

Chapter 20

Relationship Establishment in SCM in a Market with Enforcement and Regulation Challenges: Case of Tanzania

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ABSTRACT

In absence of effective state institutions, informal and private sector operations tend to govern the market. This problem is evident in the petroleum industry in Tanzania. However, little is known about how players in petroleum industry operate in those business environments. The purpose of this chapter is to explore establishment of a relationship between supplier-logistic firms in a post planned economy. The study employed case study interview with two petroleum products distributors in Tanzania to achieve its objective. Data were analyzed by thematic analytical techniques. Three major findings regarding buyer-suppliers relationships in developing economies are presented: actors do not prefer to enforce contract that they sign, discretionary relationships exist in petroleum business among actors and 'undugunization' is the strongest criteria in selection of actors. Study implies that for a supplier-logistic relationship to exist government has a great role to play in enforcement of laws.