



Determinants of Wholesale traders' participation in the purchasing consortium in Mbarara City, Uganda

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ABSTRACT

Research Aims: This study aims to investigate the factors influencing the participation of wholesale traders in purchasing consortiums in Mbarara City, Uganda. The research focuses on identifying the determinants, barriers, and opportunities associated with adopting this mechanism in the wholesale trading sector.

Design/methodology/approach: Utilizing a qualitative approach, this study delves into the precursors, barriers, and opportunities that shape wholesale traders' involvement in purchasing consortiums. The research explores socio-demographic factors, such as income, ethnicity, and business longevity, to uncover key determinants of success in this context.

Research Findings: The findings reveal that socio-demographic factors play a pivotal role in determining wholesale traders' success in participating in purchasing consortiums. Barriers and opportunities within the Mbarara City context are identified, shedding light on the potential for enhancing buying strategies through consortiums.

Theoretical Contribution/Originality: This research contributes to the existing literature by examining the underexplored adoption of purchasing consortiums among wholesale traders in developing countries. The study provides insights into the unique socio-demographic determinants influencing participation, offering a novel perspective on the potential benefits of this mechanism.

Research limitation and implication: Limitations include the focus on a specific city and the qualitative nature of the study. Future research should consider quantitative approaches and extend the investigation to other developing countries to enhance generalizability. To promote group buying and support business growth in Mbarara City, the study recommends that city authorities create an enabling environment and facilitate the organization of traders for participation in purchasing consortiums. This intervention can alleviate business burdens and foster regional growth and development.

Keywords: Wholesaler traders, Purchasing Consortium, Mbarara City

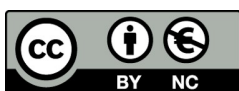
Introduction

Globally, the wholesale trade has grown, mostly premised on high urbanization and urban sprawl (Nollet et al., 2016). Wholesale business is a significant driver of the economic growth of any nation (Morgan et al., 2021; Battistoni et al., 2013), and it has been a solid supportive arm of revenue generation for most economies (Agburu et al., 2017). In the Ugandan context, wholesaling contributes about 18% of the Gross Domestic Product in Uganda (GoU, 2018/2019). This trade generates business opportunities such as high profit margins, high sales volumes and a soundtrack of business stock for the owners (Venkatraman & Ramanujam, 1986). No wonder more people are compelled to participate in it.

Despite the importance of wholesale trading in the business sector, traders operate in highly dynamic environments where essential resources are scarce, and uncertainty in business opportunities is common (Battistoni et al., 2013). In that regard, wholesalers with limited resources try to optimize their internal resources to maintain a competitive edge by devising means and mechanisms to achieve tremendous business success. Such optimization of internal resources is often accompanied by the continuous improvement of internal processes and routines (Agburu et al., 2017). It is also needless to state that the global pandemic of COVID-19 exaggerated the hiccups in the wholesale trade (Morgan et al., 2021; Bartik et al., 2020). According to UNECA (2020), African wholesale businesses were severely impacted by the COVID-19 crisis (Jackson et al., 2021) and business contracts by 1.6% by the end of 2021.

In Uganda, the economic consequences of the pandemic were far-reaching. Most wholesale businesses reduced business activity by over 50 percentage points (www.worldbank.org, 2021). The business activity index had fallen below 100 by the end of 2020, implying that businesses, especially wholesale trading, were performing below potential across the board. Further sectoral analysis showed that wholesale businesses, especially for agricultural produce, experienced the most significant decline in business activity, with 76% of the firms reporting a severe decline (Morgan et al., 2021). In Mbarara City, wholesale traders cried foul of heavy risks and limited profit margins associated with individual purchasing (Mbarara Municipal Council, 2020). Nonetheless, before the pandemic, most wholesale businesses globally had adopted single sourcing, e-commerce, bulk purchasing, joint ventures, business diversification and purchasing consortiums to improve business performance (Cousins et al., 2009). These strategies, such as purchasing Consortium, aim to innovatively reduce operating costs such as group buying and transportation (Essig, 2000).

The Purchasing Consortium has proven an excellent pathway for joint risk sharing and increased purchasing power for wholesale operations (Wynstra et al., 2019). It can be a great way to save money and access better deals on goods and services. Additionally, consortiums can provide a sense of community and support organizations that might otherwise struggle to compete in the marketplace (Szydlo, 2018). If well done, purchasing Consortium is a strategic contributor to value addition of most businesses with many benefits (Schiele, 2010). This movement has been



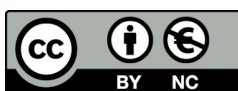
adopted by many companies globally, has changed from just buying things to managing processes, and has proven to be a cost-effective tool (Nollet et al., 2005). Purchasing consortiums is seen to increase business negotiation power over their suppliers, and as a result, businesses have explored purchasing consortiums to meet that power (Nollet et al., 2005). However, purchasing consortiums also have potential downsides, such as long lines of communication and the need to compromise on specific aspects of purchasing decisions to maintain group cohesion (Piorunowska-Kokoszko, 2015).

Extant literature on purchasing consortiums, particularly in developed countries, has been well documented and can be traced notably in institutions such as the National Health Service (NHS), schools and libraries (Ching et al., 2008; Szydło, 2018). In the Ugandan context, silent attempts to legalize consortium procurement exist, but guidelines to regulate the practice have not manifested (Katusiime, 2008). Traders have been undertaking purchasing Consortiums in Mbarara city, but this is done chiefly informally (Muhwezi, 2009). Traditionally, folks in Mbarara City and Ankole region used to do things collectively, including collective buying, collective farming and collective selling, which has since changed due to capitalism. Besides, there is scant literature on the structures, the settings and the organization of these consortiums in Uganda. Not much is known about the traders' determinants for their participation in purchasing Consortium. How these consortia are formed and the challenges and limitations they encounter during these operations, among others, need to be documented. Works by Katusiime (2008) concluded that regular premature endings of existing purchasing consortia still exist, yet others hardly flourish. Likewise, Kalinzi (2005) established that there are no clear legal frameworks under which purchasing consortiums operate in Uganda.

The value of this study was threefold. First, it examines the precursors for wholesale traders to participate in purchasing Consortium in Mbarara city. Secondly, it determines the barriers that limit wholesale traders in purchasing Consortium in Mbarara city. Third, it assesses the opportunities available for wholesale traders to participate in purchasing Consortium in Mbarara city. Consequently, this will enlighten Mbarara city authorities to understand their stake and how they can organize traders to form a purchasing consortium as a mechanism for business development.

Literature review

The dynamic competitive environment forces many organizations to re-think their procurement strategies, often with the consideration of generating additional savings (Schotanus et al., 2010). No wonder more managers are now looking at purchasing groups and consortia to reach this objective (Benzidia & Bentahar, 2016). Purchasing consortiums present numerous opportunities for participants, among them the reduction of trading costs (Bentahar, 2018; Leenders et al., 2001), which helps wholesale traders to reduce transactional contacts with suppliers and related costs (Tella & Virolainen, 2005; Essig, 2000). Furthermore, by consolidating volumes of purchases, wholesalers increase their negotiating power with suppliers, leading to more advantageous contracts (Handfield et al., 1999).



Extant literature highlights several antecedents, both promoters and difficulties in implementing purchasing groups among wholesale traders globally. These antecedents result partly from the complex activities and logistical flows in group purchasing but more from the factors listed below (De Vries & Huijsman, 2011; Benzidia et al., 2016; Nollet et al., 2016).

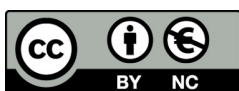
Trust: Many scholars point at inter-organizational trust as a critical precursor for business people to participate in purchasing Consortium (Bakker et al., 2008; Nollet & Beaulieu, 2005; Vangen & Huxham, 2003; Hoffmann & Schlosser, 2001). Several empirical studies confirm the importance of competence and goodwill trust in cooperative relationships. Trust is necessary for the impact on cohesion and level of commitment to be more robust; thus, it becomes a fundamental challenge that requires resolution for consortia to thrive.

Commitment: The commitment of group members is yet another factor for group buying to work and be maintained effectively (Morgan & Hunt, 1994). Nonetheless, if a group member does not have internal support and is not committed, it could negatively affect the commitment of the other members (Doucette, 1997). Similarly, a group member needs to put effort into the group. In that case, the other group members may perceive this as unfair, resulting in conflicts and members leaving the group (Schotanus et al., 2008).

Cooperation: Cooperation is among the highly valued attributes for most individuals to participate and remain in purchasing Consortium. Sufficient efforts and activities must be contributed to run the group successfully (Bakker et al., 2008; Doucette, 1997; D'Aunno & Zuckerman, 1987). In particular, each group member should be able to provide similar or complementary resources, efforts, and knowledge required for the group (Hoffmann & Schlosser, 2001). According to Schneller (2009), while the group could have an obligation towards its members, members themselves must try to get involved by expressing their requirements and specifications. Nevertheless, cooperation should be motivated by reaching common objectives (Schotanus & Telgen, 2007).

Homogeneity: The homogeneity of the demand for members' needs has been identified as a critical economic factor for wholesale traders to participate in purchasing Consortium (Rozemeijer, 2000). According to Czerwinski (2015), the requirement for homogeneity can take on varying dimensions, such as specifications, objectives, joint policy, and mutual objectives for joining up. Furthermore, different forms work in different situations, and the homogeneity of these needs and the maturity of the procurement function influence this. According to Rozemeijer (2000), the more homogeneous the buying needs of potential members are, the more centralization is possible.

Interests: Laing and Cotton (1997) postulate that the existence of common objectives and interests of the group members is a critical determinant factor for forming purchasing groups and their success. The authors posit that if the objectives differ, this may lead to stifled innovation and tensions between group members. Likewise, the group members should influence group activities and decisions similarly (Schotanus, 2007). This especially applies to small and intensive purchasing groups. If group members find it challenging to influence group activities and



decisions, then it is more likely that their interests need to be fully considered (Schotanus, 2007).

Teamwork: A lack of teamwork makes most consortia fail. According to Wynstra et al. (2019), joint purchasing success dramatically depends on team performance. The sources of barriers to team performance include the organization, the leader, or the team members themselves.

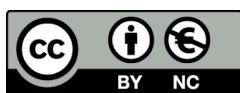
Other drivers or obstacles to purchasing consortia highlighted in the literature include individual skills and communication. The Consortium struggles to remain viable when skills are not developed to serve goals beyond the individual's organization. Likewise, delays in communication and 'ineffective' decision-making processes, respecting institutional autonomy, a lack of vision clarity and insufficient resources regarding time, money and personnel are equally important (Hendrick, 1997). Similarly, the lack of cohesion due to competition among members, unarticulated roles and expectations, unclear mission, structure and philosophy; insufficient benchmarks on best practices for these types of arrangements, poor visibility in each member institution, and lack of participation from various groups of people (Baus & Ramsbottom, 1999; Keim, 1999; Johnson, 1999; Konrad & Small, 1986); can have an impact on the long term survival of a purchasing consortium.

Purchasing consortiums undoubtedly present numerous benefits to participating members, but most literature needs to be present for wholesale traders' participation in these consortiums in the context of emerging markets. There are also numerous considerations that one has to make before joining a buying group. Critical to this decision is to carefully weigh the pros and cons of joining a purchasing consortium before making a decision. Few studies link purchasing Consortium to wholesale trading in Uganda (Katusiime, 2008; Muhwezi, 2009; Kalinzi, 2005). Whilst there is growth of wholesale trade in most of Uganda's cities, it is vital to assess what determines them to purchase or not purchase in groups and the barriers and opportunities this poses.

Methods

The study used exploratory, narrative and phenomenological research designs based on a qualitative approach. The qualitative approach was relevant for this study given the nature of the research questions that needed more exploration and descriptions to understand the determinants of wholesale traders' participation in the purchasing Consortium. Also, a few available studies had only focused on a quantitative approach, which therefore needed a different dimension of understanding the determinants (Katusiime, 2008; Muhwezi, 2009; Kalinzi, 2005). Phenomenological research design was essential to understanding the wholesale traders' real-life environment and lived experiences (Standing, 2009; Weaver & Olson, 2006). This generated a deeper understanding of the determinants for wholesale traders' participation in purchasing Consortiums, especially the processes, drivers, barriers and opportunities. The experiences, beliefs, attitudes and feelings of wholesale traders were explored and examined through narratives concerning how their lived experiences determine their actions of its uptake.

The study population were wholesale traders in Mbarara city. According to MCC (2020), the total number of registered wholesale traders was 94 (MCC, 2020), of



whom 56 had spent more than ten years in the wholesale business. The wholesale traders who have been in business for ten years were the primary target group because they directly own businesses, undertake business operations, and have long experience in wholesale trading. They were the unit of analysis, and they also made the unit of inquiry. The study also employed vital informants who included city leaders and association leaders.

The study participants were selected purposively, and the sample size of 38 was reached after the point of saturation, at which point no new information emerged (Saunders et al., 2018). Respondents included 34 wholesale traders, two association leaders (Chairman and Secretary) and two city leaders (Production Officer and the City Town Clerk). The wholesale traders' list was obtained from the city production office at Mbarara City Council. The wholesale traders' association leaders validated the list about their registration status and longevity in the wholesale business. The researchers then purposively selected registered wholesale traders who had spent over ten years in the wholesale business. To substantiate the information obtained from wholesale traders, four additional respondents from consortia management (2) and council administration (2) were interviewed to seek their perspectives. In-depth Interviews were conducted with all respondents for an average of 45 minutes using semi-structured interview guides.

The data was analyzed using thematic and narrative analysis from themes and sub-themes emerging from the three study objectives. Participant interviews were audio recorded and transcribed verbatim before analysis. Data was then categorized, organized and analyzed along the themes of the primary objectives. The research developed broad categories to differentiate and describe ideas expressed by the participants narratively, and finally, data was reported qualitatively in description form.

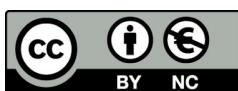
The researchers obtained a letter of approval from the Research Ethics Committee of Mbarara University of Science and Technology (MUST-2021-228). The researchers explained the study's aim to the participants and built rapport to generate informed consent from each of them. Interviews were conducted privately, and the researchers ensured that participants' responses remained confidential. To ensure anonymity, the researcher used codes for all informants to conceal the identity of the respondents. During interviews, participants were free to leave/withdraw if they did not feel comfortable continuing the interviews.

Results

Demographic characteristics of the respondents

Table 1: Demographic characteristics of respondents

<i>Age bracket</i>	<i>Frequency</i>	<i>Percent</i>
21-30	5	13.16
31-40	11	28.95
41-50	14	36.84
Above 50 years	8	21.05
Total	38	100.0



<i>Marital status</i>	<i>Frequency</i>	<i>Percent</i>
Married	24	61.8
Single	12	32.4
Divorced	2	5.9
Total	38	100.0
<i>Gender</i>	<i>Frequency</i>	<i>Percent</i>
Female	11	28.9
Male	27	71.1
Total	38	100.0
<i>Education level</i>	<i>Frequency</i>	<i>Percent</i>
No education at all	3	7.89
Primary	9	23.68
Secondary	10	26.32
Tertiary/ University	16	42.11
Total	38	100.0
<i>Tribe</i>	<i>Frequency</i>	<i>Percent</i>
Munyankole	19	50.0
Muganda	11	29.4
Mutooro	1	2.9
Indian	4	8.8
Langi	1	2.9
Mukiga	1	2.9
Munyoro	1	2.9
Total	38	100.0
<i>Do you buy in a group</i>	<i>Frequency</i>	<i>Percent</i>
Yes/ Always	9	23.68
Sometimes/ informally	21	55.26
No/ never	8	21.05
Total	38	100.0

Source: Primary data, 2022

The future of wholesale business in Mbarara is promising since most respondents (about 80%) were youthful. Most respondents were married (61.8%), which could be an indication of commitment. 42% of respondents were educated, which is attributed to limited formal job opportunities in the country. Nonetheless, this background presents an opportunity for wholesalers to form consortiums. Most wholesalers were Banyankole (50%), the dominant and original inhabitants of Mbarara city. This, however, could be a limitation for why some wholesalers do not form into buying groups given the differences in language, behaviours and ethnicities. 21% of wholesale in Mbarara city were not into buying in groups, yet more than 55% were in informal consortia arrangements. The latter sometimes join with others to buy products when it suits them, but at times buy products on their own.

Process of buying in groups



Wholesale traders were asked to describe their process in purchasing Consortium. This question required a narrative understanding of the process and steps involved. Most responses reveal various processes they go through to purchase in groups. These processes depend on the category of wholesale trade and the source of purchases.

Table 2: The processes of buying in groups

Item	Emerging Themes
Process of buying in groups	<p>Collection of money from all members, then call the suppliers to bring the product in a determined quantity.</p> <p>Sometimes, money is given to a few individuals to purchase the products.</p> <p>Use of traders with huge capital base to create links with their suppliers</p> <p>Following PPDA guidelines such as bidding, contracting, delivery and evaluation</p> <p>Using large companies to supply without going there, such as milling companies</p> <p>Negotiating with companies to set up outlets in Mbarara where traders buy at a subsidised price, i.e. pharmaceutical manufacturers often set up outlets and sign contracts with wholesalers</p>

Source: Primary data, 2022

The processes above may or may not influence wholesale traders' participation. The longer the process, the less interest to purchase in groups.

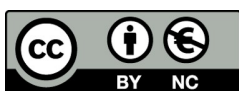
"Whenever we need salt, we collect money then call the suppliers as a group. Alternatively, once we collect the money, a few individuals go and purchase the salt on the group's behalf" (Interviewee 19, male aged 32, Kakoba, Mbarara city south, January 15, 2022)

"As a registered pharmaceutical company, we follow PPDA rules and guidelines. These include submitting bids, getting a contract, supplying goods and receiving payments. When I have no enough cash, I contact my colleagues in a similar business, and we buy as a group for the items to be supplied" (Interviewee 16, male aged 35, Kakoba, Mbarara City south, January 16, 2022)

However, it was revealed that PPDA guidelines are not desirable in enabling wholesale traders to participate in purchasing Consortium as a result of bureaucracy.

"We form a group based on the same purchasing commodities and then submit bids for major supplies following the bidding and PPDA guidelines. The challenging aspect of PPDA guidelines is that the purchasing process becomes very long, and sometimes we get paid after a long time and get frustrated" (Interviewee 36, female aged 55, Nyamitanga, Mbarara city south, January 14, 2022).

From the presented voices from wholesale traders, many processes are followed, which may be formal or informal. This may necessitate structuring wholesale traders' associations to make more structured processes to create an organized way to undertake these consortiums.



Reasons why wholesalers would instead buy individually rather than in a group

Table 3: Showing reasons why wholesale traders do not buy in groups

Item	Emerging Themes
Justification for not buying in groups	Low business capital A need to be independent in business operations Buying in groups creates stress due to differences in ideologies. It causes delays in product deliveries. A meeting must first be called to decide what will be bought, from whom and when, among other things. Misunderstandings can happen because of purchasing groups. Personal benefits of operating alone Decision-making is not easy when you buy with a group

Source: Primary data, 2022

When asked why they would instead buy individually rather than in a group, some members had this to say;

"I love being independent in my business. I know where to find goods and have a personal van to transport the goods. Besides, sometimes the suppliers distribute at our doorsteps, so I see no need for group purchasing." (Interviewee 38, male aged 52, Kakoba, Mbarara city south, January 16, 2022)

"Buying in groups is costly in terms of time. For example, suppliers must wait for orders to fill the truck. So, I would rather make my order and the company deliver my goods even if it is a half-truck. This way is time-saving." (Interviewee 5, female aged 25, Biharwe, Mbarara City north, January 15, 2022)

"I am capable of purchasing alone because I have enough capital and knowledge. I do not like mixing business with low-income earners. This might lead to failure of my business." (Interview 27, female aged 55, Nyamitanga, Mbarara city south January 14, 2022)

"I have clear plans for my business. I think buying in a group might disorganize my plans. Every wholesaler has a plan that is different from that of other traders. I would rather everyone implement their plan and contact the suppliers themselves." (Interviewee 17, male aged 49, Kakiika, Mbarara city north, January 16, 2022).

"It could be better because there are many delays in delivering goods. Purchasing in a group means first meeting to agree on when, how and what to purchase, which sometimes takes long to get everyone aboard. (Key Informant 3, female aged 48, Mbarara City Council, Mbarara City, January 14, 2022).

The traders' views indicate that those with enough capital to buy, bargain prices and transport find it easy to buy as individuals instead of in groups. Purchasing consortiums, therefore, may be suitable for wholesale traders with limited capital, who may require resources pooling to gain economies of scale necessary for their business operations.

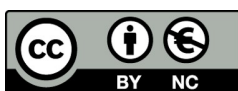


Table 4: Motivation for wholesale traders to buy in groups

Emerging themes	Attribute
Pooling resources	Wholesalers with limited business capital can also survive because of social capital
High profits	High economies of scale increase profit maximization and Increase our customer base.
Improved bargaining power	Bulk purchases provide a strong voice regarding price reduction, transport discounts and storage cost reduction.
Cost reduction	Collective transportation, few personnel utilization, storage and goods delivery
New market avenues	Social capital leads to information sharing of marketplaces for supply and demand.
Getting discounts	Group and bulk buying enables suppliers to give discounts to wholesale traders.
Easy credit access	Associations and unions are more trusted than individuals.
Cooperation as unions	Strong bonds, links and bridges as a result of social Capital
Risk management	
Time-saving	A few individuals buy for the entire group, while others concentrate on other business activities.

Source: Primary data, 2022

Respondents who favour group buying stated the factors below that motivate them to buy in groups.

"Purchasing in a group is a good idea because it reduces transport costs and increases bargaining power compared to purchasing individually. Purchasing alone would mean searching for suppliers alone, transporting and storing the goods alone. All these activities are expensive, but that burden is shared if done as a group." (Interviewee 30, female aged 27, Kamukuzi, Mbarara City North, January 17, 2022)

"People with small or minimal capital can still do good business. Most operational costs are reduced. Also, when purchasing as a team, the container fills fast, which saves time" (Interviewee 23, Male aged 51, Production Officer, Mbarara City Council, Mbarara City January 15, 2022).

"Buying in a group increases bargaining power. As a group, you buy in large quantities, and it is easier to bargain for better prices as compared to when purchasing is individual and in smaller quantities" (Key Informant 3, male aged 51, Production Officer, Mbarara City Council, Mbarara City, January 15, 2022)

"Purchasing in a group helps reduce costs like storage of the items purchased in a way that as a group there is a central store where goods are stored in good condition, and they are free from theft and spoilage. Creating a good store/warehouse as an individual might be costly or impossible, but this is normally affordable when you collaborate as a group." (Interviewee 4, female aged 42, Kakoba Mbarara City south, January 14, 2022)



Wholesale traders were asked if the demographic of others determined their decision to join them in buying as groups.

Table 5: Average response on demographics of others that drive purchasing consortium

Emerging themes	Determinant?	Attributes
Education	Yes	The less educated gain knowledge and skills from the educated
Marital status	No	Groupings do not look at marital status. Any category of traders can join.
Ethnicity or tribal groupings	Yes	Collective identity as a community
One's position in society	Yes	Positions are determined by a solid capital base that promotes individual buying.
Age	No	Anyone, irrespective of age, can join group purchasing
Gender	No	Both genders can participate in groups or not
Longevity in business	Yes	The younger wholesalers leverage rich networks of older wholesalers.

Source: Primary data, 2022

From the thematic areas presented, it is evident that some demographic characteristics of other traders greatly influenced wholesalers' participation in purchasing Consortium. Education level, for instance, was highly preferred, especially for the less educated. Traders who were not so educated were more likely to participate in purchasing Consortium than those with higher education. Education was mainly attributed to the desire to have support from those who know how to read and write well and can bargain. The less educated traders use this opportunity to overcome the limitations of understanding purchasing processes.

The gender and age of a trader do not influence other traders' participation in purchasing Consortium. There is a good blend of wholesale traders in Mbarara, and their association registrations are never based on one's gender. Most wholesale shops are owned as a family, which does not greatly determine whether women or men will participate.

One's years of operating a business influence other traders to participate in purchasing Consortium. For instance, longevity in business signals social solid capital, which makes others want to tap into that network. Likewise, one's ethnicity could determine traders' participation in purchasing Consortium. This was particularly common with Indian traders in Mbarara. Indians in Mbarara always pool resources together and then decide which one of them purchases on behalf of the group. However, they need a formalized constitution or guiding principles for this arrangement. Their formation is based on trust rather than structural establishment, which risks their businesses.

Other underlying limitations in Purchasing as Groups



Results from wholesale traders revealed various internal barriers that limit wholesale traders from purchasing in groups. A majority of respondents reported a lack of trust, mainly attributed to individualistic tendencies and bad past experiences of especially older wholesalers with buying consortiums.

Table 6: Showing internal limitations for wholesale traders to purchase in groups

Emerging themes	Attribute
Lack of trust	Individualistic tendencies and previous lessons of mismanagement by some traders
Internal delays	Due to many purchase orders and collecting of funds to purchase
Bureaucracy	Decision-making processes and procedures involved
Variations in purchasing time and needs	Some wholesale traders are not ready to buy at the same time, and many fields of wholesale trading.
Lack of flexibility	Collective decision-making is complex since it concerns all members.
Group conflicts	Group dynamics than individual operations; transportation losses and trust issues
Lack of transparency and accountability	Some traders are corrupt; not all members are informed about the purchasing process due to commissions.
Insecurity	Not sure of whether commodities purchased are safe. Also, negligence of all than an individual
Imbalance in capital base	The traders' capital base is different, affecting contributions required to make purchases.
Limited storage space	For bulk purchases, it is not easy to get enough space for all the ordered purchases, which may increase losses.

Source: Primary data, 2022

The narrative views from wholesale traders substantiate the views generated from key informant interviews with city leaders.

“I don’t trust group purchasing because each person has their interests. It is hard for many people to agree on one thing; therefore, trusting an individual with group money may lead to losses and misallocation of our money...” (Interviewee 7, male aged 39, Nyamitanga, Mbarara City South, January 15, 2022)

“There is a problem of delays in decision making and delivering the items ordered. This may result from corruption among group members because sometimes people want to side with members of the same socio-economic settings, leaving out the rest. This makes it hard to trust fellow traders...” (Interviewee 26, male aged 41, Nyamitanga, Mbarara City South, January 14, 2022)

“Purchasing in a group is not easy because of variations of status, needs and interests of some group members. This is in a way that as a group, they may ask for a minimum contribution, and you fail to raise it because you are not at the same level with others, causing conflicts and not moving at the same pace.” (Interviewee 31, male aged 32, Kakoba, Mbarara city south, January 15, 2022)



The voices presented indicate the social variations in groups that influence trust among group members. These relate to status, needs and interests. The more a group is socially connected, the more the members will trust each other. This implies that the social aspects of the group will

Institutional arrangements to enhance group purchasing

The Ugandan Government has established several institutional arrangements to encourage wholesale traders to participate in purchasing Consortium. Key institutional arrangements include associations and unions, market structures, sensitization campaigns, financial institutions, trade registration, policies, legal acts, and clearing agents. Some traders know about the government's institutional grouping arrangements and have used these platforms.

"Because we are organized in traders' associations, it is easier to access loans. These loans... which cannot be easily accessed individually..., often help to boost our businesses...." (Interviewee 17, male aged 49, Kakiika, Mbarara city north January 16, 2022)

"We have clearing agents who work hard in hand with the Uganda Revenue Authority. These notify traders about the tax charges and the available space in the container. Traders who use agents do not struggle when it comes to transportation." (Key Informant 4, male aged 33, Biharwe, Mbarara City North, January 17, 2022)

"There are PPDA policies and guidelines to help traders involved in group purchasing. These were especially exclusive to groups. However, they can now also help individuals" (Key Informant 1, male aged 51, Mbarara City Council, Mbarara city, January 15, 2022)

"At times, government tax policies for large quantities discourage us from purchasing as a group. There is no exemption for members collaborating as a group. I would rather go individually and put my few purchases in small containers.... This may not attract heavy taxes and other strict regulations..." (Interviewee 3, female aged 42, Kakoba, Mbarara City south, January 14, 2022)

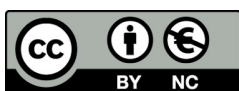
Unfortunately, some wholesalers have yet to learn that these arrangements are in place.

"Regarding transportation, there are no current institutional arrangements per now, and I think if you decide to collaborate, there is no help or guidance, but you just rely on your group knowledge." (Interviewee 28, male aged 40, Kakoba, Mbarara city south January 16, 2022)

"I have not heard about any arrangements. I wish the government or the city council help us in the formation of group purchasing." (Interviewee 6, female aged 37, Kakiika, Mbarara city north, January 14, 2022)

"There needs to be more transparency by the group members, especially the person to whom you give your money as a group to do the purchasing may want to undertake purchasing individually without informing members about the progress of the process. This frustrates members since they would want to know when to expect deliveries." (interviewee 33, female aged 30, Biharwe, Mbarara city north, January 14, 2022)

"There is less flexibility in group operations because even changing something small means all members should be informed. This differs from individual



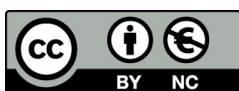
operations where business operators change as soon as they wish." (Interviewee 35, male aged 38, Kakiika, Mbarara City North, January 15, 2022)

Discussions and Conclusion

The critical processes identified in purchasing consortiums among wholesale traders include collecting money and calling the suppliers as a group or having a few individuals purchase the products on behalf of the traders. Additionally, traders with a significant capital base can establish links with suppliers, which supports those with limited connections. Other processes involve following PPDA guidelines, such as bidding, contracting, delivery, and evaluation. Large companies can also supply goods without requiring every trader to go directly to the source. Some wholesale traders may even set up outlets for more prominent companies and sign contracts as both outlets and primary sources. These approaches demonstrate how purchasing consortiums can support small-scale and medium-level traders by leveraging the collective responsibility of influential traders to assist those with limited capital. However, it is essential to note that there is no uniform process for conducting purchasing consortiums among wholesale traders in Mbarara City. The lack of process guidelines may create a likelihood of participant abuse since there are no clear participation standards. Consequently, the nature of purchasing is determined by factors such as the type of business, purchase quantity, demand requirements, and existing business structures.

Regarding the precursors to participating in purchasing consortiums, wholesale traders are more likely to engage when they perceive a reduction in business operation costs and opportunities for learning from one another. The ability to pool resources based on trust is a significant motivator for participation. Purchasing consortiums are illustrated as mechanisms through which growing businesses can thrive by pooling resources, managing operational costs, accelerating profit margins, and expanding their reach.

Nonetheless, the study highlights several internal limitations that hinder wholesale traders from purchasing in groups. The most commonly reported limitation is a lack of trust among traders. This suggests that traders are less likely to engage in group purchases when they do not trust each other. Lack of trust can be attributed to individualistic tendencies and previous experiences of mismanagement and order discrepancies. Likewise, internal delays are another hindrance caused by the need to collect purchase funds and manage multiple purchase orders. The inflexibility in collective decision-making was due to the involvement of multiple members, yet a lack of transparency and accountability was due to corrupt practices. Other limitations include the lengthy bureaucracies in decision-making processes, variations in purchasing time and the vast needs among wholesale traders, which make it challenging to coordinate group purchases. Group conflicts and insecurity regarding the safety of purchased commodities and negligence of collective responsibility were also mentioned as internal limitations. Furthermore, an imbalance in the capital base among traders can affect the contributions required for group purchases. Lastly, limited storage space poses a challenge for accommodating bulk purchases.



To foster the success of purchasing consortiums and unlock their potential opportunities, the study recommends that association leaders and city council authorities establish systems and structures that create an enabling environment. Many barriers to purchasing consortiums are rooted in structural deficiencies, which can lead to mistrust and suspicion among traders.

Establishing proper structures, systems, and guidelines would be crucial for the success of purchasing consortiums in Mbarara City. By creating an enabling environment and supporting traders, Mbarara City Authorities can foster the growth of group buying initiatives and contribute to the city's overall development.

Associations and unions have proven to be effective facilitators of purchasing consortium processes. Therefore, leaders of wholesale businesses are encouraged to organise traders in Mbarara City into organisations and unions that can advocate for their interests in bargaining, transportation, and storage. Promoting organisation among traders will create greater cohesion and collective strength to drive the success of purchasing consortiums.

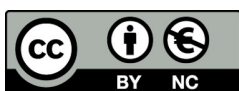
Establishing a national purchasing consortium platform is recommended to further support the wholesale business community. This platform could have regional branches to coordinate activities at the local level. The platform should convene quarterly to provide technical advice on forming business structures to sustain consortiums at various levels. Additionally, it should focus on sensitising and educating wholesale traders about the opportunities available through group purchasing.

Further still, to encourage wholesale traders to embrace consortium buying and harness its potential benefits, it is recommended that the process be documented and standardised. This would provide clear guidance for subsequent operations and help prevent potential abuses.

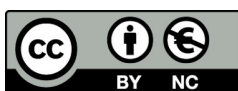
In conclusion, this study sheds light on the potential benefits of purchasing consortiums for wholesale traders in Mbarara City. The study reveals new evidence that the purchasing consortium is a great tool and strategy for modern businesses in Uganda, particularly in Mbarara City. It addresses the knowledge gap by exploring the precursors, barriers, and opportunities of purchasing consortiums in a developing country context, specifically among wholesale traders. The study highlights that most traders in Mbarara have not yet embraced purchasing consortiums due to limited knowledge and education from city authorities and association leaders. However, it reveals that purchasing consortiums can potentially reduce business operation costs. However, the lack of structure and limited uptake of institutional arrangements hinder their effectiveness.

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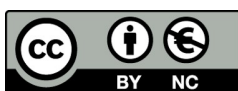
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