performs in actual use to the expectations of the user, regardless of conformance with specifications. Thus, it is often said an item is 'no good' or of 'bad quality' when it fails in use even though the original requisition or specifications may be at fault. The idea is achieved when all inputs acquired pass this use test satisfactorily.

According to Leenders et al (2006), Determination of the price to be paid is majorly a supply decision. The ability to get a 'good price' is sometimes held to be the prime test of a good buyer. If by good prices meant the greatest value, broadly defined, this is true. The purchaser must be alert to different pricing methods, know which is appropriate and use skill in arriving at the price to be paid. There is no reason to apologize for emphasizing price or for giving it a place of importance among the factors to be considered. The purchaser rightly is expected to get the best value possible for the organization whose funds are spent. While competitive

bidding can be used for some purchases, purchasing in the commodity market requires a much different approach and buyer skill set.

With respect to quantity and delivery considerations, the most telling evidence comes from inventory reduction and shortened lead times. Both can be accomplished by increasing frequency of deliveries while decreasing the amount delivered at one time. Accompanying efforts in setup time reduction, JIT systems, vendor managed inventory systems, order cost reductions, EDI and E-commerce are all part of the same drive. The decision of how much to acquire and when logically follow clarification of what is required.

Managers must make purchase decision before, often a long time before actual requirements are known. Therefore, they must rely on forecasts, not only of future demand but also of lead times, prices and other costs. Such forecasts are rarely, if ever perfect. Second, there are costs associated with placing orders, holding inventory and running out of materials and goods. Thirdly, materials may not be available in the desired quantities without paying a higher price or delivery charges. Fourth, Suppliers may offer reduced prices for buying large quantities. Fifthly, shortages may cause serious disruptions. All these complications need to be solved and adjusted upon negotiations with suppliers for superb prowess of organizational supply chain.

Leenders (2006) found that, in medium sized and smaller organizations, the number of logistics decisions may not be large enough to warrant full -time logistics specialists. This means that the buyer must have enough knowledge to make decisions on preferred FOB terms, selection of carrier and routing, determination of rates, preparation of necessary documentations, expediting and tracing of freight shipments, filing and settling of claims for loss or damage in transit and payment procedures for services received. The person must make these decisions in light of their impact on other areas such inventory levels, carrying costs and the use of capital. The decisions are made upon consultations and agreement with suppliers.

All these agreements among others are achieved through negotiation with suppliers. The purchaser and supplier discussions yields concrete agreements that assures purchaser of getting the right material in the right quality and right quantity delivered at the right time to the right place at the right price (6R). Breaching the agreement affects the supplier buyer relationship. Negotiations enable suppliers to be treated as partners. The place to stage procurement negotiations affects the final agreements between the purchaser and supplier. Depending on the site any party and be compromised, manipulated for an agreement to be reached.

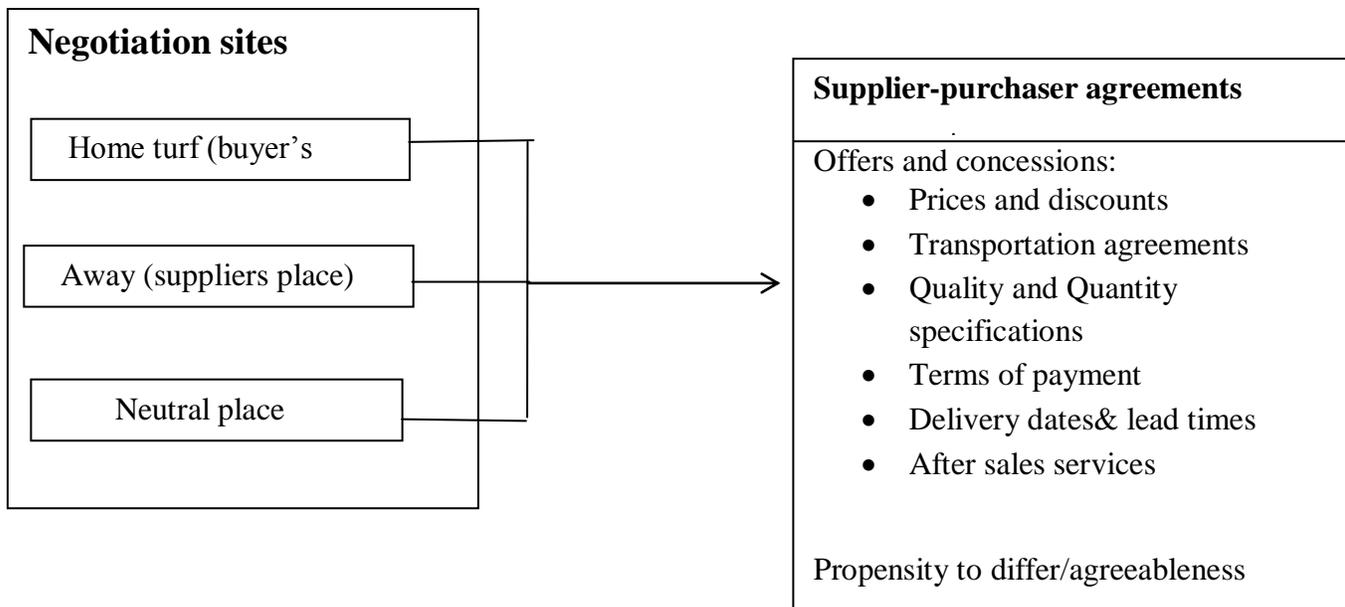
## Agreeableness

According to John and Johnson (2005), agreeableness is a personality trait manifesting itself in individual behavioural characteristics that are perceived as kind, sympathetic, cooperative, warm and considerate. In contemporary personality psychology, agreeableness is one of the five major dimensions of personality structure, reflecting individual differences in cooperation and social harmony. Low agreeableness is characterized by skepticism about other people’s motives, resulting in suspicious and unfriendliness. The low level traits or facets grouped under agreeableness are: trust, straightforwardness, altruism, compliance, modesty and tender mindedness. The propensity to differ in negotiations between purchaser and supplier is dependent on the offers and concessions made by each party, the BATNA setting and the willingness to collaborate.

## CONCEPTUAL FRAMEWORK

### Independent variable

### Dependent variable



## METHODOLOGY

This study adopted a descriptive research design to determine the rationale of negotiation venue in the arrival of supplier-buyer agreements. The major purpose of descriptive research is to provide information on characteristics of a population or phenomenon. This research was a survey of retailing firms in private sector and particularly Supermarkets in the Coast region of Kenya. Being a regional, cultural and economic hub and popular tourist destination, the region is a fast paced and very business-like. For the purpose of this study, the population of interest is

procurement/purchasing personnel of Supermarkets who negotiate with suppliers. There are approximately 100 Supermarkets in the Coast region of Kenya and that forms the population of study. This research targets 50 multiple branch and 50 single branch supermarkets in the coast region

Using Naissuma (2000) formula, with a confidence level of 95%, coefficient of variation of 0.5 and precision level of 5%, the sample size of this study is 50 supermarkets. The sample was drawn from the population that represents the purchasers in the Coast region. One purchasing personnel per supermarket was targeted. Stratified random sampling method was used to select the respondents and they were divided into two strata according to their area of coverage: Single branch and Multiple branch supermarkets. This also involved random selection of respondents from each stratum to whom the selected respondents were issued with questionnaires.

Survey method was used to collect primary data. In order for the researchers to be able to evaluate the role of negotiation site to the outcome of buyer-supplier agreements, the researchers used self-constructed questionnaire instrument of likert scaling. The likert scaling is a bipolar scaling method measuring either positive or negative response to a statement. Questionnaires were preferred because of their quickness and efficiency in obtaining information from a large number of respondents. The questionnaires were hand-delivered to the respondents and collected after a few days. Both open and closed ended questions were used for relevance of the topic. In open-ended questions; space was be provided for relevant explanation by the respondents. This method is considered effective to the study because of its confidentiality. The presence of the researchers was not required since the questionnaires were self-administered.

The questionnaires were subjected to scrutiny by researchers' supervisor and other research experts' for validation purposes. To enhance the reliability of the questionnaire, test-retest method was used where the questionnaire was administered twice within an interval of two weeks to the same group of subjects. There were two sets of questionnaires to be filled by the respondents; a questionnaire for piloting and the other for final data collection. The questionnaires were tried out in the field on selected sample that was similar to the actual sample used by researchers in the study. Procedures used in pre-testing the questionnaire were identical to those used during the actual data collection to allow the researchers make meaningful observations. Pretesting was carried out on 10 respondents different from the 100 main respondents to detect any weaknesses in the design and instrumentation.

Descriptive statistics was used to analyze the data collected. This is because descriptive statistics allows easy understanding and interpretation of data by the readers. After the fieldwork

data collection and before the analysis, all the questionnaires were checked adequately for reliability, completeness and accuracy. Data was analyzed by use of descriptive statistics such as frequencies and percentages. A correlation analysis was also used to determine the relationship between gender and choice of negotiation site. The results were presented in form of graphs, frequency tables and pie charts that condensed data to give information that is more presentable. In addition, the turn up of respondents was expressed into percentages.

## ANALYSIS AND FINDINGS

Fifty questionnaires were issued to supermarkets in the Coast region of Kenya from which the researchers sought to gather information about the impact of negotiation venue to the purchaser-supplier agreements within those supermarkets. More information on the supermarkets was also gathered using secondary data from the company websites like their products, services and organization profile with a view to undertaking a more comprehensive study.

Table 1: Questionnaire response rate

Type of supermarket	Questionnaires Issued	Percentage	Questionnaires Returned	Percentage
Single branch	25	50%	17	34%
Multiple branch	25	50%	24	48%
<b>TOTAL</b>	<b>50</b>	<b>100%</b>	<b>41</b>	<b>82%</b>

The issue of questionnaires was equally done for partiality where equal number of questionnaires was issued to single branch and multiple branch supermarkets. This forms a 50-50% issuance of questionnaires to the sampled respondents. From Table above, 34% of the questionnaires issued to single branch supermarkets were returned duly and diligently filled. The multiple branch supermarkets too filled a 48% of the questionnaires issued. In totality, forty one (41) questionnaires were remitted out of a total number of fifty (50) questionnaires administered. This represents 82% questionnaire response rate.

Table 2: Most preferred place to hold negotiations

Negotiation sites	Place preference (Frequency)	Percentage
Home-turf(Purchasers' place)	25	61%
Away(Suppliers' premises)	4	9.8%
Neutral place	12	29.3%
<b>TOTAL</b>	<b>41</b>	<b>100%</b>

Among the forty-one respondents whom questionnaires were issued 61% prefer holding negotiations in their offices (the purchasers place). This is also called the home turf. The second majority (29.3%) preferred a neutral site, which denotes any other place other than the suppliers or buyers place. The place is termed neutral because of the impartiality imposed by the site to the negotiation parties. Of the purchasers, 9.8 % claimed that holding negotiations in the suppliers place is the best. This involves purchaser visiting the suppliers' premises to hold procurement negotiations there.

Table 3: Party responsible to choose negotiation sites

	Frequency	Percentage
Supplier	6	14.6%
Purchaser	10	24.4%
Both supplier & buyer	24	58.5%
Third party	1	2.4%
<b>TOTAL</b>	<b>41</b>	<b>100%</b>

Purchasers prefer when negotiation sites are an agreement to be made by both supplier and buyer. A majority number of 58.5% responses show that purchaser buyer agreement is essential to ensure that the best negotiation site is chosen. Again 14.6% said that the choice of negotiation site is the duty of supplier. This means that supplier should determine the venue procurement negotiations are to be held. Only 24.4% of the purchasers were ready to choose the negotiation site. Of the purchasers 2.4% said that it was neither the mandate of suppliers nor purchaser to choose the venue for holding negotiations but a third party's responsibility. The third party might be any individual who has no interest to the contract or party not privy to the agreement. The above information is represented in the bar chart below.

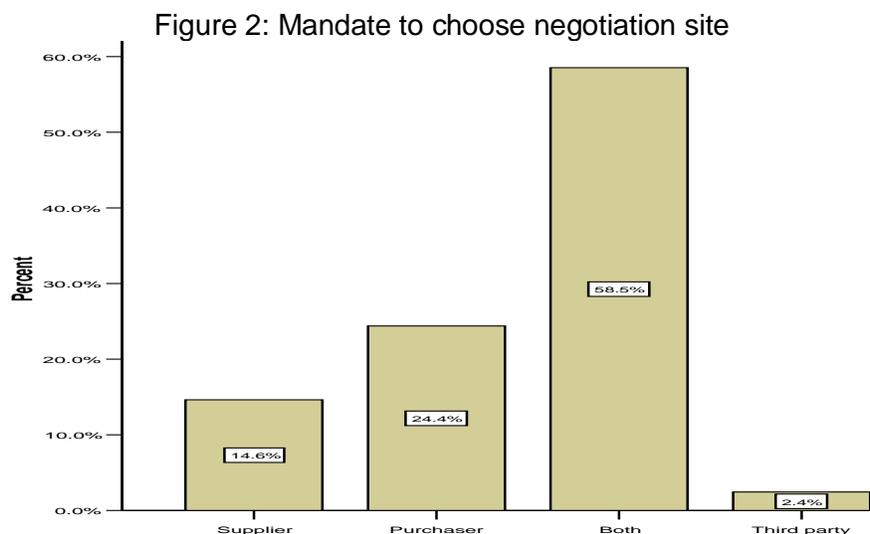


Table 4: Effect of gender on negotiation site preference

<b>GENDER</b>	<b>FREQUENCY</b>	<b>PERCENTAGE</b>
Males	<b>29</b>	<b>70.7%</b>
Females	<b>12</b>	<b>29.3%</b>
<b>TOTAL</b>	<b>41</b>	<b>100%</b>

Many of the supermarket purchasing personnel are male. A greater majority of 70.7% represents this. The female purchasing personnel are equivalently denoted by 29.3%. This shows that most of the supermarkets in the coast region of Kenya employ male purchasing personnel who represent them in procurement negotiations for their supplies.

Table 4a: Effect of gender on negotiation site preference

<b>GENDER</b>	<b>MALE</b>	<b>Percentage</b>	<b>FEMALE</b>	<b>Percentage</b>	<b>TOTAL</b>
Home turf	18	62.1%	7	58.33%	<b>25</b>
Away	3	10.3%	1	8.33%	<b>4</b>
Neutral	8	27.6%	4	33.33%	<b>12</b>
<b>TOTAL</b>	<b>29</b>	<b>100%</b>	<b>12</b>	<b>100%</b>	<b>41</b>
<b>Percentage</b>	<b>70.7%</b>		<b>29.3%</b>		<b>100%</b>

Male and female preference of the place to hold negotiations differ too. According to our research, home turf is highly preferred by both male and female, followed by neutral place and lastly away place (suppliers' premises). Particularly 62.1% of male purchasing personnel prefer home place, 10.3% like going to suppliers' premises and 27.6% value holding negotiations in a neutral place. On the other hand 58.33% of the female purchasing personnel prefer their offices to hold procurement negotiations in, 33.33% like meeting suppliers in a neutral place and a smaller percentage of 8.33% prefer travelling to suppliers premises to hold negotiations there. Conclusively, to establish the influence of gender on the choice of venue, the table below denotes the correlation between the two variables. This shows the role gender plays and its effect on site preference.

Table 4b: Effect of gender on negotiation site preference

The relationship between Gender and negotiation site preference					
		Gender		Site preference	
Spearman's rho	Gender	Correlation Coefficient	1.000		0.045
		Sig. (2-tailed)	.		0.782
		N	41		41
	Site preference	Correlation Coefficient	0.045		1.000
		Sig. (2-tailed)	0.782		.
		N	41		41

To establish the influence of gender on the choice of negotiation site, a correlation analysis above insinuates that Rho (Spearman's rank correlation coefficient) is 0.045, which is less than 0.2. This implies a slight and almost negligible relationship between gender and place preference. Both male and female purchaser personnel have a comparative preferences and their choice of negotiation venue is affected by other factors but not their gender.

Table 5: Effect of negotiation site to the buyer-supplier agreements

Statements	Evaluation					
	Strongly agree	Agree	Not sure	Disagree	Strongly Disagree	TOTAL
Negotiation venue has long-term effect to supplier-buyer relationship?	14.6%	48.8%	14.6%	19.5%	2.4%	100%
Supplier coming to purchasers place shows the suppliers willingness, ability and commitment to contract for supplies?	22%	43.9%	14.6%	17.1%	2.4%	100%
Purchaser going to suppliers place makes supplier lenient in costs and discounts?	9.8%	43.9%	14.6%	26.8%	4.9%	100%
Supplier going to purchasers premises makes him make high concessions and quote high prices?	19.5%	34.1%	31.7%	7.3%	7.3%	100%
Purchaser gets to know the supplier well when negotiations are held at suppliers place?	34.1%	46.3%	7.3%	7.3%	4.9%	100%

From the table above 14.6% strongly agreed that negotiation venue has long-term effect on the buyer-supplier relationship, while 48.8% agreed on the same. Again 14.6% were not sure of the effect. It is also evident that 17.1% and 2.4% disagreed and strongly disagreed respectively. On whether suppliers coming to purchasers place shows the suppliers' willingness, ability and commitment to contract for supplies, 12.4% strongly disagreed, 17.1% disagreed, 14.6% were not sure, 43.9% agreed and 22% strongly agreed. Suppliers have a tendency of offering discounts to their purchasers in terms of trade discounts, quantity discounts. This is due to bulky purchases among others thus its evident from the table above that upon purchaser going to negotiate at suppliers premises, lenience in costs and discounts offered by the suppliers is seen. Thus 9.8% strongly agreed, and 43.9% agreed, 14.6% were not sure, 26.8% disagreed and 4.9% strongly disagreed.

Different concessions like price and discounts ,terms of payment ,delivery dates and lead times, after sales services ,transportation ,quantity and quality are agreed upon by both the buyer and supplier during negotiations and therefore 19.5% strongly agreed that suppliers going to purchasers premises makes him make highly concessions and quote high prices, 34.1% agreed on the same matter. It is also seen that 31.7% were not sure, 7.3% disagreed and lastly

7.3% strongly disagreed. As evident from the table above 31.4% strongly agreed that purchasers get to know well the supplier when the negotiations are held at the suppliers premises, 46.3% agreed, 7.3% were not sure on the issue, 7.3% disagreed and lastly 4.9% strongly disagreed.

In a nutshell, negotiation sites from the findings are found to affect the buyer supplier agreements in terms of the prices, discounts, lenience in costs, concessions offered and ultimately it has effect on buyer-supplier relationship.

Table 6: Negotiation site as source of power

STATEMENTS	EVALUATION					
	Strongly agree	Agree	Not sure	Disagree	Strongly Disagree	Percentage
Negotiating in the purchaser's home place gives the purchaser more power to compromise the supplier?	19.5%	51.2%	4.9%	17.1%	7.3%	100%
Negotiation at the suppliers premises gives the supplier competitive edge in the bargaining?	19.5%	53.7%	7.3%	19.5%	0%	100%
Are there high chances of disagreement when negotiating at a neutral territory?	19.5%	43.9%	14.6%	19.5%	2.4%	100%

The various negotiation sites play an important role in the bargaining process. Power refers to the ability to convince others to buy ones idea. Power in negotiations is determined by many factors and negotiation sites are not exceptional. In the above table, 19.5% of the respondents strongly agreed that supplier is compromised by purchaser when negotiation is held at the latter's place. A majority of 51.2% too came into consensus and concurred that negotiating at purchaser's place makes supplier compromised and adhere to what purchaser says. Of the respondents 4.9% were not sure with the statement and 17.1% and 7.3% disagree and strongly disagree respectively. Generally majority of the respondents agreed that supplier is compromised when negotiations is held at purchases place. This shows the role and importance of home advantage.

Consequently, negotiating at the suppliers' premises gives the supplier an upper hand to control the process. As the above analyses, shows 19.5% and 53.7% strongly agreed and agreed respectively that suppliers have a competitive advantage when the negotiation meetings are held at the suppliers' premises. A smaller percentage of 7.3% was not sure of the statement as 19.5% disagreed with it.

A neutral place is not exceptional. This is because of the impartiality nature of the site. Neutral site places both the supplier and purchaser at par and each has a neutral ground to compromise the other. Each party to a negotiation has equal power and no one has an added advantage resultant from the venue. This increases the chances of disagreement among the parties.

## **CONCLUSION**

The study revealed a number of interesting issues. The findings reinforced the view that negotiation site affect the buyer-supplier agreements that is the prices, the quality, the delivery dates, the discounts and other offers. This is because the suppliers' offer of concessions is dependent on the environment of the negotiations and suppliers tend to be lenient when negotiations are held at the purchasers place.

Most purchasing personnel prefer negotiating in their home place due to the competitive edge referred to as "home advantage". Various purchasing personnel had different reasons for their preference of their place for negotiations. The reasons are and not limited to; at home place the purchasing personnel can control the meetings better. Home advantage also enables the purchasing personnel to prepare for negotiations. The purchasing personnel, in preparations can do a fair amount of preconditioning with the supplier before they arrive. As aforementioned above, most purchasers generally feel more comfortable and possibly more confident in their ability to engage in meaningful negotiations at their own place of business. Additionally, if the purchaser is at his or her office, they will have easier access to any documents or records that may be needed during the negotiation. The purchasing personnel will also have the benefit of the support staff and access to computers and other sources of information that may be important.

On the other hand those who preferred to go to suppliers' premises when negotiating get to see the real supplier or vendor, not the brochure version, and they get the opportunity to meet the individuals that will potentially support their account that never get let out.

In a negotiation, power plays an important role. Power is each side's perception of its strength or weakness in comparison to the other. Both the buyer and the seller have power in a negotiation that is dependent on the venue or site of staging the negotiations. In this case, there may be a more subtle purpose, for insisting on purchasers' office being the negotiation site. The purchasing personnel may intend to deliver a non-verbal message to intimidate or impress the other party. Another intimidation tool that makes the venue of negotiation a source of power in a negotiation is the ego wall. The offices and personal appearances are all staged indices of

success and power. It may have awards, citations, unique artwork, and certificates from schools and universities

The findings show that gender has no influence in choosing the venue to negotiate. This is because the preference of both male and female chronologically concurred. Both genders prefer home turf to hold procurement negotiations. Concisely, gender resulted to have no impact or rather to be not a factor that may rationalize the negotiation site for holding procurement negotiations.

## SUGGESTIONS FOR FURTHER RESEARCH

This study is constrained to coast region of Kenya. Supermarkets in other developing countries differ from their Kenyan counterparts. This may be so because of legal and regulatory constraints and economic policies or structures that might differ among countries. Future research may be designed to compare the findings in this study with findings that relate to supermarkets in other developed and developing countries. Confirmation of these findings is important since supermarkets operating in developing countries may need to adopt them to regain competitiveness.

Nevertheless, this paper suggests that negotiation-holding venues can have significant impact on purchaser –supplier agreements. The factors considered in choosing the venue could be an interesting topic for a future study in the context of both developing and developed economies.

## REFERENCES

- Creswell, J.W. (2008). *Educational research: Planning, conducting, and evaluating quantitative and qualitative research* (3rd). Upper Saddle River, NJ: Prentice Hall.
- Dobler, D., W & Burt, D.N (1999), *Purchasing and supply chain management*; text and cases, 6<sup>th</sup> Ed, the McGraw-Hill companies,inc, Singapore,
- Donald R. Cooper and Pamela S. Schindler (2008) *Business Research Methods* (10<sup>th</sup> Edition) McGraw-Hill Publishers Ltd, Singapore,
- Fisher, C., and Lovell, A (2009).*Business Ethics and Values: Individual, Corporate and International perspectives* (93<sup>rd</sup>ed) Edinburg Gate England: Pearson Education Limited.
- Fisher Roger and Daniel Shapiro (2005).*Beyond reason: using emotions as you negotiate*. Newyork:Viking/penguin
- Galinsky, A.D., (2004) *Negotiation strategy: should you make the first offer?* Harvard business school.
- Ghuri,P and Usunier, J (2003), *International business negotiations*, 2<sup>nd</sup>ed, Pergamon press.
- Gomez, R., and (1999) *A Premier on Business Ethics: What's Right and Wrong in Business?*2<sup>nd</sup>ed, Sinag-Tala Publishers, Mannila.
- Handfield, R.B. and Nichols, E.L. (1999).*Introduction to Supply Chain Management*, Prentice-Hall, USA.
- Jessop D., Crocker B., Morrison A.,(2012) *Inbound logistics management* 7<sup>th</sup> edition, Pearson: Britain.

- Kombo, K. and Tromp L.A (2011), *Project and thesis writing; an introduction*. Paulines publications ltd.
- Kotabe, Masaaki (1999), *Efficiency vs. Effectiveness Orientation of Global Sourcing Strategy: A Comparison of U.S. and Japanese Multinational Companies*, Academy of Management Executive.
- Leenders M., Johnson F., Flynn A., Fearson H., (2006) *Purchasing & supply management: with 50 supply chain cases*, McGraw Hill, Singapore.
- Lewick, R.J.; D. M. Saunders; and J.W.Milton. (1999) *Negotiation*, 3<sup>rd</sup> ed. Burr Ridge, IL: McGraw-Hill/Irwin.
- Lewicki ,R, et al (2003)*essentials of negotiation*, McGraw Hill: international edition, Singapore.
- Lysons, K. and Farrington, B. (2006) *Purchasing and supply chain management*, 7<sup>th</sup>ed Prentice Hall,Britain.
- M. L. Fagan, (1991), *A Guide in Global Sourcing*, Journal of Business Strategy, vol. 12, pp. 21-25.
- McCarthy. (1991)*The role of power and principle in getting to yes in* Breslin J.W and Rubin, J.Z *Negotiation theory and practice*, Cambridge university press, pp 115-122.
- Mugenda M. Olive and Mugenda G. Abel (2003) *Research methods* 2<sup>nd</sup> edition, Publisher: Nairobi, Kenya.
- Naissuma D.K (2000), *Survey Sampling: Theory and methods*, University of Nairobi, Nairobi, Kenya.
- Patton, M. Q. (2002). *Qualitative research and evaluation methods* (Vol. 3). Thousand Oaks.
- Rocco Hatcher, T., & Creswell, J.W. (2011).*The handbook of scholarly writing and publishing*. CA: John Wiley & Sons, San Francisco.
- Rogerfisher and William Ury (2007)*The power of positive No*, Penguin books: Newyork.
- Rubin, J.Z., and Brown, B.R (1975) *The social psychology of bargaining and negotiation*, Academic press.
- Salleh, A. L., & Mohammad, M. N. (2006).*Benefits and challenges of worldwide sourcing: A study of Malaysian electrical and electronics companies. International Conference on Management for Growth and Development*, Colombo.
- Schindler S., Cooper D., (2008) *Business research methods* 10<sup>th</sup> edition McGraw-Hill/Irwin, Newyork.
- Spector, P.E (2003), *Industrial/organisational psychology: Research and practice*, 3<sup>rd</sup> ed. John Wiley: Newyork
- Trent, Robert J. and Robert M. Monczka (1998), *Purchasing and Supply Management. Trends and Changes Throughout the 1990s,*" International Journal of Purchasing and Materials Management, 34 (Fall).
- Ury William (2007) *Getting past No: negotiating your way from confrontation to cooperation*, Bantam books, New York.