



**THE INFLUENCE OF SUPPLIER RELATIONSHIP MANAGEMENT ON SUPPLY CHAIN SUSTAINABILITY AMONG
FOOD MANUFACTURING COMPANIES IN KENYA. A CASE OF BIDCO AFRICA LTD**

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ABSTRACT

Supplier Relationship Management (SRM) plays a fundamental role in reduction of costs and augmented competence in the supply chain sustainability. The aim of this study was to establish the influence of supplier relationship management on supply chain sustainability among food manufacturing companies in Kenya. A case of Bidco Africa LTD. The study was guided by two specific objectives; To establish how supplier segmentation influences supply chain sustainability in Bidco Africa LTD, in Kenya and to determine the effects of supplier strategy development in supply chain sustainability in Bidco Africa LTD, in Kenya. The research followed a cross-sectional survey design with a target population of employees of Bidco Africa LTD, Nairobi-Kenya. The base sample size used for this study was 246 respondents. The study used structured questionnaires as the main instruments for collecting primary data from the respondents. The study findings revealed that the independent variables (Supplier Segmentation and Supplier Strategy Development) contributed 79.6% to the total variability in the dependent variable (Supply Chain Sustainability). The two independent variables contributed positively and statistically significant values for every unit change in the dependent variable (Supply Chain Sustainability).

Key Words: *Supplier Segmentation, Supplier Strategy Development, Supply Chain Sustainability*

INTRODUCTION

Under the economic pillar of Kenya Vision, 2030, manufacturing is one of the five sectors that has been acknowledged to sustain economic development. In line with the aspirations of Vision 2030, it is expected to be a leading and aggressive sector to support the state growth, create employment, earn the country foreign exchange and facilitate foreign investment (GoK, 2007). Many large-scale manufacturing subsector companies in Kenya particularly international manufacturing firms have shifted their operations to other countries. These firms have relocated, shut down or downsized their operations because they consider Kenya as one of the least yielding countries worldwide. This is due to poor infrastructure, high tariffs and taxes. The local firms have not been able to fill the manufacturing gaps left by the multinationals as the government has done very little to develop this struggling subsector leading to low international competitiveness (Okoth, 2012).

Humanity has progressively more turn out to be multifaceted, doubtful and incredibly aggressive. In array to stay put vigorous and pertinent in the market, a good number of companies have urbanized strategies to deal with these challenges. Supply chain sustainability being a central element of the company greatly contributes to the accomplishment of an institute particularly, while contemporary technologies for example combination are used. However, this cannot be achieved lacking administration high-quality relationships with the suppliers. Supply chain sustainability deficiencies create pressure to good number organizations mainly those who do not recognize the call for supplier relationship management (SRM) (Akintonye, 2000).

The demand for achieving effectiveness in supply chains sustainability has fuelled the call for supplier relationship management. Companies that have perfected the skill of supplier relationship

management have well distinct and proficient supply chains sustainability. Hughes and Jonathan (2010) defined supplier relationship management (SRM) as a discipline of tactically scheduling for, and running, all exchanges with third party organizations that deliver merchandise and/or services to an institute in order to capitalize on the worth of those contacts. In practice, SRM entails creating more rapidly, more mutual relationships with key suppliers in order to unearth and appreciate fresh significance and decrease jeopardy.

According to Cavinato (2012) the term "Supplier Relationship Management (SRM)" refers to the practice and procedure for interacting with suppliers. Mainly supply professionals examine SRM as a prearranged approach to defining what they require and desire from a supplier and establishing and running the company-to-company relationship to get hold of these needs. Official or not, academic and consulting company investigate shows that planned approaches to supply and suppliers generate optimistic sourcing outcome.

Supplier relationship management acts as a main point linking the organization and the last clients. Organizations that have troubles with their supply chain sustainability networks or channels can take on Supplier Relationship Management practice to improve their supply chain sustainability competence. Hughes (2010) stated that unproductive supply chain sustainability were the key cause of poor administrative performance. To support Hughes views, Rogers (2001) insisted that organizations with incorporated supply chains sustainability recorded soaring earnings than those who paid little concentration to supply chains sustainability. Supply Chain sustainability is defined as the compound dealings of performance developed by the institute to weigh the aptitude of supply chain sustainability to meet an organization's long-term and short-term objectives. Sustainability measurement is the process of quantifying the

efficiency and competence of act (Neely *et al.*, 1995).

According to Neely (2005) organizations of all sizes are realizing that they no longer have entire control over their market achievement. This is since they rely greatly on the performance of their supply chain sustainability trading associates. Several large organizations are at present insisting that their small and medium manufacturing suppliers aid them get better supply chain sustainability rate, dependability and receptiveness.

Beamon (1998) powerfully implied that supply chain sustainability improvements will not only advance internal performance, but will also generate benefits that will wave through to customers and partners as well. Cost investments through condensed inventory levels, expediting, accomplishment and first-class contents costs possibly will allow a company to give more encouraging prices or provisions to customers. Similarly, valuable preparation and effecting can help companies and their customers become accustomed to the market's demand shifts. When the company can procure, fabricate and issue the right goods to the accurate channels in the right quantities at the exact time, both supplier and customer will boost returns capture by channel and area.

Due to increased demand for enhanced services in the public sector, there is need to efficiently administer the public supply chains sustainability. Interrelationships between the cohorts in the supply chain sustainability need to be managed to enhance stability and collective sense of value within the entire organization (McAdam *et al.*, 2005).

Hines (2009) defines what the supply chain sustainability as the linkages in the chain that work together efficiently to create customer satisfaction at the end point of delivery to the consumer. As a

result, costs must be lowered throughout the chain by driving out superfluous costs and focusing attention on adding value. Throughput efficiency must be increased, bottlenecks removed and performance measurement must focus on total systems efficiency and equitable reward distribution to those in the supply chain adding value. In today's highly competitive surroundings, supply chain sustainability is exceedingly crucial for the continued existence of firms since customers censor the performance of firms basing on their supply chain sustainability.

Eyaa and Ntayi (2010) stipulated that, international, nationwide economy is faced with the dispute of improving their supply chains sustainability. Escalating global struggle, petite subsistence cycles of the goods and amplified customer prospect have forced the companies to advance and center their concentration on their supply chains sustainability. Jointly with unbroken advances in communication and transportation technologies, this has motivated the continuous development of supply chain sustainability and of helpful administration techniques. The achievement of the companies in the international setting depends exceedingly on supply chain sustainability competence and its capabilities to offer value to the customers. Large-scale supply chain sustainability assessment conducted by Coopers (2013) shows how select few are affecting in advance of the quantity. They are tailoring their supply chains sustainability to customer requests and investing in next-generation capabilities while keeping the spotlight on supply chains sustainability that are mutually swift and proficient.

According to Diageo (2011) Kenya has firms which have achieved brilliance in supply chain sustainability during execution of efficient supplier administration programs. Organizations in today's business setting have a big dispute on how to remain competitive in the marketplace through firm

performance especially the organization-wide performance (Collins, 2010). Agha (2011), argues that to remain competitive and accomplish competitive advantages, managers should increase organizational performance by managing the dimensions of core competence. The growth of a variety of sectors of the Kenyan market, such as comprehensive and retail and the services industry, beside the ever growing figure of local sporting and enjoyment events, has lead to rising statistics of consumers indulge in public consumption.

The Kenya Public Procurement and Asset Disposal Act (2015) on suppliers, maintains that the head of procurement function shall maintain and continuously update lists of registered suppliers, contractors and consultants in various specific categories of goods, works or services according to its procurement needs. The head of procurement function shall maintain and continuously update lists of registered suppliers, contractors and consultants in various specific categories of goods, works or services according to its procurement needs. An application to be included in the list of the procuring entity may be made at anytime, at no cost and shall contain proof of the following — (a) eligibility criteria as prescribed in this Act; and (b) capability criteria that defines necessary qualifications, experience, resources, equipment and facilities to provide what is being procured. A tenderer may seek clarification from the candidate or relevant government agency on eligibility but not on capability. The lists shall be applied on the alternative procurement methods as specified and appropriate and the list shall— (a) be generated through portal, websites and people submitting hard copies of their intention to supply; (b) allow for continuous applications and hence updating; (c) be evaluated leading to registration on a biannual basis; (d) be generated through market knowledge and survey; and (e) be as may be prescribed.

Statement of the Problem

A number of studies have been prepared on Supplier Relationship Management and supply chain sustainability. This has triggered the need to widen superior associations with suppliers to improve Supply Chain sustainability. Gently and Ford (2003) suggested the want to redefine supply chain sustainability relationships in order to enhance efficiency in organizations. They argued that with improved supplier relationship management organizations can trim down set times and lessen operating cost in supply chains.

According to Cooper (1993) Supply chain sustainability is an integrative approach to oversee the whole flow of merchandise from the supplier to the definitive user. Varma (2006) considers this definition of Supply chain sustainability as a management thinking that tries to bring about combination among a variety of functions. Cousins (2006) definition on the other hand is comprehensive and serious, he describes the idea as consisting of the flow of raw materials, finished goods, finances and information while aiming to attain high buyer prospect through proper scheduling on demand forecasts, sales generation, and efficient distribution. The flow should be well synchronized in the form of a system beginning with suppliers then to manufacturers, next to distributors and finally customers. But this definition does not include the elements of ambiguity which require some constituent of tactical focus.

Hsiao (2002) on her study recognized that trust, communication, cooperation and power confidence with supply contracts had a positive relationship on supply chain sustainability in retail outlets in Taiwan. Rohner (2009) found that by exchanging merchandise and supplier information with other industries, the purchasing department under study made the first shift to institute strategic aspects of SRM. The accessibility of broad and up-to-date

product information might increase the bargaining power of the industries' purchasing sector. Companies which had know-how with ICT-supported sourcing had sustainable cost reductions. Goko (2012) on her study found that suppliers need to maintain reliable records, errors to be identified early, suppliers should conform to specifications and that senior level management should be fully committed particularly in supplier growth programs so as to conquer the challenges faced in supplier quality management.

The development of a variety of sectors of the Kenyan market, such as extensive, vend and the services industry, along with the ever increasing number of local factories, has led to increasing numbers of consumers. Ratemo (2011) in his study concluded that it was marked that suppliers failed to uphold correct records, long cycle times and increased costs in procurement. The company failed to maintain good interaction with their suppliers leading to poor supply chain sustainability. Murithi (2011) found out one Communications Company relied only on one supplier, there were no professionals in the supply department, no early supplier involvement, poor synchronization and information sharing among supply chain sustainability associates, this caused delays within the supply chain especially when the provider took long to supply goods and services. Previous local studies investigating the impact of supplier relationship management have limited themselves into retail industries. Previous studies majorly focus on the last stage of the supply chain sustainability which is delivery of finished goods; however this research aims to focus on influence of supplier relationship management on supply chain sustainability among food manufacturing companies in Kenya especially in Bidco Africa LTD, in Kenya.

Objectives of the Study

The general objective of the study was to establish the influence of supplier relationship management on supply chain sustainability among food manufacturing companies in Kenya. A case of Bidco Africa LTD.

LITERATURE REVIEW

Theoretical Review

Social exchange theory

This paper will be anchored on the social exchange theory. According to Ekeh (1974) Social exchange theory is a social psychological and sociological perspective that explains social change and stability as a process of negotiated exchanges between parties. Social exchange theory posits that all human relationships are formed by the use of a subjective cost-benefit analysis and the assessment of alternatives. The theory has extraction in economics, psychology and sociology. Costs are the elements of relational life that have negative value to a person, such as the effort put into a rapport and the negatives of a partner. Rewards are the elements of a relationship that have positive value (Rewards can be sense of acceptance, support, and companionship) (Ratemo, 2011). The Social Exchange perspective argues that people calculate the overall worth of a particular relationship by subtracting its costs from the rewards it provides.

If value is a constructive number, it is affirmative relationship. On the contrary, negative number indicates a negative relationship. The worth of a relationship influences its outcome, or whether people will continue with a relationship or terminate it. Positive relationships are expected to endure, whereas negative relationships will probably terminate. The guiding force of interpersonal relationships is the advancement of

both parties' self-interest (Roloff, 1981). One thing about the social exchange theory is that it explores the nature of exchanges between parties and everything dealing with the social exchange has its outcome and satisfaction dependent on relationships. With the social exchange theory, both parties take in responsibilities of one another and they both depend on one another. Social Exchange theory (Ratemo, 2011) posits that the major force in interpersonal relationships is the contentment of both people's self-interest. Self-interest is not considered essentially bad and can be used to improve relationships. Interpersonal exchanges are considered to be analogous to economic exchanges where people are satisfied when they obtain a fair return for their expenditures. Other tenets of social exchange theory include the pinnacle roles of trust, commitment, cooperation, satisfaction, and relational norms that develop over time and tend to govern the relationship rather than reliance on written contracts (Heide, 1992).

The theory relate well to the unique relationship established by the buyer through supplier development for mutual economic exchanges that is advantageous to both parties. The buyer empowers the supplier via monetary support, technical support and supplier training in return for product innovation, reduced risks of non-supply, and reduced lead time, increased product safety, improved product quality and competitive pricing for the buyer (Pratt, 2007).

Buffington and Burt (2002) defined Supplier Relationship Management (SRM) as the organized, enterprise-wide measurement of suppliers' assets and capabilities with respect to overall business policy, willpower of what actions to engage in with different suppliers, and planning and implementation of all interactions with suppliers, in a coordinated fashion across the relationship life cycle, to maximize the value realized through those

interactions. Andaleeb (1996) further indicated that the focus of SRM is to develop two way mutually beneficial relationships with strategic supply partners to deliver greater levels of innovation and competitive advantage than could be achieved by operating independently or through a traditional, transactional purchasing agreement.

Croxton and Rogers (2001) concurred that in many fundamental ways, SRM is analogous to Customer Relationship Management. Just as companies have multiple interactions over time with their customers, so too do they interact with suppliers when negotiating contracts, purchasing, managing logistics and liberation and collaborating on product design. The starting point for defining Supplier Relationship Management is a recognition that these various interactions with suppliers are not disconnected and autonomous instead they are precisely and usefully thought of as comprising a relationship, one which can and should be managed in a coordinated fashion across functional and business unit touch-points, and throughout the relationship lifecycle (Bresnen, 2000).

A study by Goko (2012) found out that that suppliers need to preserve consistent records, errors to be acknowledged early, supermarkets to decentralize their management structures, suppliers should conform to two terms and that senior level management should be fully dedicated particularly in supplier development programs so as to conquer the challenges faced in supplier quality management. In his study, Ratemo (2011) was evident that suppliers failed to sustain appropriate records, long cycle times and amplified expenditure in procurement. The company also failed to maintain good relationships with their suppliers leading to pitiable supply chain sustainability.

Transaction cost theory

The transaction cost theory explains the vertical connection and integration of various elements of organizational supply chain sustainability from suppliers to customers. The focus of the firm is to minimize the summation of transaction costs and production costs. This theory, however, is criticized that it is primarily apprehensive with the straight profitable factors in organizations and does not tackle some significant aspects such as personal and human relations among other actors in the supply chain sustainability. The Resource Based View postulates that in order to achieve higher competitive benefit organizations pursue the achievement of better economic resources. More concentration has been paid to the application of resource-based view in organizational supply chain sustainability during the precedent decade (Pratt, 2007).

Morash and Lynch (2002) engaged resource based outlook in their study of global supply chain sustainability capability and performance applying the relational aspect of resource-based view to "supply chain sustainability wide collaboration". This concerned with the economic aspect of operations in organizations. For competitive advantage the resource based view suggests that firms can earn sustainable super normal profits if they have higher wherewithal and these resources should be Valuable, Rare, non-imitable and Non substitutable (Grant, 1991). The elemental principle of the resource based view is that the basis for a competitive advantage of a firm lies primarily in the submission of the cluster of valuable resources available at the firm's. Knowledge-based view these dimensions of organizational learning, evolutionary economics, organizational capabilities and competencies, and innovation and new product development. It is argued that for achieving organizational goals, the knowledge-based view promotes the sharing of knowledge. From the supply chain sustainability point of view this sharing

is amongst the various actors in the supply chain sustainability. The agency theory was built on the foundation of the traditional view of organization that views organizations as black boxes of operations, where the "relationship between sustainability and incentives" was overlooked (Shook *et al.*, 2009).

The value of Supplier Relationship Management within the supply chain sustainability is substantiated by a number of scholars. Burnes (1996) emphasize the importance of partnership sourcing for supply chain sustainability improvement. Slack (1997) stresses that partnerships are critical to the successful management of the supply chain sustainability. Lamming (1994) on the other hand asserts that good relationships with suppliers are necessary for a incline supply process. The role of the supplier in the procurement process was always implied in discussions about the supply chain sustainability. However, as the supply chain sustainability notion developed unambiguous implications on Supplier Relationship Management have been addressed. Cooper (1993) on the role of logistics and purchasing, concluded that they could contribute to supply chain sustainability in five ways including management, account administration expertise, facilitate information links, offer negotiation expertise, and providing an inter-firm viewpoint.

Novack (1991) provided a intangible replica of the purchasing process in the supply chain sustainability. He maintained that purchasing is the key agent between members of the supply chain sustainability. The point being made is that it is important that purchasing serve an integral, if not a primary role, in the management of the supply chain sustainability (Leenders *et al.*, 1994). Sustainability requires not only institutionalizing new ways of collaborating with key suppliers, but also enthusiastically dismantling existing policies

and practices that can impede partnership and limit the latent value that can be consequential from key supplier relationships. At the same time, SRM should entail reciprocal changes in processes and policies at suppliers.

Conceptual Framework

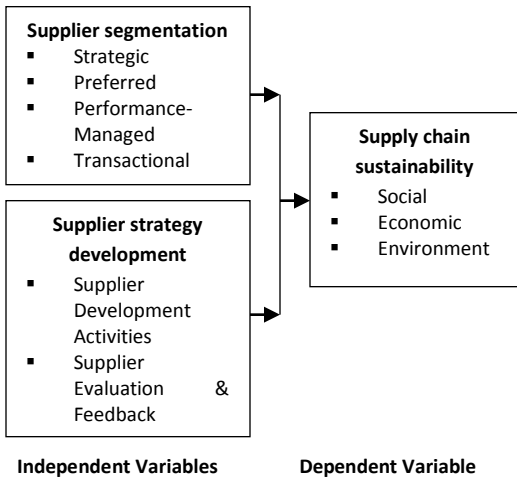


Figure 1: Conceptual Framework

Empirical framework

Supplier Segmentation

Supplier segmentation is a method of differentiating the supply base to determine the suitable level of engagement with specific suppliers. Segmentation can also help do the appropriate level of resources essential to administer the supply base at different levels. Resource capability is essential to ensure the individuals assigned to work with these suppliers have the skill sets required to effectively perform at the defined segmentation level (Pratt, 2007). The planned and competent operation of resources based on the optimal relationship with specific suppliers helps deliver more consistent supplier performance, innovation and overall lower total cost. Segmentation must be aligned with the category strategy and take into consideration cultural and the alignment with business objectives — in addition to your underlying business requirements (Leenders *et al.*, 1994).

Supplier segmentation needs to engage key stakeholders within organization, as this plays a critical part in the configuration process. It's crucial to ensure your suppliers' actions and behaviors are well-aligned with your business goals. Porter (1980) observes that supply managers often consider the concept of segmentation and even begin to plan how to do it ... but many don't follow through. Why? Countless suppliers tend to bubble up to the top, putting significant demand on senior management's time. This can be avoided by keeping two key points in mind: You must determine both the appropriate levels of engagement and resource commitment to successfully manage each segment of the supply base. Even after the economic challenges of the last few years, most companies' supplier lists are numerous and can run into the thousands. Applying the 80/20 rule, where 80 percent are regular suppliers and 20 percent are strategic, does not focus efforts enough to allow for effective, meaningful relationships with every one of those suppliers labeled "strategic." (Cooper, 1993).

Remember, the higher the segmentation level, the greater the relationship requirements and need for senior-level resource involvement. Morash (2002) observes that segmentation-level numbers and nomenclature vary widely from company to company, but tend to be restricted to either three or four levels, with "strategic" being at the top. The lowest tier of segmentation covers the vast majority of the supply base, and those suppliers where communications beyond the normal day-to-day connections are intermittent and on an exception basis. The middle tier(s) are usually comprised of a mix of suppliers that require performance management and/or those with possible opportunities for continuous improvement. Differentiating between each section depends on the amount and level of administration time invested to comprehend and drift the relationship to a place where mutual value can be maximized

(Leenders *et al.*, 1994). It is important to clearly define and establish the differences among business critical, important and strategic suppliers. More often than not, confusion and blurred definitions result in supplier segmentation that is not aligned with the product or service or the overall needs and goals of the business. Unilaterally assigning the “strategic” label to business-critical and/or important supplier relationships is a recipe for disaster. Recommended definitions are as follows.

Supplier strategy development

Supplier development is the process of working with certain suppliers on a one-to-one basis to improve their performance (and capabilities) for the benefit of the buying organization (Lynch, 2002). It can take the form of a one-off project or an on-going activity that may take some years to come to fruition. Joint buyer/supplier development activity to improve the integrated performance and capabilities of both the supplier and the buyer is more commonly referred to as partnering (for more information, please refer to the CIPS position on practice on partnering which is also available on this site). Both supplier development and partnering are subsets of relationship management (for more information, please refer to the CIPS position on practice on supplier relationship management which is also available on this site) (Novack, 1991).

Supplier development started to increase traction as a business idea after the Second World War, particularly in Japan. It was only in the 1970's when the process started to take hold in the United States of America that it began to be used more widely as a business tactic. In the UK competitive pressure was forcing companies to reduce inventory costs and, as a result, quality and delivery times were becoming important considerations alongside price. In response, purchasing departments were instrumental in improving the quality of goods and

services by specifying a requirement for suppliers to achieve ISO 9000 quality standards. As interest in quality migrated to the concept of ‘continuous quality improvement’ it was a logical step for buyers to expect their suppliers to also adopt this enhanced approach (Simco, 1991).

The major driving force for development of suppliers is the competitive pressures of the marketplace, and it is through the decisions of many individual purchasing departments that this force acts. As market places go from local to national to global, the strength of this competitive force dramatically increases. CIPS, therefore, believes that the widest possible professional tendering process is a tried and tested vehicle for deriving the benefits and value of this market process (Novack, 1991). However, P&SM professionals must also recognize that significant issues arise with costs, time, resource and especially risk when the decision is taken to change a current supplier for a new one selected by a tendering process. Therefore, there is a case to be made for reducing the cost and risk by taking a current supplier and helping it to develop performance and capabilities that will be of value to the buying organization.

Handfield (2000) believe that it is best to view supplier development as a long-term business strategy that is the basis for an integrated supply chain. Supplier development is, at its simplest level, about giving regular feedback of the supplier's performance as experienced by the buyer's organization, together with any customer complaints. This information can often, in and of itself, provide a strong incentive for suppliers to improve their performance, particularly in areas such as delivery reliability and lead times. This approach can be further bolstered by using the expertise in the buying organization to develop the supplier's capabilities and hence increase the total

added value in both products and services. P&SM should also be receptive to the possibility of embracing supplier expertise and aligning it to the buying organization's business needs.

A further advantage of this supplier development approach is that the areas chosen for improved performance or capability are tailored to the specific needs of the buying organization, and this alignment ensures that the benefits feed directly through into the organization's products and services, enabling it to become even more competitive in its own market place (Krause, 2000). There is no single approach to supplier development. There are many different types and approaches that are appropriate for different supply markets and P&SM professionals must select the most appropriate approach to suit the relationship they have with the supplier. There are instances when changes in legislation, regulation, systems or procedures occur which will affect all suppliers. In these circumstances the buying organization will need to adopt a suitable supplier development program that uniformly targets all key suppliers. Conference, workshop or rolling seminars can be a cost-effective way of approaching this development requirement (Handfield, 2000). While formal supplier programs have much merit, they should not replace an agreed and well-crafted dispute resolution procedure within the contract. This procedure should establish the root causes of the problem and a requirement for procedures to be modified, or new ones introduced, to ensure that there is no future replication.

Li (2006) in his study conceptualized on customer relationship, quality of information sharing, strategic supplier partnership, level of information sharing, and postponement and tested the relationships between competitive advantages. His results indicated that higher levels of SRM practices

can lead to improved competitive advantage and enhanced supply chain sustainability in the firm. His finding indicates that successful implementation of SRM directly influences supply chain sustainability and also indirectly enhances customer satisfaction in the organization. On the other hand, CIPS believes that a fundamental pre-requisite for supplier development, and indeed the development of any P&SM strategy, is that P&SM professionals analyze, evaluate and appreciate their own organization's corporate objectives and business needs. The supplier development projects which are undertaken must be in support of the P&SM strategy which, in turn, supports the organizational strategy (Handfield, 2000). Supplier development requires key technical P&SM skills, as well as contract management and project management skills. It also demands excellent interpersonal skills in order to develop communication between the buying organization and the supplier and 'sell' the idea behind the development project both internally with colleagues and to the supplier. P&SM professionals must have the ability to work effectively with all those involved irrespective of their status in either organization.

One of the key interpersonal skills required is empathy-the aptitude to appreciate others' perspectives. For example, the buying organization must appreciate the supplier's position and the impact on their business of this development. Krause (2002) argues that in some cases, their other customers might perceive that they are being neglected as a consequence of so much resource being channeled into a supplier growth program of another customer, which may also be one of their competitors. An empathetic P&SM professional will recognize these issues and allow suppliers the scope to deal with them. Before selecting suppliers for development, the P&SM professional must first have recognized a reason and an understanding of

why supplier development should be undertaken and what it involves.

CIPS advocates studying the supply base and evaluating the extent to which it meets the needs of the organization. Suppliers of key supplies and services should be rated according to their current performance and an ideal, or desired, performance as well as compared to other suppliers. This evaluation should also cover the relationship between the two parties, e.g. the style of relationship and how this compares to the preferred type of relationship. CIPS believes that these processes will encourage competition between suppliers, especially if it leads to a supplier accreditation such as 'Best of Breed'. CIPS believes that it is ideal if the relationship between the suppliers and the buying organization is managed on a key account basis, i.e. an individual is given responsibility to manage a number of contracts. CIPS also believes that supplier development is a two way process that includes buyer development so that those organizations can develop towards jointly developed organizational goals (Handfield, 2000).

Suppliers can be categorized regarding supplier development in three ways: they are either being developed, on hold as a potential for development or identified as not being worth the investment of development. Supplier development is undertaken with existing suppliers that can be, and agree to being, improved. The supplier's performance against agreed criteria should be measured in order to identify the scope for development at the outset and, once the development process has started, to monitor and manage improvement (Andaleeb, 1996) However, suppliers will be more motivated to take part in a development program if complex detail reporting is avoided. Highly visible key milestones are the best monitoring system. Timetables for specific developments need to be

reasonable in length if only to avoid the potential for disruption that might be caused by staff changes. Some suppliers may be resistant to being developed. This is why P&SM professionals embarking on supplier development require excellent commercial and interpersonal skills so that the right suppliers can be selected. One of the best times to raise the issue of supplier development is either up front in the tender document itself, or secondly after a positive tender decision when the supplier will be feeling pleased with a successful outcome (Chan, 2003). Elements of the development program can then be included in the subsequent contract

Thatte (2007) affirms that in many cases, the development of the supplier will be of benefit to the supplier's other customers, some of which may be the buying organization's competition. This in itself may be an incentive for the supplier to participate in a supplier development project (i.e. they can improve relationships with all their customers as a consequence). This may not matter if the development is in terms of improved service, greater quality, value add and management information, for instance (Handfield, 2000). However, where the supplier's product has been developed to meet a particular competitive advantage of the buying organization the P&SM professional should consider the implications of this at the outset. CIPS believes that P&SM professionals should always keep the starting objectives of developing a supplier in mind. This information should be used to determine when the process of developing a supplier can be brought to an end as the objectives and targets have been measured and delivered. In many cases, the results of the development may be simply a 'quick fix' or, at the other extreme, it may involve continual improvement or a step change.

Supply chain sustainability

The modern concept of sustainability or Triple-Bottom-Line concept have been prominent since 1987, when "Our Common Future" report was published by the World Commission on Environment and Development (Mebratu, 1998). Sustainability is defined as a development that meets the needs of the current generation without compromising the meeting the demand for future generations (Brundtland, 1987). The triple-bottom-lines: environment, economic and social equity has been identified as the major pillars in the sustainability (Vachon, 2008). Sustainability can be achieved only when social, economic and environmental aspects move together to achieve long-term economic sustainability and benefits.

Competitive supply chain sustainability has a strong relationship with the external business environment, supply and demand characteristics; a company needs to define the corporate strategy and the competitive strategy. To achieve the expected competitive advantage, it is necessary to define the supply chain sustainability implemented and it will result in various supply chain operations (Cohen & Roussel, 2005). These supply chain sustainability create more issues in social, environment and economic area with imposing extra pressure on companies to refine their strategies. Therefore, supply chain sustainability serves as the bridge between corporate strategy and sustainability. Furthermore, the impact of supply chain sustainability goes beyond individual territory and the scope of supply chain sustainability has expanded beyond the processes and corporate boundaries (Fiksel, 2010). For supply chain sustainability to occur, consideration must extend beyond the firm's own operations and into the entire supply chain. Glavic (2007) highlighted that terms such as minimizing waste, pollution control and prevention, global warming, depleting natural resources and minimizing the use of natural

resources were some terms that were already in use which has conferred extra emphasis on sustainable development (Linton, 2007). Carter (2008) define sustainable supply chain management as: The strategic, transparent integration and achievement of an organization's social, environmental and economic goals in the systematic coordination of key organizational business processes for improving the long-term economic performance of the individual and its supply chain sustainability.

Typically, sustainable supply chain sustainability is now considered to be the "best way" to improve efficiency in supply chain (Miller, 2008). Hence, supply chain managers who were once more concerned with inventory reduction, ECR, CRM practices are now tending to look at more tangible benefits related to the economic, environmental and social aspects in supply chain management (McCue, 2010). A firm that implements a sustainability concept not only considers it as an opportunity meet the social needs, but also as strong tool to achieve competitive advantage (Mahler, 2007).

Efficiency concerns have shifted from individual elements to overall network efficiency (Ahumada, 2009). Integration between channel members can be enhanced with the use of information technology and will result in improving the performance measures (Hill, 2000). Therefore, integration also plays an important role in achieving the long term sustainability. On the other hand Supply networks will mutually contain many cultures, values and norms; it is therefore, crucial to have well defined objectives and shared key performance indices to benchmark the performance (Christien, 2006).

Patrick (2007) highlight that sustainable strategies need to be considered, not only on designing and manufacturing of sustainable products, but also for managing business resources sustainably. Typically, proactive companies consider sustainability as a

concept that goes beyond complying to environmental laws or included just to be “green” (Darmanata, 2010). He highlighted that sustainable supply chain sustainability helps to lever business values. However, there are many challenges that a company has to face when handling sustainable issues. It is necessary to establish potential methods to integrate environmental issues and legislation, their impacts and relevant costs under one umbrella when aligning with strategic objectives and goals of the company. Finding out how sustainability would enhance value, increase growth rate of business, promote product differentiation and creating new markets is also vital. Exploring how to align operations with strategy to achieve high return on investment by implementing sustainable initiations as well as finding out which resources and tools would be required to implement sustainable practices and how to measure and analyze the performance of sustainable initiatives are essential. In addition to facing ongoing challenges in operations, companies also have to face fiscal challenges. It is essential to have adequate money to maintain the liquidity of the business. In order to achieve corporate objectives by implementing better strategies, it is usually necessary to invest money in the business, as implementation of any strategy will initially add more cost to the business system (Styger, 2010). Barry (2006) shows that better financial supply chain sustainability solutions would provide more opportunities to manage receivables, and manage accurate financial forecasting while reducing the capital workings required to implement new sustainable strategies.

RESEARCH METHODOLOGY

The research followed a cross-sectional survey design as it allows the use of inferential statistics to determine relationship between the variables in the model (Field, 2005; Hair *et al.*, 2006). This study targeted employees of Bidco Africa LTD, Nairobi-Kenya. The study used structured questionnaires as the main instruments for collecting primary data

from the respondents. McMillan and Schumacher (2001) define a questionnaire as a set of questions or statements that assess attitudes, opinions, beliefs, biographical information or other forms of information. Considering that the entire target population is able to read and write the study therefore, used questionnaires as the main instrument for primary data collection.

DATA ANALYSIS AND DISCUSSION OF FINDINGS

Data was collected from the Bidco Africa LTD, Nairobi-Kenya. All of the sampled respondents accepted to participate and responded to the questions. A total of 246 questionnaires were distributed and 182 were returned. This represented 74.0% response rate. The study sought to know the gender distribution of the respondents. From the responses, the majority (55.1%) were female while the male were 44.9%. The research sought to establish ages of the respondents. From the findings, a majority (68.3%) of the respondents were aged between 31 and 40, 20.6% were Over 40 years and 11.1% were below 30 years. The study asked the respondents to state their levels of education. The findings showed that majority 54.0% had studied up to college level, 34.9% had studied up to the university, and 11.1% said they other levels of qualifications such certificates and professional courses such as CPAs/CPSs. The researcher sought to find out the current job level of the respondents in the company. From the findings, 54.4% were subordinates, 26.9% were at supervisory level of management, 14.3% were at middle level management, while 4.4% were at top level management. Therefore, responsibilities and roles were well designed to ensure smooth information flow and work in the company. The research sought to find out the duration respondents had worked with company. From the findings, a majority (54.0%) of the respondents said for over 10 years, 34.9% for between 5 and 10 years and 11.1% said for 0 – 5 years.

Supplier Segmentation

The study sought to find out the effects of Supplier Segmentation on Supply Chain Sustainability. The findings were presented in Table 1. From the table, 49.2% agreed that their suppliers are segmented strategically as they offer products and services that drive their competitive edge, and 54.0% agreed that the segmentation of their suppliers was based on mutual trust and openness. A small majority (42.9%) agreed that their supplies were segmented strategically so as to share risks rewards between them, 36.5% agreed that they prefer specific type of

suppliers as they need their products custom-made for their organizations, and 38.1% agreed that certain kind of suppliers were preferred by their organization due to specific pricing agreements. A majority (39.7%) agreed that their organization went for the suppliers who offered opportunities for growth/innovation, 47.6% agreed that they segment their suppliers based on the surety to supply the needed goods and services, and a small majority of 42.9% agreed that they segment their suppliers depending on the type of transaction needed by the organization.

Table 1: Descriptive Statistics of Supplier Segmentation

Questions/Statements	Strongly Disagree	Disagree	Not sure	Agree	Strongly Agree
Our suppliers are segmented strategically as they offer products and services that drive our competitive edge	0.0%	1.6%	12.7%	49.2%	36.5%
The segmentation of our suppliers is based on mutual trust and openness	0.0%	1.6%	15.9%	54.0%	28.6%
Our supplies are segmented strategically so as to share risks rewards between us	0.0%	3.2%	25.4%	42.9%	28.6%
We prefer specific type of suppliers as we need our products custom-made for our organization	1.6%	4.8%	22.2%	36.5%	34.9%
Certain kind of suppliers are preferred by our organization due to specific pricing agreements	3.2%	4.8%	28.6%	38.1%	25.4%
Our organization goes for the suppliers who offer opportunities for growth/innovation	4.8%	4.8%	31.7%	39.7%	19.0%
We segment our suppliers based on the surety to supply the needed good and services	1.6%	4.8%	23.8%	47.6%	22.2%
We segment our suppliers depending on the type of transaction need by the organization	3.2%	6.3%	27.0%	42.9%	20.6%

From the findings, it was clear that the company had different methods of supplier segmentation as the responses tended to lean on agreement. The

findings were in line with those of Huomo (2013) that, generally supplier segmentation could be based on various generic criteria such as the type of

logistic flow, characteristic of the items, type of relationship, and type of supplier. Criteria should also be considered as industry and business environment specific with relevant time frame. More important and what must be clear before criteria selection is how suppliers want to be allocated and how many groups should the suppliers form.

Supplier Strategy Development

The research sought to find out the effect that Supplier Strategy Development had on Supply Chain Sustainability. From the findings, 31.7% strongly agreed that there are clear communication channels between their company and the suppliers, 73.0% either agreed or strongly agreed that their company carries their supplier development

support through visits and trainings, 36.5% agreed that in their company information was shared within adequately and that gave them a competitive edge over other companies, and 44.4% agreed that their company always carried out supplier evaluation and capability improvement. A 41.3% agreed that in their company information is adequately shared between themselves and their suppliers, and 38.1% agreed that their company has an established supplier development procedures. A further majority (46.0%) agreed that the top management in their company had always supported supplier development strategies, while 47.6% agreed that the procurement department in their organization supervised supplier development programmes.

Table 2: Descriptive Statistics for Supplier Strategy Development

Questions/Statements	Strongly Disagree	Disagree	Not sure	Agree	Strongly Agree
There are clear communication channels between our company and the suppliers	0.0%	9.5%	34.9%	23.8%	31.7%
Our company carries our supplier development support through visits and trainings	0.0%	4.8%	22.2%	36.5%	36.5%
In our company information is shared within adequately and that gives us a competitive edge over other companies	0.0%	7.9%	25.4%	36.5%	30.2%
Our company always carries out supplier evaluation and capability improvement	1.6%	4.8%	25.4%	44.4%	23.8%
In our company information is adequately shared between us and our suppliers	3.2%	3.2%	33.3%	41.3%	19.0%
Our company has an established supplier development procedures	1.6%	4.8%	31.7%	38.1%	23.8%
The top management in our company has always supported supplier development strategies	1.6%	6.3%	11.1%	46.0%	34.9%

The procurement department in our organization supervises supplier development programmes	1.6%	6.3%	15.9%	47.6%	28.6%
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From the findings, a majority (44.4%) of the respondents agreed that their company always carries out supplier evaluation and capability improvement. This particular finding confirmed the conclusions of Videtta (2012) that firms should closely evaluate their interaction with their supplier throughout all the relationship stages: time of supplier selection, establishment of the relationship and evaluation of the performance. A firm may find a competitive advantage from this evaluation that will provide the opportunity to overcome the high level of competitiveness in today's business world. Generally, the researcher found out that Supplier Strategy Development influences Supply Chain Sustainability to a great extent, as a majority of the respondents agreed with the Supplier Strategy Development statements.

Supply Chain Sustainability

The research sought to find the descriptive statistics of Supply Chain Sustainability. The findings were summarized in Table 3. From the findings, 55.9%

agreed that they partner with sustainable suppliers or utilize suppliers who share in the sustainability commitment. A majority (73.0%) either agreed or strongly agreed that their packaging/shipping materials are recyclable, 36.5% agreed that their company was evaluating what it could do to minimize the environmental costs associated with its operations, 53.5% agreed that their environmental policy statement describes their company's Sustainability Initiative, 41.3% agreed that their company offered opportunities for career development equally to all employees, 38.1% agreed that employees are paid their wages and salaries in time, 34.9% remained neutral on the statement that they have a Health and Safety Management System in place, 59.8% agreed that their market share had increased immensely, while 44.4% agreed that employee survey, grievance procedures, superior-subordinate discussions exist at the organization on job performance.

Table 3: Descriptive Statistics of Supply Chain Sustainability

Questions/Statements	Strongly Disagree	Disagree	Not sure	Agree	Strongly Agree
We partner with sustainable suppliers or utilize suppliers who share in the sustainability commitment	0.0%	3.9%	16.7%	55.9%	23.5%
Our packaging/shipping materials are recyclable	0.0%	4.8%	22.2%	36.5%	36.5%
We are evaluating what the company can do to minimize the environmental costs associated with our operations	0.0%	7.9%	25.4%	36.5%	30.2%
Our environmental policy statement	0.0%	1.0%	19.6%	53.9%	25.5%

describes our company's Sustainability Initiative

Our company offers opportunities for career development equally to all employees	3.2%	3.2%	33.3%	41.3%	19.0%
Employees are paid their wages and salaries in time	1.6%	4.8%	31.7%	38.1%	23.8%
We have a Health and Safety Management System in place	0.0%	9.5%	34.9%	23.8%	31.7%
Our market share has increased immensely	0.0%	1.0%	12.7%	59.8%	26.5%
Employee survey, grievance procedures, superior-subordinate discussions exist at the organization on job performance.	1.6%	4.8%	25.4%	44.4%	23.8%

The findings confirmed the observations of Arora (2014) that managers no longer view sustainability of organizations only in terms of profitability and economic growth of shareholders. Various competitive pressures are forcing managers to broaden the scope of sustainability to include explicit environmental and societal objectives too. These pressures are emanating from various sources such as depleting natural resources, regulatory policies from governments, erratic weather cycles, demanding customers and brand damage due to exposure about poor working conditions in supplier factories located in other countries.

SUMMARY, CONCLUSION AND RECOMMENDATIONS

On how supplier segmentation influenced supply chain sustainability in Bidco Africa LTD, in Kenya, the study generated a descriptive statistics table of Supplier Segmentation. The findings showed that, 49.2% agreed that their suppliers are segmented strategically as they offer products and services that drive their competitive edge, and 54.0% agreed that the segmentation of their suppliers was based on mutual trust and openness. A small majority

(42.9%) agreed that their supplies were segmented strategically so as to share risks rewards between them, 36.5% agreed that they prefer specific type of suppliers as they need their products custom-made for their organizations, and 38.1% agreed that certain kind of suppliers are preferred by their organization due to specific pricing agreements. A majority (39.7%) agreed that their organization goes for the suppliers who offer opportunities for growth/innovation, 47.6% agreed that they segment their suppliers based on the surety to supply the needed goods and services, and a small majority of 42.9% agreed that they segment their suppliers depending on the type of transaction needed by the organization.

On the effects of supplier strategy development in supply chain sustainability in Bidco Africa LTD, in Kenya, the descriptive statistics table of Supplier Strategy Development revealed that 31.7% strongly agreed that there were clear communication channels between their company and the suppliers, 73.0% either agreed or strongly agreed that their company carried their supplier development support through visits and trainings, 36.5% agreed that in their company information is shared within adequately and that gives them a competitive edge

over other companies, and 44.4% agreed that their company always carried out supplier evaluation and capability improvement. A 41.3% agreed that in their company information was adequately shared between themselves and their suppliers, and 38.1% agreed that their company had an established supplier development procedures. A further majority (46.0%) agreed that the top management in their company has always supported supplier development strategies, while 47.6% agreed that the procurement department in their organization supervises supplier development programmes.

Conclusion

From the findings, the researcher concluded that the company had different methods of supplier segmentation as the responses tended to lean on agreement. This findings confirmed those of Huomo (2013) who observed that generally, supplier segmentation could be based on various generic criteria such as the type of logistic flow, characteristic of the items, type of relationship, and type of supplier. Criteria should also be considered as industry and business environment specific with relevant time frame. More important and what must be clear before criteria selection is how suppliers want to be allocated and how many groups should the suppliers form.

The researcher sought to determine the effects of supplier strategy development in supply chain sustainability in Bidco Africa LTD, in Kenya. Generally, the researcher guided by the findings to concluded that Supplier Strategy Development influences Supply Chain Sustainability to a great extent, as a majority of the respondents agreed with the Supplier Strategy Development statements. A case example was where a majority

(44.4%) of the respondents agreed that their company always carries out supplier evaluation and capability improvement. This particular finding confirmed the prepositions of Videtta (2012) that firms should closely evaluate their interaction with their supplier throughout all the relationship stages: time of supplier selection, establishment of the relationship and evaluation of the performance. A firm may find a competitive advantage from this evaluation that will provide the opportunity to overcome the high level of competitiveness in today's business world.

Policy Recommendations

As with any change of view, the move to a true supplier relationship management, can be difficult to make. However, managers who are able to shift their mindsets to understand the possibility of alternative partnership dynamics, can create immense value for their businesses. Managers therefore, can be guided by the findings of this study to make those hard decisions by which their companies will experience a change for better and value for their monies.

Recommendations for Further Studies

This study sought to establish the influence of supplier relationship management on supply chain sustainability among food manufacturing companies in Kenya. A case of Bidco Africa LTD. Therefore, a similar study can be done using a different company as a case study. A similar study can be carried out using different objectives/variables. This study was only carried out in Nairobi County, Kenya. Therefore, a similar study can be carried out in different geographical location outside the realm of this study.

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