

Abstract

Purchasing strategy plays more and more important role in current business environment. Appropriate purchasing strategy directly influences purchasing organization's product quality and total costs, improves and establishes competitive advantage. A critical question is what kind of purchasing strategies are right to purchasing organizations and how the purchasing strategy impacts the purchasing performance and buyer/supplier relationship for the purchasing organizations.

The purpose of the study is to compare the impacts of two purchasing strategies: single sourcing and sole sourcing, on purchasing performance and buyer/supplier relationship. The purchasing performance is measured by product quality and total costs. Buyer/supplier cooperation and buyer dependence on the supplier are used to measure the buyer/supplier relationship. The study focuses on China's textile industry and only fabric manufacturers are investigated. The investigated region is limited to Ningbo area, which is one of major and advanced textile manufacturing region in China.

The primary data is collected through distributing the questionnaire to respondents by fax machines, or personal interview. The independent sample t-test is used to test hypotheses.

The results of hypotheses test show that there are significant different impacts of single sourcing and sole sourcing on product quality, buyer/supplier cooperation, and buyer dependence on the supplier. However, there is no significant different impact of single sourcing and sole sourcing on total costs.

Therefore, if there is only one available supplier for one specific part, the buyer has to employ sole sourcing. If the buyer wants to improve purchasing

performance and buyer/supplier relationship, the researcher suggests that the buyer seeks other potential suppliers who have potential abilities to produce that specific part. Thus, there is more than one supplier for that specific part, and the buyer can employ single sourcing to replace sole sourcing. Based on the outcomes of hypotheses test, single sourcing leads the buyer to receive higher product quality, strength buyer/supplier cooperation, and maintain lower level of buyer dependence on the supplier compared to sole sourcing.

