

CONTRACTS IN PROCUREMENT MANAGEMENT: AN INVESTIGATION ON THE BABY MATERNITY INDUSTRY

Cengiz BECİT,

Istanbul Commerce University, Turkey

Ali GÖRENER

Istanbul Commerce University, Turkey

Abstract

Realization of procurement activities in a rational and highly efficient way is extremely important for enterprises. The enterprises that are able to realize an advantageous procurement transaction compared to other enterprises in the purchasing process will gain an opportunity to get ahead in hard competition conditions. Thus, it will be possible for these enterprises to grow and increase their market share. In addition, the required products to be at the right time and in the right place is very important for the continuation of the operations of the enterprise. Enterprises sign a contract to make a solid agreement with the individuals and organizations they are dealing with, to reduce uncertainties for the future and to perform a rational procurement transaction. Contracts are a legal practice which brings rights and obligations for both parties from the moment they are signed validly. For this reason, contracts in commercial life have found a significant application areas. In this study, the importance of procurement function and its importance for the enterprises is examined first and then the subjects that enterprises should consider in terms of contract management are mentioned. In the last chapter, three contracts were included in the study in order to understand the practice of the subject. Thus, a better understanding of the importance of contract management for enterprises has been achieved.

Keywords: Procurement, Supply Contract, Contract Management, Distributorship, Agreement

JEL Classification: M10, M16, L14, L69

1. Introduction

Companies that wish to perform effectively on the market are compelled to "think outside the box" by organizing as effectively and economically as possible not only their inner but also their external supply chains. In latest years, the importance of purchasing has risen at a pace higher than in nearly all other company tasks (Weigel and Ruecker, 2017:1). Even though the purchase activity may seem to be an effort that results in a momentary initiative, it indeed refers to a structure that contains more phases. In addition to many steps performed before procurement including emergence of the needs, determination of the quality, prioritization, market research, making a deal for the purchase process the process also covers a number of operations carried out after the procurement process such as product quality assessment, analysis of the warranty process and implementation of payment plans. It is the duty of the procurement department to obtain products and services that will not detract from the quality of the products and services of the organization (Stevenson, 2015: 376).

Increasing price pressure and shorter time-to-market cycles lead to increasing complexity in decision-making in the procurement department (Münch, 2015: 1). Enterprises that manage their procurement processes correctly take one step forward in the competition regardless of the sector they are engaged. For enterprises that want to be in front of other competitors under free market conditions, have to effectively manage procurement units like other units. Thus, they acquire privileges to sell the same products at a more affordable price, to deliver better quality products at the same price, and to sell at the most appropriate time and market.

The terms procurement and purchase are described as follows for the rest of this research (Münch, 2015: 42-43): Procurement is the organizational unit of a company that is accountable for all strategic and operational planning, policies, operations, procedures and interfaces that are relevant to purchasing. Procurement comprises of transaction

sourcing and purchase cycles. Purchasing is a procurement sub-set. It is based on transactions and is responsible at the right time, price and quality for the delivery of goods and services required within the company.

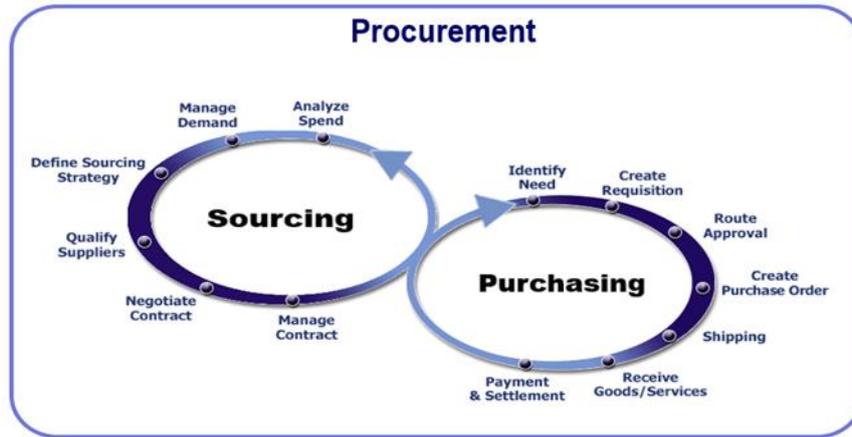


Fig 1. Procurement cycles (Sefman, 2007: 2)

The fact that the procurement has such precision balances causes enterprises to work with experts. Enterprises adopting the concept of winning while purchasing are determining the principles and strict rules for procurement and request the fulfillment of these rules from the companies from which they purchase goods. These requests are carried out in a written form because they must be legally valid. Written commitments based on mutual agreement emerge as contracts. Written agreements called contracts and cover provisions that reduce trade risks and reveal the rights and obligations of the parties.

Contracts are a binding legal undertaking for all parties from the moment of signing. Violation of this provisions and subsequently neglecting the results of the contract often result in significant costs. For this reason, enterprises must carry out an effective contract management application before the contract is signed, and they have to try to stipulate the most advantageous conditions for them in the contract. Thus they will be able to achieve the highest benefit from the contract. This is mandatory in order to avoid of losses and achieve the highest benefit in the system that starts before signing the contract and extends until the process after the procurement.

In this study, procurement and contract management issues are examined and then three contracts belonging to a company operating in the baby-maternity sector have been examined in order to obtain a better understanding of the practice part of the issue. In this way we pinpointed issues prioritized by companies and what the privileged provisions are. It has been seen that the procurement agreements are not actually just a document that regulates the trading business, but the arrangement is related to many relevant issues as well.

2. Baby Maternity Industry

The economy of baby products created by the baby maternity sector in a macro sense, has an important place in total economic activities. Although different definitions are made, usually babies between the ages of 0-3 and the products that mothers need in relation to these babies are included in the products of baby economics.

It can be said that babies have the potential to create a wide economic market because they start to have the goods when they come to the world and they need to develop quickly and they require different products. In addition, maternal usage products for babies help to grow the sector. There are many and varied products for mothers and babies. With the general lines, it is possible to classify these products into the main headings as follows (Bozkuş and Yılmaz, 2017);

- Breastfeeding products,
- Nutrition equipment
- Safety products,
- Bath and health,

- Textiles,
- Diaper,
- Baby food,
- Baby care and cleaning products,
- Baby tools and furniture,
- Toys, entertainment and training,
- Wet wipes.

As it is seen, the industry has many sub-branches. There are also many products in each branch. Each product has a short duration of use and every baby needs these products, ensuring that the sector is constantly moving.

The most important element that gives direction to the future state of the baby maternity sector is the annual birth rates. Accordingly, especially in countries that are developed and have a steady decline in birth rates, significant growth in the sector cannot be considered. However, products that improve the quality of life of mothers and babies may be prominent in these countries. Countries that have a high level of annual birth rate and an increase in income levels will result in a lot more mother and baby products due to the high number of children and the rising education and income level.

When the issue is examined in terms of Turkey, it is seen that there is a huge sector and demand structure. In Turkey, 1 million 291 thousand 55 babies were born in 2017 years. This number is a higher number than the population of many countries in the world. In addition, the parents' education level increases with each passing day and subsequently the efforts to grow their children in a better and quality way increase the kind and quantity of products they need. With regards to baby economy in Turkey, there is an average of 4.7 million babies between 0-3 years of age. The size the sector covering baby products including products such as clothing, toys, personal care, food, furniture, bottle and teat is estimated to be close to 8 billion TL (Baby-Kidstore, 2018).

The baby economy in Turkey should not be considered in terms of its commercial size solely. There are considerable people employed in procurement, manufacturing, distribution and sales phases. The most important examples of the impact of baby economy on employment are chain stores selling baby products. Nowadays, the chain stores are known to have over 400 shops with more than 100 square meters size. Considering that this number was around 200 in 2015, the growth rate of the sector and its contribution to employment can be understood much better.

The textile sector, which is a sub-sector of the maternity and baby sector, is one of the most dynamic sectors in Turkey. Textile and apparel industry are already the most important sectors of Turkey in terms of macroeconomic indicators such as gross domestics product, net foreign currency input, manufacturing industry and industrial production, export, employment and investment. Turkey is the 7th the largest textile exporter. The baby textile sector also shows improvement in this direction. Especially in the last 20 years, the sector has demonstrated an important development. Only companies specializing in this field have emerged in the sector. In fact, some of these firms only went to specialize in baby or mother products only. The provinces of Istanbul, Izmir, Bursa and Denizli are leaders in maternity-baby textile products (UIB, 2017:3).

It is the fact that Turkey is one of leading countries in cotton production lies behind being a leading country in in this sector for Turkey. Baby goods with cotton material, especially the basis of baby clothing, are located at the forefront of production. Thanks to its flexible production capacity, the changing demand is easily adapted to the quantity and structure. It is also well placed in the use of materials and production methods that do not harm baby health. In addition, when the export import situation for baby textile products is examined, it is seen that it has a net export structure. Our country gains a significant amount of foreign exchange and many people are employed in this field (UIB, 2017:4).

3. Procurement Activities and Contracts

3.1. Procurement Concept and Enterprises

All organizations need inputs from external suppliers or providers of products and services (Baily, 2015:3). Procurement is a function that carries the responsibility of the activities for the provision of all kinds of materials, equipment, products and services needed for production and the relationship of material management to the market (Koçoğlu and Avcı, 2014: 35). Procurement usually represents one of the largest expense items in the price structure of a company (Angeles and Nath, 2007: 104). Procurement is the provision of the necessary materials, services, skills and information from external sources in order to make the company's activities to be performed, sustained and managed in the best conditions (Weele, 2002: 31). If enterprises have to engage in activities such as production, marketing and sales to sustain their presence, they must likewise be able to address their needs through procurement. Especially enterprises that produce goods are obliged to supply raw materials and intermediate materials for production. It is not possible to continue production without material, but in case of insufficient materials, it is not possible to perform a quality and efficient production. Especially enterprises must procure materials that are not substituted and required in terms of production on time (Uysal, 2010: 32).

Procurement exists to explore market supply possibilities and execute resource policies that provide the organization, its stakeholders and clients with the greatest possible supply results (Lysons and Farrington, 2016:4). Although procurement behavior seems to be a single act, it takes a long process. There are many units associated with each other in the procurement decision process of enterprises. Each section is fed from the previous one and provides the source to section comes after it (Karakış, 2007: 107). The first phase of the procurement process in enterprises is the emergence of a need. Whether it is directly related to production or not, meeting the needs is mandatory and necessary to sustain the business life of the enterprise. In conjunction with the emergence of a need, the first requirement is to determine the qualitative and quantitative condition. As a result of this analysis, which can be called as a need analysis, the qualities and function of the needs of the enterprise are determined. These needs should also be evaluated numerically. Thus, the enterprise determines exactly how much it needs (Kula, 2009: 6).

In relation to the materials and raw materials that are decided to be purchased, a general market research is carried out first. Information about whether the products needed are available in the market, what qualities existing products have, what quality and quantity of products can be supplied from which supplier at which cost, whether there are equivalent products with same function are collected. Although the expectation from the procurement department of the enterprise is provided to other units by providing the requirements; the procurement department not only fulfills these tasks, but also decides to procurement considering financial structure of the enterprise. It also collects information about different materials in the market that can meet the same needs (Altunışık and Baş, 2015: 83).

Enterprises may decide to purchase the same material or the equivalent for the company's production needs according to the state of the material and operating facilities. At this point, the supplier selection phase is completed. Nowadays, there are many suppliers of almost all materials due to globalization, technological developments and free market economy practice. Enterprises try to choose the most suitable supplier for them, considering their payment terms, material status and supplier properties (Akalın, 1971:12). After the supplier selection, enterprises meet with suppliers to sign a procurement agreement with the clear properties, numbers, delivery dates and conditions of the requested products and payment terms. In this agreement, all aspects of the material and procurement conditions for product to be purchased must be written in a way that is clear and not controversial. In the event of any dispute, the provisions regarding inability to produce the material, not to be delivered on time, defective goods, and the status of the equivalent products, whether the payment will be flexible or not should also be written. The procurement agreement is a contract that protects both the procurement enterprise and the supplier from the legal and economic standpoint. The terms of procurement with this agreement should be fully clarified (Şahin, 2004: 22).

The duties and responsibilities of the procurement departments do not end with the procurement and delivery of the materials. The procurement department must define a set of metrics to be used to measure the supplier for the duration of the contract. These measurements should be based on quality, distribution, price guidelines compliance and comparable variables (Jacobs and Chase, 2018:413). In order to reach a conclusion about whether the purchased materials can provide the desired performance, they must be in contact with other departments and receive feedback on the use of materials. In materials with long-term lifespan, the need for maintenance and repair will arise after a period of time and procurement must communicate with supplier companies to meet these needs. Market research should be carried out within the scope of materials and suppliers and this information should be shared with other

units of the enterprise (Uysal, 2010: 33). Determining the risks that may be encountered in the realization of procurement activities and taking precautions is one of the important processes that procurement department is responsible for (Şahin, 2004: 31; Başyazıcı, 2010: 105).

3.2. Contract Management

In order to handle contracts so that they add value throughout their lifetime, it is vital that procurement employees have a good overview of the appropriate contract law to guarantee a robust contract is written that achieves its goals (Baily, 2015: 531). A contract is a legal process that is binding on multiple parties. Therefore, it is necessary to make legal process identification in order to reveal what the contract is about. Legal process is defined as; "In the boundaries stipulated by the legal order, explanations or declaration of one or more people are for a particular legal outcome"(Eren, 1994: 115). Good contract management will reduce possible problems and increase certainty (Sammons, 2017: 10).

Contracts are a declaration of two or more parties. From the supply chain perspective, the buyer's specifications for different quality dimensions become the targets for which the supplier shoots in a supply contract (Krajewski et al., 2016: 102). Documents showing the declaration of a single party cannot be accepted as a contract. Therefore, it is necessary that the declaration statements are compatible with each other and are not contradictory, vague and have different meanings. Conformity within the Turkish legal system is evaluated as in the form of actual and legal conformity. Actual conformity refers to the fact that the true will of parties are relevant to each other. If the parties correctly understand and agree to the will of the other party at the establishment stage of the contract, then the actual conformity is present. Legal compliance means that the will of the parties is valid within the framework of the current legal rules and does not violate the rules of law. Both conditions constitute validity conditions for the contracts (Kocaağa, 2008: 73).

Sales contracts; can be arranged with different names, such as product sales contracts, product-based sales contracts, product-based procurement contracts and procurement contracts. However, the essence of all these contracts is the sale and procurement of a product or product group. Commercial sales contracts are also included in the scope of sales contracts, but are separated from a part of the sales contracts with the ability of both parties to have the capacity of the merchant. This situation is especially important in terms of Turkish commercial law and obligations law. It subjects the merchant to different provisions than the person who is not a merchant, and is more strongly and more powerful than non-merchant person (Sirmen, 2013: 2466).

There are similar aspects of the sales contract to the distributorship contracts. No form requirement is stipulated in the establishment of distributorship contracts. However, it is imperative that the contract to be written, such as other contracts, to take effect. With written contract, distributorship relationship is started. The provisions relating to the distributorship shall be valid and binding for both parties for the period in which the contract is valid (Erdem and Erdem, 2018). In order for a contract to be valid and implemented, it must first be created in a valid format. The validity of the contract depends on the signing by the authorized bodies of the parties (Kılıçoğlu, 2014: 119).

Contracts are formed according to the purpose of which they are used, as they are not subject to format conditions. The parties may add items and sections to the subject matter and make the contract functional. Furthermore, there are some terms in accordance with the determination of the rights and obligations of the parties. It is necessary to know the meanings of terms to be clear and unwavering, and that the parties understand the same meaning for each provision. The terms and conditions that will be included in the contract are entirely dependent on the nature of the contract and will of the parties. The sections generally included in the contracts are as follows (Yurdakul, 2015: 116-122):

- Definitions,
- General provisions,
- Orders,
- Prices and taxes,
- Payment terms,
- Delivery,

- Warranty,
- Force majeure,
- Termination,
- Intellectual property rights,
- Liability and compensation.

4. Contracts in Baby Maternity Industry

The ABC Electronics Inc. (the real name of the company is hidden) subject of examination was founded in Istanbul by three Turkish entrepreneurs about 15 years ago. The company's headquarter is in Istanbul. In order to provide customer satisfaction, the service providing after-sales service is located in Istanbul and logistics center established to organize the storage and distribution of products is located in Kocaeli.

The company started its activities in domestic sales and distribution by taking the distributorship of a German brand of maternity-baby safety products. Afterwards, they took Turkey distributorship of a French toy brand in 2010, a German care bag brand in 2015, and an Italian car seats brand in 2016 and expanded product diversification. Based on a win-win system that was developed with its suppliers for many years and cost increase from the additional taxes on the recently imported electronic products, bags and car seat products are not reflected to customers as a price increase. The company continued to meet consumer needs with the same retail price and cost-effective products without compromising quality. Again, in order to capture the price competition in electronic products, the production of some parts shifted to Turkey and the imports of other parts carried out by the production and assembly team established in Turkey.

The company has always taken into consideration the customer needs in the sector and has given direction to the sector by offering innovative products to the market. The awareness of all the brands it imported and sold in the market is at the top level. It has become a growing company every year thanks to the delivery of quality products to consumers at the right price, which addresses these needs by identifying the needs of parents. All its products are delivered to consumers by means of baby shops and dealers in many points of Turkey.

It is aimed to investigate three different contracts belonging to the company mentioned in this section. Entire contracts are not included due to the limit of publication pages. All company names mentioned in the contracts examined are representative names and their real names are hidden. It is determined that the firms which are involved in the trading relationship with each other and sign the contract focus on what subjects they attach importance and which are included in the contracts.

4.1. Product based Procurement Contract

The contract that was examined was realized by the main company to sell its products to a retailer. The subject of the contract is the sale, delivery and collection of 6,000 Weewell Ionizer cold steam blower and 1,800 PCs WHC726 Weewell remote controlled Ionizer cold steam blower. ABC Electronics and X Market abbreviations were used as titles in the contract and the companies were referred to this way. The main headings stipulated in the contract are as follows:

1. Parties to the contract,
2. Subject and purpose of the contract,
3. Obligations of the parties,
4. Price and payment,
5. Duration of the contract,
6. Confidentiality,
7. Non-assignment,
8. Notification addresses,
9. Stamp duty,
10. Authority, dispute resolution and evidence.

The contract is seen as a contract containing the sale of the classic product in the first place. However, when examining the provisions of the contract, some notable features are noticeable. These features are also effective on third parties as they are binding. The most striking elements in the contract are as follows.

- Products to be delivered to X store by ABC will not be sold to any other company in the period of September 2017 to 2018. With this article, X Market has the right to be a single player for a specific period within the sector for these products.
- X Market promises advertisements for the products it has purchased and committed to making efforts to promote the products. Therefore, the procurement process is not an assignment of ownership, but the procurement is also equipped with a number of obligations.
- The price of the product is determined in dollars, but the dollar rate is converted into Turkish lira according to rate on the payment day. The most important issue here, however, is that if the dollar rate decreases below 4.00 TRY the exchange rate will still be 4.00 TRY. Therefore, the lowest price to be paid by X Market has been fixed and recovered from the risk of exchange rate. If payment is made by check for payments maturity is stipulated as 90 days.
- The start and end times of the contract are clarified in the contract and not left on the initiative of the Parties.
- The procurement of at least 70% of the products in case of termination of the contract is stipulated. Therefore, it is prevented to terminate contract without performing less than 70% of the contract's provisions.
- The parties concerned with the subject of the contract have promised each other confidentiality and undertaken not to disclose to 3rd parties. Therefore, it is assumed that the contract is kept confidential by both parties.
- The parties of the contract will not be changed. The parties prevented the transfer of the contract because they do not want to work with any other third party. In terms of fulfilling commitments, the credibility of the companies is important, and both parties have included the assignment prohibition in the contract to avoid working with companies that they cannot rely on.

The contract, which is issued for the sale of products, has gained a more specific dimension with the provisions above, and the terms that the parties need to fulfill as mutually have been established. Therefore, the subject of the contract has been changed to a contract that will continue to be valid long-term, instead of a contract that can be terminated with a sudden performance.

4.2. Supply Contract

The contract examined under this title has been signed between ABC Electronics and Y Retail Inc. Parties are referred to in the contract as Y Retail and Supplier titles. Subject of the contract; is the sale and delivery of the products that the supplier is authorized to manufacture-sell-distribute or sell-distribute to Y Retail Company. The name of a specific product or product group is not specified in relation to sales and delivery and the product is called in general terms. The main headings in the contract are listed as follows.

1. The parties
2. Subject of the contract,
3. Provisions of the contract (General provisions, shipping provisions, financial provisions, refund provisions, final provisions).

Binding and important articles are as follows in the contract which is subject to review.

- The Y Retail Company has been involved in the contract that the supplier has the right to procurement products from different suppliers and that the supplier cannot be regarded as the sole supplier.
- When the Y Retail Company has the right to purchase the products at the lowest selling price on the market and finds that products are sold on the market at a price below these prices, it is possible to stop selling the products of the Y Retail Company and entitled to return the products. With this article, the supplier has guaranteed to offer the most favorable price on the market to Y Retail Company.
- The signing of the contract does not require the procurement of the product and, despite the contract, entitled not to order products from Y Retail Company.

- The delivery time of the ordered products is determined as 10 days and all costs related to delivery are borne by the supplier.
- It is observed that early shipment is accepted optionally and if not accepted it will not be perceived as a default of purchaser. With this provision, Y Retail Company was released to accept early deliveries according to the warehouse status.
- The supplier has been held liable for any faults, defects, deficient or excess of the supplied products. In such cases, the supplier has adopted the obligation to compensate for any unconditional damages.
- In respect of any compensation and similar liability arising out of the sale of products, Y Retail Company reserves the right to recourse to the supplier.
- The warranty period begins from the date of invoicing of the products and continues for two years. Any failures arising during this time will be fixed by the supplier for free.
- The contract is starts on the date of signing and ends automatically on the date predetermined.

When the contract is evaluated generally; in almost all contractual clauses, the risk factor is left on the supplier and the Y Retail Company guarantees itself in all of these issues. From the contract it can be concluded that Y Retail Company and the supplier have a significant power difference in terms of contract power. With the signing of this contract, the supplier has received a general commitment to the sale of products and is not certain that the sale of products will occur in practice. Y Retail Company has obtained the right to procurement products according to the lowest price on the market and has gained benefits in almost all matters. It is evident in the scope of the contract ally dominant on the suppliers.

There are also product acceptance and delivery procedure in annex of the contract. The obligations of the supplier for delivery have been repeated. At the same time, more detailed information is provided in terms of location and time of delivery.

4.3. Procurement and Distributorship Contract

The contract examined in this section is signed between ABC Electronics and KLM Baby Appliances Company. The reason for signing the contract is determination of the rights and obligations of the parties regarding production, sales and marketing phases of products manufactured by the manufacturer. The main headings of the contract are stipulated as follows:

1. Information about the parties
2. Manufacturer obligations
3. Customer obligations
4. Contract duration
5. Notification addresses
6. Final provisions

In the contract KLM Baby Appliances is referred to as manufacturer and ABC Electronics as the customer company. The key points that may be addressed under the contract can be expressed as follows:

- The manufacturer must first propose to the customer the sales, distribution and marketing of all products that are produced, both domestically and abroad. If the customer does not accept the procurement, it will be able to sell to other buyers. The customer is prohibited from selling a product to other customers without being offered.
- The customer is given the opportunity to visit the manufacturer's production facilities with specific periods and participate in product development activities. In return, the customer must keep the information that it has learned confidential.
- Preparing the detailed cost table for the products produced and sharing with the customer and giving information about the suppliers to the customer at this stage are required.
- The customer has committed to fulfilling the marketing, sales and distribution of all products purchased both domestically and internationally.
- The customer has committed not to perform the marketing, distribution and sale of products that are equivalent to the products acquired from the manufacturer.
- The contract is issued to be valid for five years excluding force majeure conditions.

It is observed that the contract that is subject to review does not have a classic procurement contract and stipulates important obligations on both parties. For these products, for which procurement and sale are free in the free market economy, the manufacturer and the customer have fully restricted to their own freedom and stated to be loyal to each other about trading. Although there is no way to say that a party has gained more rights across the contract, both parties have been under close rights and obligations. The arrangement of the contract with the procurement and distribution contract name is also a basis for these obligations.

5. Conclusion

In today's competitive business world, it is an undeniable fact that one of the departments that are crucial to enterprises is the procurement department. No matter what products an enterprise produces it is necessary to procure some intermediate products and raw materials that it will use during production from external sources. From this point of view, almost no enterprise has the potential to manufacture all the needs of production. Thus some enterprises purchase even all of the materials that are used in products from external sources. It is very important for enterprises that procurement unit plays an effective role and a successful procurement organization is achieved. First of all, the disruption of procurement activities will prevent the continuity of production and threaten the existence of the enterprise. Excessive amounts of procurement activities will increase production costs by causing storage costs. The procurement of raw materials and material that needs to be purchased again will increase the competitiveness of the enterprise. Otherwise, an expensive procurement activity will be reflected in the price of the enterprise's products will emerge. Contracts signed between the companies that are selling and purchasing contain all necessary elements for the procurement process regarding procurement activities. It is so a lengthy process, which starts before the procurement and ends long after the procurement and regulated by contract. Thus, uncertainties are eliminated and the risk factor for the future is reduced for both parties.

In this study, three contracts were examined for a better understanding of the subject of procurement and contract examined theoretically. While the main issue of each contract is the procurement, the differences in the procurement activity and the differences in power between the companies that have signed the contract have influenced the contents of the contracts. Procurement and distributorship contracts signed by ABC Electronics, which also operates within the field of baby maternity economy, are examined. Each of the contracts subjected to examination has been subject to different terms and practices within itself. The most important feature of the product-based procurement contract in the classical sense of procurement is that the procurement company maintains the single purchaser position for a given period. Therefore, the company gained the power to sell such products as a monopoly company during that period. The product quantity that is subject to sale has enabled company to receive this guaranty. Likewise, the seller has limited the risk of change in the exchange rate and determined the lowest dollar rate to be applied if the dollar falls below a certain price level.

Secondly, although there are many provisions in the procurement contract examined, the most noticeable consideration in the contract is that it provides obvious advantages to the purchaser of the contract. The purchaser has the freedom because it is powerful compared to seller company and it can find alternatives to seller company. s a high procurement potential.

The last contract to be examined is the procurement and distribution contract, which includes very important dependencies and loyalty provisions. Both parties aimed confidence in the other party according to long-term work within the rules of goodwill and have restricted their market movements. However, this limitation has brought together a strict co-operation and they met in the common earning principle. Contracts are issued subject to sold product, market conditions of the product, economic and legal power of the purchaser and seller companies and there are many different provisions in each contract. The presence of bargaining power and alternatives of companies during the creation of contracts affects the contractual clauses. It should be remembered that the general economic situation has an important place in determining the contractual clauses. The limited number of publications within the scope of the study led to the transfer of more sectoral experiences and important points in the contracts. More research should be done about this sector which has potential especially in terms of retail and manufacturing. The aim of the study is to provide guidance by emphasizing the main points. In the following researches, qualitative

studies involving sector professionals can be carried out as well as surveys regarding customer expectations can be conducted.

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