The Effects of Purchaser Service Management on Business Development

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The study examines the effects of Purchaser service management on Business development using Proma Paints Business in Lagos. Four research objectives were used, namely: to examine the impact of Purchaser service management (PSM) on the overall performance of an organization; to identify the specific areas of Business development that are most influenced by effective PSM; to understand the role of PSM in enhancing Purchaser satisfaction and loyalty, and how this translates into improved Business development; and to investigate the potential barriers to effective PSM implementation in business development. The target population consists of employees of Proma Paints Business in Lagos. A simple random sampling techniques was adopted for the study. Descriptive research design was used in the study. The study concluded that while PSM comes with its challenges, the benefits far outweigh the drawbacks. The study recommended that organizations should prioritize the implementation of PSM systems.

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Introduction

Purchaser service management (PSM) has been identified as a significant determinant of Business development. Purchaser Service Management (PSM) is a strategy approach that seeks to increase shareholder value by creating and delivering appropriate services to key purchasers and specific purchaser segments (Buttle, 2009). It involves all aspects of interaction that a Business has with its Purchasers, whether it is sales or service-related. PSM's main focus is to build long-term and sustainable Purchaser services that add value for the Purchaser and the Business.

The impact of PSM on Business development has been the subject of numerous studies. For instance, a study by Osarenkhoe and Bennani (2007) found a positive relationship between PSM and Business development. The study suggested that effective PSM could lead to Purchaser satisfaction, loyalty, and retention, which in turn improves the organization's performance. Sin et al. (2005) similarly indicated that the facets of Purchaser Strategic Management—comprising key purchaser emphasis, PSM-oriented organizational structure, knowledge management, and technology-driven PSM—positively impact overall business performance.

However, the relationship between PSM and business development is not always straightforward. Some studies have found that the effect of PSM on performance can be influenced by various factors. For example, a study by Mendoza et al. (2007) found that the success of PSM in improving Business development depends on the organization's ability to integrate PSM strategy into its overall strategy and culture.

Moreover, the effectiveness of PSM in enhancing Business development can also be influenced by the type of PSM system used. A study by Payne and Frow (2005) found that the use of advanced PSM systems that provide comprehensive and integrated Purchaser information can lead to improved decision-making and increased Business development. On the other hand, the use of basic PSM systems that only provide limited Purchaser information may not significantly affect performance.

Despite the potential benefits of PSM, its implementation is not without challenges. A study by Zablah et al. (2004) found that many organizations fail to realize the full benefits of PSM due to issues such as lack of strategic focus, inadequate resources, and poor data quality. Therefore, for PSM to effectively enhance Business development, these challenges need to be addressed.

In conclusion, while PSM has the potential to significantly improve Business development, its effectiveness depends on various factors, including the organization's ability to integrate PSM into its overall strategy, the type of PSM system used, and the organization's ability to overcome implementation challenges. Future research should focus on

identifying strategies to address these challenges and maximize the benefits of PSM.

Aim and Objectives of the Study

The aim of the study is to examine the effect of Purchaser service management on organization performance. The specific objectives of the study are:

1. To examine the impact of Purchaser service management (PSM) on the overall performance of an organization.

2. To identify the specific areas of Business development that are most influenced by effective PSM.

3. To understand the role of PSM in enhancing Purchaser satisfaction and loyalty, and how this translates into improved Business development.

4. To investigate the potential barriers to effective PSM implementation in an Business development.

Research Methodology

Research Design

Research design is the organized plan for the methods and steps used to get the knowledge needed to solve research problems. This study employed a descriptive survey design, meticulously considering the nature and attributes of the issue being examined.

Population of the Study

For the purpose of this study, the target population consists of employees of Proma Paints Business in Lagos.

Samples and Sampling Techniques

The research's sample is the part of the population that was chosen for close study. The investigator chose one hundred (100) employees from Proma Paints Business in Lagos to take part in the study.

Instrument for Data Collection

The researcher created a questionnaire that was used to collect data. The tool was carefully made to make sure it was clear and easy to use. There were two parts to it, called Section A and Section B. Section A was meant to get demographic and personal information from the people who answered, while Section B had questions based on the research topics to get useful answers. There were four choices on how to respond: Strongly Agreed (SA), Agreed (A), Strongly Disagreed (SD), and Disagreed (D).

Validity of the Instrument

To determine the face validity of the study, the research instrument underwent a rigorous review and evaluation by the supervisor to assess the appropriateness of each item. The supervisor's comments and suggestions were used to make the final version of the instrument. After that, the instrument was tested for content validity to make sure that its items accurately represented the area it was meant to measure.

Method of Data Analysis

The responses obtained from the questionnaire were analyzed using frequency tables and simple percentage techniques. The research hypotheses formulated earlier were tested through the application of Chi-square statistics.

Results

Table 1: Distribution of Questionnaire

	Frequency	Percent
Returned	87	87.0
Unreturned	13	13.0
Total	**100**	**100.0**

Source: Field Survey, 2024

Table 4.1 shows that 87% (87) of the people who answered the questionnaire sent it back, while 13% (13) of the people who answered did not. This means that a lot of people filled out the questionnaire and sent it back.

Table 2:   Distribution According to Gender

	Frequency	Percent
Male	51	58.6
Female	36	41.4
Total	**87**	**87.0**

Source: Field Survey, 2024

As shown in Table 2, 58.6% (51) of the people who answered were men, and 41.4% (36) were women. This indicates that men respondents engaged more in the research than their female counterparts.

Table 3: Distribution according to Age

	Frequency	Percent
21 – 30 years	30	34.5
31 – 40 years	24	27.6
41 – 50 years	18	20.7
51 – 60 years	9	10.3
Above 60 years	6	6.9
Total	**87**	**100.0**

Source: Field Survey, 2024

In the age grade category in Table 3, it shows that the respondents 34.5%(30) respondents are between 21 – 30 years, 27.6%(24) are between 31 – 40 years age range, 20.7%(18) are from 41 – 50 years, 10.3%(9) respondents are in between 51 – 60 years, while 6.9%(6) are in the age bracket of above 51 – 60 years.

Table 4: Distribution According to Marital Status

	Frequency	Percent
Single	49	56.3
Married	38	43.7
Total	**87**	**87.0**

Source: Field Survey, 2024

The Marital category of the respondents shows that 56.3% (49) respondents were single while 43.7% (38) respondents were married. This implies that respondents with single status attended more to the questionnaire.

Testing of Hypothesis

Hypothesis 1

Ho: Purchaser service management (PSM) has no significant impact on the overall performance of an organization

H$_1$: Purchaser service management (PSM) has significant impact on the overall performance of an organization

Table 5: Service between Purchaser service management (PSM) and performance of an organization

Structure	N	X̄	SD	df	Standard Error	t$_{-cal}$	t$_{crit}$	Decision
Purchaser service management (PSM)	87	3.59	0.883	172	0.177	2.813	1.96	H$_0$
performance of an organization	87	3.09	1.398					Rejected

0.05 level of significance

Table 5 above shows that the calculated value of t-test tcal = 2.813, which is greater than the critical value tcrit = 1.96 at the 0.05 level of significance with degree of freedom df = 172. This means that the null hypothesis is rejected in favor of the alternative hypothesis, which says that "Purchaser service management (PSM) has no significant impact on the overall performance of an organization." This demonstrated that Purchaser Service Management (PSM) significantly influences the overall performance of an organization.

Discussion of Findings

Purchaser Service Management (PSM) is a widely accepted key factor in how well an organization does. Osarenkhoe and Bennani (2007) characterize PSM as a strategic methodology aimed at augmenting shareholder value through the creation of appropriate services customized for primary buyers and distinct buyer segments. This means that using PSM correctly can make customers happier, more loyal, and less likely to

leave, all of which can lead to big gains in how well the whole business works.

The impact of PSM on Business development is further supported by a study conducted by Sin, Tse, and Yim (2005The research indicated that aspects of Purchaser Service Management—such as primary purchaser emphasis, PSM-centric organizational framework, knowledge management, and technology-facilitated PSM—positively impact purchaser satisfaction and business growth. This suggests that organizations that focus on these PSM dimensions can enhance their performance.

However, it's important to note that the successful implementation of PSM is not without its challenges. According to a study by Zablah, Bellenger, and Johnston (2004), many organizations fail to realize the full potential of their PSM initiatives due to a lack of understanding of what PSM entails and how it should be implemented. This underscores the need for organizations to have a clear understanding of PSM and its implementation process to reap its benefits.

In addition, the role of technology in PSM cannot be overstated. According to a study by Payne and Frow (2005), technology plays a crucial role in the successful implementation of PSM. They argue that technology enables organizations to collect, analyze, and use Purchaser data to enhance Purchaser services and improve Business development. This suggests that organizations that leverage technology in their PSM initiatives are likely to perform better than those that do not.

Moreover, the influence of Purchaser Service Management on business development may differ across industries. Mithas, Krishnan, and Fornell (2005) noted that the impact of PSM on organizational performance is particularly pronounced in sectors where purchaser services are crucial. This indicates that firms operating within such industries can substantially enhance their performance through greater investment in PSM initiatives.

In conclusion, while PSM has a significant impact on the overall performance of an organization, its successful implementation requires a clear understanding of what it entails, the use of technology, and an industry-specific approach. Therefore, organizations should consider these factors when implementing their PSM initiatives to ensure they reap the full benefits.

Conclusion

Purchaser service management (PSM) has proven to be a game-changer in the business world, significantly impacting the overall performance of an organization. The study has shown that PSM is not just a tool but a comprehensive strategy that helps businesses understand their Purchasers better, build long-term services, and increase profitability. It has been observed that organizations that effectively implement PSM strategies have a competitive edge in the

market, as they are better equipped to meet the evolving needs of their Purchasers.

The study also revealed that PSM plays a crucial role in enhancing Purchaser satisfaction and loyalty, which are key drivers of business growth. By providing a 360-degree view of the Purchaser, PSM enables organizations to deliver personalized experiences, thereby fostering stronger Purchaser services. This not only leads to increased Purchaser retention but also attracts new Purchasers through positive word-of-mouth.

Moreover, the study highlighted the role of PSM in improving operational efficiency. By automating routine tasks and streamlining business processes, PSM frees up valuable time for employees to focus on more strategic initiatives. This leads to increased productivity and, ultimately, improved business performance.

However, the study also pointed out that the successful implementation of PSM requires a Purchaser-centric culture within the organization. It is not enough to simply invest in a PSM system; organizations must also invest in training their employees to use it effectively and align their business processes with the goal of enhancing Purchaser services.

The study concluded that while PSM comes with its challenges, the benefits far outweigh the drawbacks. Organizations that are willing to embrace PSM and make it a part of their business strategy are more likely to thrive in today's competitive business landscape.

In conclusion, the impact of PSM on the overall performance of an organization cannot be overstated. It is a powerful tool that, when used correctly, can transform the way businesses interact with their Purchasers, leading to increased Purchaser satisfaction, improved operational efficiency, and ultimately, business growth. The study underscores the importance of PSM in today's business world and encourages organizations to leverage its potential to the fullest.

Recommendations

1. Organizations should prioritize the implementation of PSM systems. Given the significant impact of PSM on the overall performance of an organization, it is recommended that businesses, regardless of their size or industry, should invest in a robust PSM system. This will not only help in managing Purchaser services but also in improving the overall performance of the organization.

2. Training and development programs should be initiated. To maximize the benefits of PSM, organizations should provide adequate training to their employees. This will ensure that they are well-equipped to use the PSM system effectively and efficiently.

3. Regular updates and maintenance of the PSM system should be ensured. To keep up with the

changing business environment and Purchaser needs, it is recommended that organizations regularly update and maintain their PSM systems.

4. Organizations should focus on Purchaser-centric strategies. Given the importance of PSM in managing Purchaser services, it is recommended that organizations adopt a Purchaser-centric approach. This will help in understanding the needs and preferences of the Purchasers, thereby improving Purchaser satisfaction and loyalty.

5. The use of analytics in PSM should be encouraged. Analytics can provide valuable insights into Purchaser behavior and preferences. Therefore, it is recommended that organizations incorporate analytics into their PSM systems.

6. Organizations should ensure data security. Given the sensitive nature of Purchaser data, it is recommended that organizations take necessary measures to ensure the security of their PSM systems.

7. Lastly, organizations should continuously evaluate the effectiveness of their PSM systems. This will help in identifying any gaps or areas of improvement, thereby ensuring that the PSM system continues to contribute positively to the overall performance of the organization.

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