Can international buyer-supplier relational attributes influence the intention to source from local suppliers? A case study of International Oil Companies in Tanzania

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Abstract

This study explores whether International Oil Companies (IOC) intending to source their non-consultancy services from local providers are affected by their respective strategic relationships with international service providers. International Oil Companies (IOC) exploring oil and gas in Tanzania were used as a case study to represent the group of buyers. This study adopted Industrial Marketing and Purchasing perspectives (IMP) on buyer-supplier relationships, where the structural and functional attributes of buyer-supplier relationships were examined. Structural Attributes include continuity, complexity, interdependence, and trust, while Process Attributes include adaptation, conflict, cooperation, socialisation, and formalisation. Buyers' intention to source from local suppliers was measured by four dimensions: presence of sourcing policy from local suppliers, presence of activities for creating awareness among local suppliers about supply opportunities, presence of relaxed evaluation criteria, and payment scheme that favours local suppliers and establishes a central unit for coordinating all activities intended to facilitate sourcing from local suppliers. A survey design was used, whereby primary data were collected from 189 employees working at middle- and top-level positions in oil and gas companies. Data analysis involved examining descriptive statistics for respondents' attributes and inferential statistical analysis, where relationships between the study variables were examined. The findings show that, given the new market constraints and without any forceful inducement, OICs will consider sourcing from local suppliers despite the ongoing strategic relationship with international suppliers. Therefore, host countries should focus on developing the competence of local suppliers to meet IOCs' expectations.

Keywords: International Buyer-Supplier Relational Attributes, International Oil Companies, Non-consultancy Services and Local Suppliers

1.0   INTRODUCTION

According to the Industrial Marketing and Purchasing (IMP) perspective (Anderson et al., 2017; Gadde & Snehota, 2000a; Håkansson & Shenota, 1995; Heide & John, 1990), business buyers operate in buyer-supplier relationships with key suppliers (Tangpong et al., 2015). These networks have structural and functional attributes that embed the practices of parties towards relational needs (Anderson et al., 1994; Frazier et al., 1994; Håkansson & Shenota, 1995), and buyers and suppliers commit to working together over a period between 10 and 20 years (Gadde & Snehota, 2000a; Håkansson & Shenota, 1995). Based on this, it is assumed that during a period of active relationships, buyers will always wish to source from a similar supplier (Arthur & Arthur, 2016; Ngoasong, 2014; Nwosu et al., 2006; Tordo et al., 2018, 2011; Tordo et al., 2013). However, this theory may not apply in the situation of internationalisation, where large business companies in developed countries shift their operations to developing countries in search of oil and gas. Although some key suppliers are shifting to developing countries to serve their clients, there is increased pressure from the increased cost of supply and host countries that local suppliers should also be allowed to supply (Sethi et al., 2018; Tordo et al., 2018, 2011).

Prior case studies (Arthur & Arthur, 2016; Ngoasong, 2014; Nwosu et al., 2006; Vaaland et al., 2012) show that because of their buyer-supplier relationships with key suppliers who are world-class and competent, IOCs do not consider sourcing from local suppliers for fear of quality level and reliability. This argument has induced the inception of a hard approach towards local content requirements in most developing countries (Scurfield et al., 2017). However, the argument raised by these studies is not supported by empirical evidence elucidating how buyer-supplier relationships may hinder the IOCs from providing opportunities to local suppliers. In addition, there is no articulation of how the specific attributes of buyer-supplier relationships affect the proposed local content practice. This is an issue because buyer-supplier relationships should be examined by checking their attributes (Håkansson & Shenota, 1995; Provan & Milward, 2001; Tangpong et al., 2015). This study argues that a lack of adequate explanation about whether IOC buyer-supplier relationships may provide opportunities to local suppliers has triggered the pursuit of a hard approach towards local content requirements in most developing countries (Mushemeza & Okiira, 2016; Tordo et al., 2013). Therefore, this study focuses on exploring the effect of relational attributes on IOCs' intentions to provide tendering opportunities to local suppliers.

2.0   LITERATURE REVIEW
2.1   Industrial Marketing and Purchasing (IMP) Perspective

The IMP perspective holds that buyer-supplier relationships have structural and functional attributes that will always embed buyers to source their requirements from the same suppliers (Håkansson and Shenota, 1995;Smirnova et al., 2011). The structural attributes include the continuity of buyer-supplier relationships (Paluri & Mishal, 2020a; Stanko et al., 2007), complexity (Lacam et al., 2017), interdependence (Turner et al., 2000), and trust (Marlow et al., 2010). The functional attributes include adaptation, conflict, cooperation, socialisation, and formalisation of business practices (Sheng et al., 2012; Wormald, 2017).

Empirical studies conducted in numerous contexts in Europe and the US from the early 1990s to the 2000s have confirmed this theory (Anderson et al., 1994; Gadde and Snehota, 2000a; Håkansson & Shenota, 1995). They found that both structural and functional attributes always profess the stability of buyer-supplier relationships (Håkansson & Shenota, 1995). Relational stability compels buyers to consider sourcing from the same supplier (Habibi et al., 2023). This is because both buyers and suppliers are committed to continuing the relationship through cooperation forced by interdependence (Anderson & Weitz, 1989; Wilson & Nielson, 2001). Therefore, both parties always pay for the coordination of the complex scope of the relationship to reduce the chances of dysfunctional conflicts which would collapse the relationship (Bobot, 2011). All these work under strong trust developed through socialisation and adaptation between buyers and suppliers (Morgan & Hunt, 1994; Mouzas et al., 2007; Paluri & Mishal, 2020b). However, the IMP perspective is silent on how the buyer will behave when exposed to a new market constraint, such as the need to develop local suppliers for the oil and gas industry in most developing countries endowed with such reservoirs. Based on this, the study seeks to reveal whether oil and gas companies, referred to as buyers, can willingly come from local suppliers. This is done by examining the effect of structural and functional attributes on the relationships between buyers and suppliers in the oil and gas exploration industry.

2.2   Hypotheses Development

The IMP perspective portrays that structural and functional attributes of buyer-supplier relationships compel buyers to source from similar suppliers (Håkansson & Shenota, 1995). However, in this study, we argue that in certain business environments, especially when the buyer moves to a new market, the same relational features can favour the buyer's intention to source from local suppliers. This argument is based on the finding that, when a buyer moves to a new market, the supply cost from similar suppliers increases (Anwar et al., 2018; Mu, 2013). This is due to the need to change the quality of the new customer, transportation costs, and related handling costs (Chalu, Juma, & Thomas, 2021).

Owing to stiff competition, a business company will always consider the best alternative to ensure quality but minimise the cost of ensuring business sustainability (Chalu et al., 2021; Sethi, Kaur, & Wadera 2018). This external force from new market constraints weakens the influence of structural and functional attributes on ongoing relationships with suppliers (Jaworski & Kohli, 1999; Jaworski & Kohli, 2012; Jónsson & Samundsson, 2014). This argument is also supported by the finding that structural and functional attributes of buyer-supplier relationships sometimes lead to conflict (Bobot, 2011) between buyers and suppliers due to the increased complexity of relationships leading to the increased cost of coordination for cordial relationships (Chakraborty & Philip, 1996; Habibi et al., 2023; Malone et al., 1990).

Conversely, the intention to source from local suppliers can be measured by the buyer's actions, such as establishing a policy governing the local purchasing process, implementing less stringent evaluation criteria that favour local suppliers, creating awareness among local suppliers, and establishing a dedicated unit to coordinate the sourcing process from local suppliers (Thomas & Barton, 2007; Tordo et al., 2018; Vaaland et al., 2012). Therefore, this study posits that under the influence of new market constraints, such as increased cost of supply and relationship coordination, both structural and functional attributes of the buyer-supplier relationship will favour the buyer's intention to source from local suppliers. Specifically, four hypotheses are developed:

H_1, *Relational attributes have significant effects on the buyer's decision to establish the policy guiding the local sourcing process*

H_2, *Relational attributes have significant effects on the buyer's effort to create awareness to the local suppliers*

H_3, *Relational attributes have significant effects on the buyer's decision to establish the relaxed evaluation criteria that favour local suppliers*

H_4: *Relational attributes have significant effects on the buyer's decision to establish a special unit for coordinating the process of sourcing from local suppliers.*

3.0   STUDY METHODS
3.1   Variable Measurements
The variables were measured using a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The use of a 5-point Likert scale was considered relevant to enhance precision and reduce measurement errors (Cooper et al., 2006; Kothari, 2004). Multiple items were used to capture each construct to ensure validity since there was no consensus on the precise measurements of the study constructs (Brahma, 2009). The measurements of the study variables were adapted from previous studies, as indicated in Table 1.

Table 1: Variables Operationalisation

S/N	Variable	Operational Definition	Sources
1	*IOC's Intention to Source from Local Suppliers*		
i	Local Sourcing Policy (LS_POLC)	IOC's formulation of policy for governing the process of capturing new supplier	(Heum, 2008; Heum et al., 2012;Ablo, 2017; Acheampong et al., 2016; Carbaugh, 2016, Sethi, Kaur & Wadera 2018)
ii	Local Supplier Awareness (LS_AWARE)	IOC's initiatives to create awareness to local suppliers about available tenders	
iii	Relaxed Evaluation Criteria (LS_CRIT)	IOC's establishment of relaxed evaluation criteria and payment scheme that favour local suppliers	
iv	Local Sourcing Coordination (LS_CORDN)	IOC's establishment of a central coordination unit for sourcing from local suppliers	
2	*Attributes of Buyer-supplier relationships with Suppliers*		
i	Continuity (CONTNT)	IOC's intention to continue sourcing from similar supplier in the network	(Anderson and Weitz, 1989; Gadde and Snehota, 2000a)
ii	Complexity (COMPLXT)	The extent IOC intend to increase the scope of existing relationships with suppliers in the network	(Gadde and Snehota, 2000b; Ritter et al., 2004)
iii	Interdependence (INTERD)	The extent IOC depend on suppliers in the network to achieve objectives	(Caniëls and Gelderman, 2007; Kumar et al., 1995)
iv	Informality (TRUST)	The extent IOC trusts suppliers in the network	(Gatti and Honorati, 2008; Marlow et al., 2010)
v	Adaptation (ADAPT)	The extent IOC accepts change requests from suppliers in the network	(Sheng et al., 2012)
vi	Conflict (CONFL)	The extent supplier fails to meet IOC's expectations	(Bobot, 2011; Gaski, 1984; Rubin, 1994)
vii	Cooperation (COOPER)	The extent IOC shares resources with suppliers in the network	(Gadde and Snehota, 2000a; Holm, D. B., Eriksson, K., & Johanson, 2015)
viii	Socialisation (SOCIL)	The extent IOC staff interact with suppliers in the network	(Kulangara et al., 2016)
ix	Formalisation (FORML)	The extent exchange practices are governed by formal contracts and rules	(Pertusa-Ortega et al., 2010)

3.2 Study Population and Data Collection

In addressing the study objective, the opinion of various practitioners in oil and gas companies was sought. Table 2 shows the respondents' profiles regarding their gender, job position, education level, knowledge of business networks and local content issues, experience, nationality, and company attributes. Respondents' profiles are important for inferential statistics because they provide details about the respondents' characteristics, which are useful for building confidence in the findings (Babin & Anderson, 2014; Field, 2013). The descriptive statistics (Table 1) describe a total of 189 respondents. All respondents possessed sufficient knowledge of the study variables and had moderate experience in their positions. Of the respondents, 58.6% represented oil and gas companies undertaking exploration activities, while 41.4% represented companies involved in the processing and distribution of natural gas. Therefore, the respondents' profiles were sufficiently rich to build confidence that the findings correctly reflected the reality of the population and context.

Table 2: Study Population Profile

Type	Profile	Frequency (*n = 189*)	(%)
Gender	Male	147	77.8
	Female	42	22.2
Position	Director	2	1.1
	Manager	37	20.4
	Officer	114	59.7
	Other Staff (Field Technicians)	36	18.9
Education	High School	21	11.3
	Bachelor's Degree	114	61.3
	Master's Degree	40	22.6
	Doctorate (PhD)	2	1.1
	Other	7	3.8
Knowledge of Business Networks	Below Average	5	2.7
	Average	109	58.6
	Above Average	70	38.7
Knowledge of Local Content Practices	Below Average	10	6.5
	Average	120	64.5
	Above Average	54	29
Experience	Less than a year	13	8.1
	Between 1 & 3 years	39	21
	Between 3 & 5 years	62	33.3
	More than 5 years	70	37.6
Nationality	Tanzanian by Birth	175	92.6
	Asian	4	2.1
	Non-Tanzanian but African	1	0.5
	North American	4	2.1
Company Attribute	Oil and Gas Exploration	112	59.3
	Oil and Gas Processing & Distribution	77	40.7

3.3 Data Analysis
3.3.1 Principal Component Analysis (PCA)

This study involved nine attributes of buyer-supplier relationships (Håkansson and Shenota, 1995) as predictors, as presented in Table 1. Since multidimensional perspectives and multiple items were used to measure the constructs, PCA was conducted to reduce datasets while ensuring the validity and reliability of the measurements (Field, 2013). Both convergent and divergent validity and multicollinearity were examined for modelling purposes (Hair et al., 2010). This was performed to ensure that each model constituted unique information that was unavailable in the other models. Correlation matrix, communalities, rotated matrix, VIF, and tolerance coefficients were used for this purpose (Babin and Anderson, 2014; Field, 2013; Singh, 2007; Singh and Xie, 2010). The aim of assessing multicollinearity was to ensure that no perfect correlation existed between independent variables (Singh, 2007). This is because multicollinearity can result in a final regression model that achieves the highest level of predictive accuracy, but has little managerial relevance (Babin and Anderson, 2014). The rule of thumb used in the correlation matrix was that variables with a correlation coefficient of 0.8 or more were considered to be perfectly correlated (Field, 2013). However, the assessment revealed that the independent variables were not perfectly correlated as all of the predictors had coefficients < 0.8 while VIF and Tolerance coefficient were < 10 and > 0.2 respectively. Therefore, it was assumed that there was no multicollinearity. The reliability of the measurement was tested to check its consistency using Cronbach's alpha. Factor extraction was performed based on eigenvalues > 1, KMO > 0.5, and total variance explained > 60% (Field 2013). Communality was set at 0.6, whereas items cross-loaded to more than one factor were excluded from the dataset (Hair et al., 2010). For more details on the PCA and reliability tests, please see Appendix 1.

3.3.2 Regression Models Identification

These models were developed based on the purpose of this study. The purpose is to explore whether a buyer's business network with an international supplier provides opportunities for local suppliers. Business network Attributes were used as predictors, while the intention to provide opportunities to local suppliers was measured using four variables: LS_POLC, LS_AWARE, LS_CRIT, and LS_CORDN. Therefore, four specific models were developed from the general linear regression model to test the following hypotheses.

Model 1: $LS\_POLC = b_0 + b_1 CONTNT + b_2 COMPLXT + b_3 INTERD + b_4 TRUST + b_5 ADAPT + b_6 CONFL + b_7 COOPER + b_8 SOCIL + b_9 FORML + \varepsilon$

Model 2: $LS\_AWARE = b_0 + b_1 CONTNT + b_2 COMPLXT + b_3 INTERD + b_4 TRUST + b_5 ADAPT + b_6 CONFL + b_7 COOPER + b_8 SOCIL + b_9 FORML + \varepsilon$

Model 3: $LS\_CRIT = b_0 + b_1CONTNT + b_2COMPLXT + b_3INTERD + b_4TRUST + b_5ADAPT + b_6CONFL + b_7 COOPER + b_8SOCIL + b_9FORML + \varepsilon$

Model 4: $LS\_CORDN = b_0 + b_1CONTNT + b_2COMPLXT + b_3INTERD + b_4TRUST + b_5ADAPT + b_6CONFL + b_7COOPER + b_8SOCIL + b_9FORML + \varepsilon$

Models 1 to 4 indicate that a buyer's intention to provide opportunities to local suppliers depends on the state of business network attributes. However, the intention to provide opportunities to local suppliers has been measured by four main activities: buyer's willingness to formulate policy for providing opportunities to locals (LS_POLC), buyer's willingness to create awareness to local suppliers about available opportunities (LS_AWARE), buyer's willingness to establish relaxed evaluation criteria and payment schemes that favour local suppliers (LS_CRIT), and buyer's willingness to establish a central unit for coordinating all activities relating to local suppliers (LS_CORDN).

4.0   STUDY FINDINGS

Analysis of model fitness was performed by checking the thresholds for ANOVA (i.e. SSE, MSE, F, and p-values) and coefficients of determination (R-Square). The statistics show that all the models were optimal and stable in their predictions, as shown in Table 3. The key findings are that the continuity of the relationship between the buyer and the international supplier has no significant effect on the buyer's decision to establish a policy for guiding the process for sourcing from local suppliers ($\beta = 0.17$, $t = 1.80$, $p > 0.05$), but it has an effect on the buyer's efforts to create awareness to the local suppliers about the opportunity to supply ($\beta = 0.23$, $t = 2.10$, $p < 0.05$), establishing relaxed criteria that favour local suppliers ($\beta = 0.25$, $t = 2.59$, $p < 0.05$), and establishing a special unit for coordinating the process of sourcing from local suppliers ($\beta = 0.26$, $t = 2.45$, $p < 0.05$).

In addition, the empirical findings reveal that the complexity of the relationship between the buyer and international suppliers has a significant positive effect on the buyer's decisions to establish a policy for guiding the process to source from local suppliers ($\beta = 0.30$, $t = 4.34$, $p < 0.05$) and on the efforts to create awareness of local suppliers ($\beta = 0.21$, $t = 2.64$, $p < 0.05$) but a non-significant effect on the process of establishing relaxed criteria ($\beta = 0.02$, $t = 0.30$, $p > 0.05$) and the decision to establish a special unit for coordinating the process to source from local suppliers ($\beta = 0.05$, $t = 0.67$, $p > 0.05$). Furthermore, the interdependence between the buyer and international suppliers has a non-significant effect on the buyer's decision to establish the policy ($\beta = 0.10$, $t = 1.63$, $p > 0.05$), creating awareness of local suppliers ($\beta = 0.39$, $t = 0.39$, $p > 0.05$), establishing relaxed criteria that favour local suppliers ($\beta = 0.05$, $t = 0.82$, $p > 0.05$), and establishing the unit for coordinating sourcing from local suppliers ($\beta = 0.01$, $t = 0.19$, $p >$

0.05). Furthermore, the findings show that buyer's trust with the international supplier has non-significant effects on the buyer's decision to establish a policy for local sourcing ($\beta = 0.02$, $t = 0.21$, $p > 0.05$), creating awareness to local suppliers ($\beta = 0.21$, $t = 1.77$, $p > 0.05$), establishing relaxed criteria that favour local suppliers ($\beta = 0.08$, $t = 0.81$, $p > 0.05$) and establishing the unit for coordinating the process to source from local suppliers ($\beta = 0.03$, $t = 0.25$, $p > 0.05$) while adaptation in the relationship between buyer and international suppliers has a significant positive effect on buyer's decisions to establish a policy guiding sourcing from local suppliers ($\beta = 0.25$, $t = 3.67$, $p < 0.05$), creating awareness to local suppliers ($\beta = 0.26$, $t = 3.41$, $p < 0.05$), establishing relaxed criteria ($\beta = 0.31$, $t = 3.81$, $p < 0.05$) and a unit for coordinating local sourcing ($\beta = 0.24$, $t = 3.31$, $p < 0.05$).

The empirical findings reveal that conflict between buyers and international suppliers has a significant positive effect on the buyer's decision to establish a policy for local sourcing ($\beta = 0.17$, $t = 2.17$, $p < 0.05$), creating awareness of local suppliers ($\beta = 0.20$, $t = 2.17$, $p < 0.05$), establishing criteria that favour local suppliers ($\beta = 0.28$, $t = 2.95$, $p < 0.05$), and establishing a unit for coordinating local sourcing ($\beta = 0.18$, $t = 2.02$, $p < 0.05$). In addition, cooperation between buyers and international suppliers had a significant positive effect on the former's decision to establish a policy for guiding the local sourcing process ($\beta = 0.34$, $t = 4.45$, $p < 0.05$), creating awareness for local suppliers ($\beta = 0.26$, $t = 2.99$, $p < 0.05$), establishing relaxed criteria ($\beta = 0.24$, $t = 3.09$, $p < 0.05$), and establishing a unit for the coordination of the local sourcing process ($\beta = 0.39$, $t = 4.52$, $p < 0.05$).

In addition, socialisation between buyers and international suppliers has a significant effect on the buyer's decision to establish a policy for guiding local sourcing ($\beta = 0.10$, $t = 1.18$, $p < 0.05$) and establishing a unit for the coordination of local sourcing ($\beta = 0.15$, $t = 2.44$, $p < 0.05$), but a non-significant effect on the buyer's effort to create awareness of local suppliers ($\beta = 0.03$, $t = 0.41$, $p > 0.05$) and establishment of the relaxed evaluation criteria for local suppliers ($\beta = 0.04$, $t = 0.65$, $p > 0.05$). The formalisation of practices in the buyer's relationship with international suppliers has non-significant effects on the buyer's decision to establish a policy that guides local sourcing ($\beta = 0.16$, $t = 1.40$, $p > 0.05$), awareness creation ($\beta = 0.15$, $t = 1.17$, $p > 0.05$), and establishment of the coordinating unit ($\beta = 0.09$, $t = 0.72$, $p > 0.05$), but a significant positive effect on the establishment of relaxed evaluation criteria that favour local suppliers ($\beta = 0.28$, $t = 2.49$, $p < 0.05$).

Table 3: Multiple Regression Models Coefficients [a]

Predictors	Model 1			Model 2			Model 3			Model 4		
	B	t	Sig.	B	t	Sig.	B	t	Sig.	B	t	Sig.
(Constant)	0.59	1.03	0.31	0.96	1.46	0.15	1.15	2.03	0.04	0.06	0.09	0.93
CONTNT	0.17	1.80	0.07	0.23	2.10	0.04	0.25	2.59	0.01	0.26	2.45	0.02
COMPLXT	0.30	4.34	0.00	0.21	2.64	0.01	0.02	0.30	0.77	0.05	0.67	0.50
INTERD	0.10	1.63	0.11	0.03	0.39	0.70	0.05	0.82	0.41	0.01	0.19	0.85
TRUST	0.02	0.24	0.81	0.21	1.77	0.08	0.08	0.81	0.42	0.03	0.25	0.80
ADAPT	0.25	3.67	0.03	0.26	3.41	0.02	0.31	3.81	0.01	0.24	3.31	0.02
CONFL	0.17	2.16	0.03	0.20	2.17	0.03	0.28	2.95	0.03	0.18	2.02	0.04
COOPER	0.34	4.45	0.00	0.26	2.99	0.00	0.24	3.09	0.00	0.39	4.52	0.00
SOCIL	0.10	1.81	0.04	0.03	0.41	0.68	0.04	0.65	0.51	0.15	2.44	0.02
FORML	0.16	1.40	0.16	0.15	1.17	0.25	0.28	2.49	0.01	0.09	0.72	0.47
[a] Dep.Variable:	LS_INTEND			LS_AWARE			LS_CRIT			LS_CORDN		
SSE	29.33			15.34			21.93			31.44		
df	9			9			9			9		
MSE	3.26			1.7			2.44			3.49		
F	9.24			3.6			6.96			7.74		
p	<0.05			<0.05			<0.05			<0.05		
R Square	0.32			0.15			0.26			0.28		
Adj. R-sq.	0.28			0.11			0.22			0.24		

5.0   DISCUSSION OF THE FINDINGS

In this study, four hypotheses explain the relationship between relational attributes and a buyer's intention to source from local suppliers. Specifically, it was hypothesised that relational attributes have significant effects on the buyer's decision to establish a policy for guiding the local sourcing process, the buyer's effort to create awareness of the local suppliers, and the buyer's decision to establish relaxed evaluation criteria that favour local suppliers as well as the buyer's decision to establish a special unit for coordinating the process for sourcing from local suppliers. These hypotheses were formulated based on the IMP perspective regarding buyer-supplier relational attributes (Anderson et al., 1994, 2017; Dwyer et al., 1987; Gadde & Snehota, 2000; Håkansson & Shenota, 1995) and various empirical studies elucidating the behaviour of buyer-supplier relationships (Dampérat & Jolibert, 2009; Frazier et al., 2017; Grandinetti & Grandinetti, 2017; Stanko et al., 2007).

The empirical findings partially support the hypotheses because, statistically, it was proved that all attributes have certain effects on all activities, explaining the buyer's intention to source from local suppliers. However, while not all attributes had a significant influence on the outcome variables, none of them showed a

negative effect. This implies that buyers always consider sourcing from local suppliers in their host countries, irrespective of their strategic ties with world-class suppliers. While these findings are contrary to those of previous studies (Arthur and Arthur, 2016; Nwosu et al., 2006; Tordo et al., 2013), they are consistent with the IMP perspective that buyers may consider sourcing from outside the business network for several reasons, including the need to create the necessary competition for developing suppliers in the network (Chakraborty & Philip, 1996) or reducing the influence of powerful suppliers that dominate the relationship (Balasingham, 2013). The findings are also consistent with the free-market perspective that business firms normally seek to fulfil their responsibility to the local community, irrespective of the buyer-supplier relationships (Freeman and Dmytriyev, 2017). In addition, buyers may consider sourcing from outside the business network because of dissatisfaction brought about by inconsistent suppliers (Barki and Hartwick, 2004; Bobot, 2011; Veal and Mouzas, 2010).

6.0 CONCLUSION AND RECOMMENDATION

Based on these findings, it can generally be concluded that the attributes of buyer-supplier relationships have a substantial positive influence on the buyer's intention to source from local suppliers. Specifically, the relational attributes support the buyer's decision to establish a policy for guiding the process of sourcing from local suppliers, establishing relaxed criteria that favour local suppliers, creating awareness among local suppliers about the opportunities to supply, and establishing a special unit for coordinating the process to source from local suppliers. This occurs without the influence of government regulations or enforcement. Therefore, host countries should focus on developing local suppliers instead of establishing and imposing radical regulations to force IOCs to source from local suppliers that are not sufficiently capable.

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Appendix 1: Principal Component Analysis

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.811
Bartlett's Test of Sphericity	11824
df	1711
Sig.	0.000

Correlations

	CONTNT	COMPLXT	INTERD	TRUST	ADAPT	CONFL	COOPER	SOCIL	FORML
CONTNT	1.000								
COMPLXT	-0.089	1.000							
INTERD	0.413**	0.363**	1.000						
TRUST	0.408**	0.183*	0.301**	1.000					
ADAPT	-0.159	0.430**	0.199**	-0.022	1.000				
CONFL	-0.300	0.248**	0.041	-0.338	0.574**	1.000			
COOPER	0.224**	0.295**	0.342**	0.426**	0.099	-0.233	1.000		
SOCIL	0.256**	0.190**	0.272**	0.327**	0.083	-0.088	0.448**	1.000	
FORML	0.347**	0.053	0.108	0.514**	-0.195	-0.484	0.390**	0.339**	1.000

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

Rotated Component Matrix

	Components												
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	
Conf9	**0.845**	-0.018	-0.283	0.158	-0.051	-0.001	-0.015	-0.010	0.050	-0.075	-0.147	0.043	
Conf8	**0.833**	-0.053	-0.253	0.174	-0.030	-0.007	-0.050	-0.051	0.078	-0.104	-0.031	0.137	
Conf10	**0.828**	-0.042	-0.284	0.143	-0.028	-0.026	-0.088	0.075	0.035	-0.025	-0.140	0.080	
Conf6	**0.806**	0.012	-0.078	0.207	-0.068	0.060	0.007	-0.057	0.098	0.027	0.046	0.035	
Conf7	**0.803**	0.000	-0.144	0.223	-0.018	0.018	-0.011	-0.032	0.113	-0.015	0.048	0.013	CONFL
Conf11	**0.783**	0.000	-0.165	0.227	-0.082	0.028	-0.160	0.057	0.053	-0.092	-0.115	-0.045	
Conf12	**0.754**	0.084	-0.182	0.132	-0.161	0.037	-0.172	0.063	0.112	-0.014	-0.286	0.027	
Conf4	**0.735**	-0.132	-0.031	0.240	-0.099	0.028	-0.062	-0.150	0.179	-0.160	0.038	0.103	
Conf13	**0.734**	0.069	-0.184	0.168	-0.154	0.010	-0.175	0.136	0.110	0.065	-0.335	-0.002	
Conf5	**0.697**	-0.122	-0.026	0.186	-0.131	0.004	0.064	-0.422	0.256	-0.096	0.018	0.055	
Soci4	0.039	**0.917**	0.097	0.017	0.031	0.084	0.039	0.077	0.008	0.050	0.029	0.022	
Soci1	-0.112	**0.904**	0.177	-0.035	0.122	0.008	0.164	-0.056	0.002	0.004	0.047	0.073	
Soci5	0.016	**0.898**	0.081	0.069	0.090	0.086	0.036	0.105	-0.082	0.124	0.047	-0.009	SOCIL
Soci2	-0.068	**0.894**	0.131	0.046	0.083	0.098	0.133	-0.079	0.022	0.074	0.056	0.061	
Soci3	-0.021	**0.868**	0.163	0.074	0.092	0.040	0.042	-0.025	0.016	0.222	-0.008	0.124	
Soci6	0.022	**0.865**	0.061	0.052	0.053	0.150	0.042	0.230	-0.093	0.136	0.034	-0.044	
Form6	-0.240	0.070	**0.815**	-0.038	0.098	0.028	0.150	0.017	0.018	0.109	0.107	0.049	
Form5	-0.185	0.138	**0.809**	-0.072	0.105	-0.048	0.204	-0.041	-0.025	0.026	0.091	-0.020	
Form7	-0.195	0.084	**0.805**	-0.014	0.137	-0.002	0.170	0.015	0.057	0.167	0.091	0.048	FORML
Form2	-0.198	0.116	**0.781**	0.040	0.066	0.070	0.179	0.063	-0.202	0.137	0.057	0.020	
Form1	-0.283	0.174	**0.737**	0.057	0.036	0.068	0.132	0.021	-0.124	0.058	0.068	-0.015	

Rotated Component Matrix

| | Components | | | | | | | | | | | | |
	1	2	3	4	5	6	7	8	9	10	11	12	
Form3	-0.220	0.203	**0.681**	-0.153	0.115	-0.008	-0.008	0.263	-0.103	-0.016	0.225	0.121	
Form4	-0.176	0.255	**0.651**	-0.169	0.093	0.015	-0.007	0.319	-0.075	0.044	0.222	0.028	
Adap7	0.258	0.029	-0.051	**0.830**	-0.019	0.075	0.030	0.107	0.016	0.216	-0.092	-0.013	
Adap6	0.305	0.040	-0.021	**0.799**	-0.027	0.038	0.053	0.046	0.050	0.149	-0.149	0.152	
Adap5	0.283	0.056	-0.063	**0.787**	-0.040	-0.029	0.064	-0.054	0.092	0.125	-0.077	0.228	ADAPT
Adap4	0.378	0.070	-0.071	**0.726**	-0.013	0.091	-0.023	0.072	0.169	-0.082	-0.036	0.208	
Adap2	0.230	0.252	0.017	**0.697**	-0.070	0.118	-0.027	0.081	0.201	-0.140	0.144	0.028	
Adap1	0.376	-0.152	-0.126	**0.628**	-0.115	0.088	-0.042	-0.109	0.245	-0.124	0.166	0.096	
Cont8	-0.110	0.095	0.112	-0.127	**0.823**	0.105	0.149	0.090	-0.091	0.020	-0.003	0.038	
Cont9	-0.046	0.220	0.125	-0.127	**0.792**	0.119	0.185	0.038	-0.023	0.075	-0.028	-0.030	
Cont7	-0.157	0.032	0.026	0.124	**0.745**	0.056	-0.028	0.057	0.139	-0.025	0.084	-0.216	CONTNT
Comp3	-0.061	0.095	0.203	-0.081	**0.651**	0.270	0.034	0.111	-0.186	0.037	0.237	0.078	
Comp1	-0.208	0.094	0.171	-0.026	**0.630**	0.251	0.160	-0.151	-0.103	-0.006	0.174	-0.013	
Interd5	0.076	0.139	-0.009	0.105	-0.019	**0.820**	0.136	0.075	0.019	0.120	0.090	0.151	
Interd2	-0.093	0.241	0.030	-0.054	0.259	**0.774**	0.064	0.029	0.081	0.037	0.048	0.172	INTERD
Interd4	0.187	0.058	0.035	0.148	0.184	**0.701**	0.044	0.130	0.357	0.058	-0.083	-0.069	
Interd1	-0.040	0.040	0.017	0.119	0.402	**0.684**	0.094	-0.070	-0.150	0.233	0.060	0.111	
TRUST2	-0.232	0.125	0.141	-0.068	0.224	0.090	**0.724**	0.225	0.073	0.061	0.124	0.111	
TRUST3	-0.236	0.144	0.265	-0.090	0.229	0.052	**0.711**	0.111	-0.016	0.084	0.150	0.064	TRUST
TRUST4	-0.051	0.083	0.145	0.187	0.197	0.235	**0.695**	0.137	-0.011	0.029	0.210	-0.100	

Rotated Component Matrix

	Components												
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	
TRUST5	0.068	0.128	0.241	0.169	-0.156	0.113	**0.689**	0.219	-0.071	0.156	0.065	0.110	
TRUST1	-0.352	0.202	0.226	-0.120	0.281	-0.014	**0.530**	0.211	0.005	0.117	0.135	0.132	
Coop5	-0.096	0.196	0.239	0.064	0.039	0.186	0.061	0.092	0.042	**0.805**	0.136	0.125	
Coop4	-0.160	0.249	0.206	-0.001	-0.018	0.177	0.139	-0.036	0.062	**0.719**	0.302	0.075	COOPER
Coop6	-0.145	0.337	0.044	0.196	0.077	0.084	0.157	0.174	-0.070	**0.695**	0.066	0.118	
Comp4	0.060	0.025	0.104	0.189	0.053	0.048	0.045	0.133	0.036	0.140	0.098	**0.780**	
Comp7	0.169	0.074	0.008	0.238	-0.297	0.204	0.043	-0.101	0.330	-0.001	0.105	**0.683**	COMPLX
Comp6	0.126	0.162	0.002	0.162	-0.273	0.126	0.075	-0.166	0.385	0.064	0.006	**0.663**	
Comp5	0.106	0.104	0.095	0.125	0.225	0.423	0.187	0.141	-0.142	0.142	-0.041	**0.568**	

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a Rotation converged in 9 iterations.