

Impact of Information Sharing on Trust and Procurement Performance among Humanitarian Organizations in Myanmar

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Abstract

Procurement performance is critical for all Humanitarian Organizations. Organizations need to share information with suppliers and buyers to be effective in procurement performance. Information sharing becomes an essential step of procurement performance to build trust and engagement. Keeping private information is vital as sharing reliable information with suppliers. The current study analyzed the impact of information sharing on trust and procurement performance. The quantitative research method is applied. The findings showed that information sharing significantly impacts suppliers' trust and procurement performance. When humanitarian organizations fail to share trusted information, they can lose suppliers' trust and negatively affect procurement processes. Procurement staffs are responsible for sharing accurate information on time to build suppliers' trust.

Index Terms— Information sharing, Trust, Procurement performance, Humanitarian organizations, Myanmar.

Introduction

Weele (2002) defines procurement as a set of tasks that includes communication and collaboration with the requester from the internal organization, determining the specifications of required goods or services, sourcing and purchasing from suppliers, following up delivery, receiving, and evaluating supplier performances, and managing relationships with suppliers. Procurement aims to ensure the timely delivery of goods and services at an acceptable level of quality. Procurement is a critical and challenging process for humanitarian

organizations (Moshtari et al., 2021). Information sharing can significantly impact procurement performance for Humanitarian Organizations and provides better feedback to donors, ensuring more effective operations (Howden, 2009). When the data is shared effectively, it can enhance procurement performance, including better supplier selection, negotiation, contract management, and overall procurement efficiency (Oromo & Mwangangi, 2017). The element of Trust has been identified as one of the building blocks for organizational culture management in humanitarian organizations (Shafiq & Soratana, 2020). Trust issues across upstream and downstream partners in humanitarian procurement and supply chains (Awasthy et al., 2019). One occurrence of losing Trust is a need for more transparent information sharing and instruction between buyers and suppliers (Shafiq & Soratana, 2020).

Myanmar's security and humanitarian situations have worsened amid ongoing fighting across Myanmar. Humanitarian organizations continue to provide critical and lifesaving assistance to affected and displaced people nationwide. Humanitarian operations continue to be hampered by physical and administrative obstacles (OCHA Myanmar, 2023). Although previous researchers mentioned the critical aspect of information sharing in procurement performance, there is still scientific evidence in Myanmar showing how procurement performance's success relates to information sharing and the Trust of suppliers. This study examines the effect of information sharing and supplier trust on procurement performance among humanitarian organizations in Myanmar.

Literature Review

Social Exchange Theory

According to Ekeh (1974), Social exchange theory is a psychological and sociological perspective that explains social change and stability as a process of negotiated exchanges between parties. Social exchange theory proposes that all human relationships are formed by using subjective cost-benefit analysis and comparing alternatives. The theory has roots in economics, psychology, and sociology. Social Exchange Theory can be applied in the procurement of Humanitarian Organizations by focusing on building Trust and long-term relationships with suppliers, governments, and local partners (Oloruntoba, 2017). This approach promotes cooperation, information sharing, and trust building, which enhances procurement performance, such as cost savings, better quality, innovation, and reduced supply chain risk (Oloruntoba, 2017).

Procurement Performance

Since the 1930s, procurement performance has attracted significant attention from practitioners, academicians, and researchers (Chimwani et al., 2014). Procurement performance measures the extent to which

the procurement function can reach the objectives and goals with minimum costs (Makali et al., 2018). Well-stipulated procurement performance objectives can fast-track an organization's change process and improve its viability. According to (Amaratunga et al., 2002), procurement performance is a critical driver in improving the superiority of services, while it is an absence or inappropriate application can obstruct change and may lead to a declining purchasing function. Procurement performance is a crucial driver in improving the superiority of services. Performance is hard to measure in the humanitarian sector, as demand and supply are not directly regulated through price. Procurement performance involves two main aspects: effectiveness and efficiency (Van Wassenhove, 2006). Effectiveness in procurement considers indicators such as supplier quality, delivery management, the flexibility of suppliers, material quality defects, supplier profile, inventory incoming on time, order cycle time, and documentation (Makali et al., 2018).

Information Sharing in Procurement Performance

The conducive environment between the inter-organizational levels will provide a better opportunity to perform as a unified body (Hunaid et al., 2022). Information sharing includes different information such as consumer demand, order status, sales forecast, inventory level, manufacturing capabilities, quality, and lead time. If firms do not invest in the supplier relationship, it will eventually impact the cost of inspection, rework, delays, and overproduction. So sharing of information will make the firm efficient in cost reduction and also make the firm's presence competent (Giunipero & Brewer, 1993). Sharing information improves the inventory cost, replenishment of the inventory, and material flow and reduces demand forecast errors. Procurement performance measurement can be facilitated by information sharing and collaboration in buyer-supplier relationships (Jääskeläinen, 2021).

Information Sharing and Trust

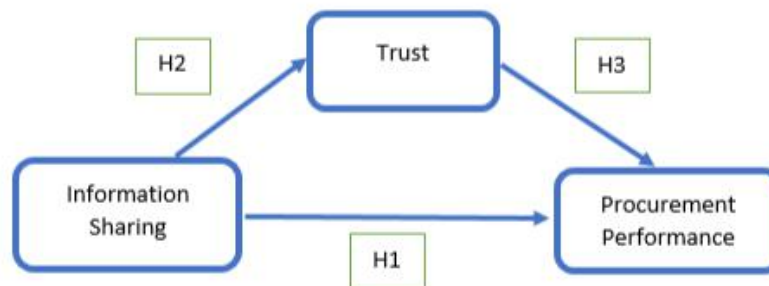
Information sharing is essential in the trust-building process since sharing information enables buyers and suppliers to understand each other and develop mechanisms for conflict resolution, which signals that the suppliers and buyers can be trusted (Kwon & Suh, 2004). Effective communication and information sharing with suppliers can enhance buyers' procurement performance (Shahzad et al., 2015). If partners are to realize the benefits of collaboration, they need to share information, buyer share information, open communication and consistently fulfill their commitments to build Trust with suppliers (Min et al., 2005). Information sharing positively influences trust relationships with suppliers. The more buyers share information and improve their information-sharing techniques, the more suppliers and buyers trust each other (Villena, 2019). Information sharing will positively impact

Trust; the greater sharing of information reduces uncertainty, thereby improving the level of Trust and commitment in a relationship (Nyaga et al., 2010). Therefore, good partnerships between buyers and suppliers are essential to minimizing the negative impact of supply chain disruptions, so effective information sharing is an essential factor in building buyer and supplier trust and improving resilience at different stages (Kumar, 2021).

Trust and Procurement Performance

The Trust serves as a motivator for buyers and suppliers to focus on the long-term advantages of relationships, therefore improving performance outcomes. Communication helps establish Trust and commitment in buyer-supplier relationships to ensure procurement performance (Kimario, 2021). Supplier reliability has been identified as a trust aspect in the buyer-supplier relationship. However, evidence from developing countries shows no relationship between the supplier's reliability and the trustworthiness of the provider in the buyer-supplier relationship and performance (Ian Stuart et al., 2012). Conversely, supplier reliability has been observed to influence procurement performance in one developing country (Kimario, 2021). Longer business relationships are characterized by Trust, which may motivate a supplier to push more. Service context has sometimes been mentioned as unique in performance measurement practices. Trust plays a vital role in supplier relationships; trust and information sharing can improve procurement performance by delivering quality items at a lower cost (Loice, 2015).

Figure 1: Conceptual Framework



Hypotheses

H1. Information sharing has a significant influence on Procurement Performance.

H2. Information sharing has a significant impact on Trust.

H3. Trust has a significant impact on Procurement performance.

Methodology

The quantitative research method is used to answer research hypotheses. The quantitative research method helps to solve research issues using statistical methods and numerical approaches. The research nature is a descriptive and cross-sectional study. The Independent variable is information sharing, and trust and procurement performance are the dependent variables. The research targeted procurement management officers, including senior staff and managers currently working at humanitarian organizations in Myanmar. A total of 34 procurement officers actively participated in the research. Data are collected using a self-reported questionnaire developed by previous authors. The questionnaire is designed as a five-point Likert scale item. The collected data are analyzed through SPSS (version 27) statistical software. A frequency table reports personal data. Descriptive statistics report the perception of applied questions and Pearson correlation for analyzing the relationship between testing variables.

Findings and Discussion

Collected data are coded and transformed into SPSS, and analyzed the findings of the study. Table (1) shows the personal data of respondents. Over half of respondents (52.9%) are female staff, and aged between 31 to 40 years (55.9%). 64.7% of participants are bachelor degree holders, and working as senior officer level of management. One-third of respondents have 11 to 15 years of working experience.

Table 1: Personal Factor

Personal Factor		N	%
Gender	Female	18	52.9%
	male	16	47.1%
Age	20 to 30 years	2	5.9%
	31 to 40 years	19	55.9%
	41 to 50 years	10	29.4%
	51 to 60 years	3	8.8%
Education level	masters degree	12	35.3%
	bachelor degree	22	64.7%
Working Position	senior officer	22	64.7%
	manager	12	35.3%
Working Experience	minimum 5 years	10	29.4%
	6 to 10 years	11	32.4%
	11 to 15 years	12	35.3%
	16 years and above	1	2.9%

The reliability of applied question set is measured by Cronbach's alpha value. The calculated Cronbach's alpha score (0.842) shows that the applied survey is reliable.

Table 2: Reliability Analysis

Reliability Statistics	
Cronbach's Alpha	N of Items
.842	14

Table (3) reports the information sharing of procurement organization with suppliers. The results indicate that average information sharing score is 3.79 which means that the procurement organization shares information accurately with suppliers. Information sharing with specific schedule for product delivery gets highest mean score (4.08), followed by information of designing and development of new products (3.97), and sharing complete information (3.82).

Table 3: Descriptive Statistics of Information sharing

Information sharing	Mean	Std. Deviation
Specify schedule for product delivery	4.08	0.67
Share demand forecast information	3.41	0.89
Designing and development of new products	3.97	0.72
Share complete information	3.82	0.80
Share accurate information	3.64	0.88
Share timely information	3.82	0.52
Average	3.79	0.75

The findings in table (4) shows the average scores of supplier trust. The average score is 3.74. Suppliers believe that the procurement organization shares significant information for them (3.97), followed by keeping confidential information (3.71), trustworthy information (3.65) and honest and fair dealing of information (3.65). The results indicate that suppliers trust on sharing information of organizations.

Table 4: Descriptive statistics of Trust

	Mean	Std. Deviation
Trustworthy	3.65	0.73
Honest and Fair in dealing	3.65	0.77
Keep confidential information	3.71	0.68
Significant information	3.97	0.67
Average	3.74	0.71

Table (5) presents the procurement performance. The average score is 3.63 which means that the procurement performance of organization is at acceptable level. The procurement organization improved in on-time delivery (3.91). Moreover, the organizations reduced customers' complaints (3.59), got order fulfillment (3.59), and also improved in manufacturing time (3.44). The findings show that the procurement organization improved its performance to get customer satisfaction and trust.

Table 5: Descriptive statistics of Procurement performance

	Mean	Std. Deviation
On-time delivery	3.91	0.57
Order fulfillment	3.59	0.70
Manufacturing time improvement	3.44	0.66
Reduce customers' complaints	3.59	0.82
Average	3.63	0.69

Pearson correlation (table 6) measure the correlation between information sharing, trust and procurement performance at 95% confidence interval. The results indicate that information sharing has positive significant impact on suppliers' trust (Pearson correlation = 0.666), and procurement performance (Pearson correlation = 0.454). Moreover, trust of suppliers has positive significant impact on procurement performance (Pearson correlation = 0.624). The findings approve that when the procurement organization shares information to suppliers, it can get trust, and also improve procurement performance. Information sharing enables dependable deliveries and new product markets in time with better coordination between supply chain members (Hunaid et al., 2022). Sharing information with suppliers allows the firm to respond to consumer demand promptly. Trust has a positive influence on information sharing because trust enhances the intensity of willingness to share information with supply partners. Although trust impacts information sharing, it does impact and mediates procurement performance (Amaratunga & Baldry, 2002). Kimario (2021) pointed out communication and information sharing as establishing trust and commitment between the supplier and the buyer. The findings of the current study and previous research indicate the vital role of information sharing in procurement performance and building supplier-buyer trust.

Table 6: Pearson Correlation

Correlations				
		Information sharing	Trust	Performance
Information sharing	Pearson Correlation	1	.666**	.454**
	Sig. (2-tailed)		.000	.007
Trust	Pearson Correlation	.666**	1	.624**
	Sig. (2-tailed)	.000		.000
Performance	Pearson Correlation	.454**	.624**	1
	Sig. (2-tailed)	.007	.000	
**. Correlation is significant at the 0.01 level (2-tailed).				

Conclusion and Recommendation

This study approved that information sharing has a significant positive impact on suppliers' trust and procurement performance. The trust of suppliers has a significant positive impact on procurement performance. When the procurement organization shares information with suppliers, it can gain trust and improve procurement performance. The findings of the current study and previous research indicate the vital role of information sharing in procurement performance and building supplier-buyer trust. When humanitarian organizations fail to share trusted information, they can lose suppliers' trust and negatively affect procurement processes. This paper's findings recommend that the procurement staff share accurate information on time with their suppliers to build suppliers' trust. This study collected data from buyers from Humanitarian Organizations in Myanmar and focused on buying organizations' perspective. Future studies should use both sampling data from Buyers and their suppliers so that they can have more comprehensive relationships and enrich more fruitful results.

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