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Effects of Supplier Development Programs on Procurement Performance of Tea Factories in Nyamira County, Kenya

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Abstract:

This study was an attempt to establish the effect of supplier development programs on procurement performance in tea factories managed by Kenya Tea Development Agency in Nyamira County. A total of 150 respondents were targeted from four departments namely: procurement, finance, administration and marketing. Stratified random sampling was used to get the target population. And out of the target population 135 respondent's participated. A questionnaire was used in data collection. And analysis was done using statistical package for social sciences (SPSS) version 17 because it is comprehensive system of analysing data and can take data from many different types of files and use them to generate descriptive statistics and tabulated reports .data was presented in descriptive form supported by frequency counts and percentages. From the research study it was concluded that supplier training, information flow, financial assistance and technical support enhance procurement performance. From the findings the following recommendations of the research were made: there is need to align the information flow to supplier development policy and the need to have supplier treatment policy put in place. The following areas were considered for further research: state of information flow in tea factories, professionalism in procurement department and adoption of ICT in enhancing supplier development in government institutions.

Keywords: *supplier training, information flow, financial support and technical assistance*

1. Introduction

1.1. Background of the Study

Growing competition within the global economy has for many years been forcing enterprises to reduce their costs. Finding suppliers already organized to meet a buyer's requirements for quality, delivery, flexibility and cost reductions is likely to be a challenge. Nevertheless, for their cooperation to be effective, suppliers and subcontractors have to address specific problems relating to their sectors of activity, special fields and working practices. Supplier development is therefore concerned with assisting the actual and potential suppliers. This is because firms are now more focused on the core competencies; thereby they have to outsource non-core competencies. Supplier development activity involves efforts undertaken by firms to improve their suppliers' capabilities and performances. It involves looking at the various strengths and weakness of a supplier who is willing to supply you with the materials/services and helping them overcome these weaknesses so that they can serve you in a more efficient way (Andrea stuck, 2009).

Firms increasingly have to rely on third parties, especially on suppliers (Kennan and Gtan, 2006). Moreover Suppliers should at all times try in meeting its present and future requirements, since no organization is capable of satisfying all its supplies requirements from its internal sources (Aghion, 2002).The purchaser has a duty to shape the supplier market to the required standards. Quality is one of the most important and inevitable aspects of supplier development and improvement of supplier's quality process and products is a critical need for all companies. (Talluri *et al.*, 2010; Arumugam *et al.*, 2011) Leading organizations engage in supplier development, providing resources to improve their supplier's capabilities. More and more manufacturing firms have realized the importance of supplier performance in establishing and maintaining their competitive advantage.

The purchasing function increasingly represents a strategic business function of vital importance to any firm. This is because Purchasing controls a very big portion of the Government budget each year and therefore, it would be essential that the parties involved realizes the fast growing technology, and general trend in the growth of the economy, and acknowledge the need for spending wisely. For this reason Modern businesses are moving from traditional purchasing to strategic purchasing. Strategic

purchasing is characterized by its proactive and long-term focus (Chen and Paulraj, 2004). according to Blonska *et al*, 2008, a strong purchasing mission statement reflects and dives strategic emphasis and alignment. Therefore buyers should realize that suppliers are their partners and accord them the necessary support they require. To achieve a high level of supplier development, the partnership idea has to be fully accepted both by the suppliers and by the procuring enterprises, and it is thus necessary for enterprises to operate in a climate of equity and mutual trust, with a knowledge of and respect for each other's rights and obligations.

1.2. Statement of the Problem

Supplier development has been faced with many challenges despite its aim of producing goods in quality standards, in the quantities required and to the right delivery schedule. Many at times it has not been given the importance it deserves because it seen as non-viable. Because of this procurement is faced with a lot of inefficiencies despite it getting a lot of pressure for quality due to increased competition. CPDA (2008) report noted that in tea factories under management of KTDA the information flow was poor and at times lacking, especially that relating to pricing. Further, farmers were at the bottom of the pyramid and most disadvantaged, as they received little information and their feedback hardly reaches the top; and when it gets there it is misrepresented. Finally Lack of training especially to Small holder farmers lack general farm management practices is the other challenge facing tea growing in Kenya. Further Study by Mwaura and Muku (2007) indicated that small scale tea farmers had diverse experience in tea farming, ranging from one year to fifty years, affecting productivity. It further noted that some tea farmers failed to use any fertilizer on their farms, while others used more than the recommended quantity of 150kg of nitrogen per hectare per year and used 494kg of nitrogen per hectare per year. This shows that there is a big gap concerning implementation of supplier development programs. To enhance procurement efficiency, there is need to take into consideration of supplier development programs.

1.3. Objectives of the Study

1.3.1. General Objective

Generally the study was designed to assess effects of supplier development programs on procurement performance in KTDA managed factories in Nyamira County.

1.3.2. Specific Objectives

The study was guided by the following specific objectives

1. To investigate the effects of training support on procurement performance in KTDA
2. To find out the effect of information flow on procurement performance in KTDA
3. To find out the effect of financial support on procurement performance in KTDA
4. To find out the effect of technical support on procurement performance in KTDA

1.4. Research questions

The study was guided by the following main research questions to underlay the effect of supplier development in procurement performance

1. What are the effects of training support on procurement performance?
2. What are the effects of information flow on procurement performance?
3. To what extent does financial support affect procurement performance?
4. What are the effects of technical support on procurement performance?

1.5. Significance of the Study

Since procurement is a subject that is increasingly getting a lot of concern by professionals, academia and scholars this research will form a strong foundation upon which other subsequent researches will be based upon. To scholars, it will be a source of reference. Furthermore the loopholes that will be found in supplier development will be channelled to the concerned authorities in KTDA for amendment so as to promote efficiency in supplier development.

1.6. Scope of the Study

Even though there are many variables in supplier development, this study specifically concentrated on supplier trainings, information flow, financial support and technical support. The tea factories under study were, Gianchore, Kebirigo, Sanganyi and Tombe and Nyansiongo in Nyamira County.

1.7. Limitations of the study

Nyamira County was just a small representation of tea factories in Kenya that is faced with unique challenges that may not apply to all factories in Kenya. Furthermore people's expectation and measurement of performance may differ and therefore we cannot generalize

2. Literature Review

2.1. Introduction

This chapter presented past studies on the area of supplier technical support, supplier financial support, and supplier training and buyer performance. The first section presents the literature of the concept of buyer performance, then the second section covers supplier development, third section provides the link between independent variables and the dependent variable and finally the last section, conceptual framework.

2.2. Theoretical Review

2.2.1. Social Exchange Theory

This study used social exchange theory According to Eke, Peter Palmer (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 comparison of alternatives. The theory has roots 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 relationship and the negatives of a partner, (Costs can be time, money, effort etc.) Rewards are the elements of a relationship that have positive value. (Rewards can be sense of acceptance, support, and companionship etc.) The Social Exchange perspective argues that people calculate the overall worth of a particular relationship by subtracting its costs from the rewards it provides.

Worth = Rewards – Costs

If worth is a positive number, it is positive 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.

According to Laura Stafford (2008), economic exchanges and social exchanges have some differences: Social exchanges involve a connection with another person; social exchanges involve trust, not legal obligations; social exchanges are more flexible, and social exchanges rarely involve explicit bargaining.

The guiding force of interpersonal relationships is the advancement of both parties' self-interest (Michael Roloff, 1981) the social exchange theory explains social change and stability as a process of negotiated exchanges between parties. One thing about the social exchange theory is that it explores the nature of exchanges between parties. As with everything dealing with the social exchange theory it has its outcome satisfaction and dependence of relationships. With the social exchange theory both parties take in responsibilities of one another and they both depend on one another. Social Exchange Theory posits that the major force in interpersonal relationships is the satisfaction of both people's self-interest. Self-interest is not considered necessarily bad and can be used to enhance relationships. Interpersonal exchanges are thought to be analogous to economic exchanges where people are satisfied when they receive a fair return for their expenditures.

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

2.2.2. Kaizen Theory

According to Imai (1986), "Kaizen means improvement. Moreover it means continuing improvement in personal life, home life, social life, and working life. When applied to the workplace Kaizen means continuing improvement involving everyone - managers and workers alike." Believers of this theory maintain that managers of production operations cannot stand still; continuous development and improvement is critical to long term success.

Kaizen is often translated in the west as ongoing, continuous improvement. Some authors explain Japan's competitive success in the world market place as the result of the implementation of the Kaizen concept in Japanese corporations. Kaizen looks for uninterrupted, ongoing incremental change. In other words, there is always room for improvement and continuously trying to become better. Originally a Buddhist term, Kaizen comes from the words, "Renew the heart and make it good." Therefore, adaptation of the Kaizen concept also requires changes in "the heart of the business", corporate culture and structure, since Kaizen enables companies to translate the corporate vision in every aspect of a company's operational practice. Since Supplier development aims at improvement of performance this theory fits well in this study. This theory can be implemented in corporations by improving every aspect of a business process in a step by step approach, while gradually developing employee skills through training education and increased involvement which are activities involved in supplier development.

2.2.3. The Transaction Cost Theory

Transaction cost theory concentrates on the relative efficiency of different exchange processes (Tirole, 1988). If for the firm-as-a-production-function view the internalisation of one or more stages of production might generate technological economies (that is savings on the costs of physical inputs), for the firm-as-organisation view it could lead also to transactional economies (that is savings on the costs of exchange inputs, when reduced amounts of resources are required to get the intermediate inputs). An intermediate step

between pure market exchange and vertical integration is the use of short term and long term contracts. The decision to enter durable contractual relationships by signing long term contracts and the alternative vertical integration strategy share the same motivation: the choice among these options is then a matter of degree.

The basic framework was enriched by Williamson (1971) with the introduction of two concepts: bounded rationality (Simon, 1961) and opportunism. The former underlines that human beings have limited cognitive competencies; if it is not possible to foresee each future contingency, all contracts turn out to be in some way incomplete. The transaction cost theory development programs. This is because it aims in relative efficiency of of different exchanges which is the core function of supplier development. For example cost reduction.is therefore applicable in supplier.

2.3. Conceptual Framework

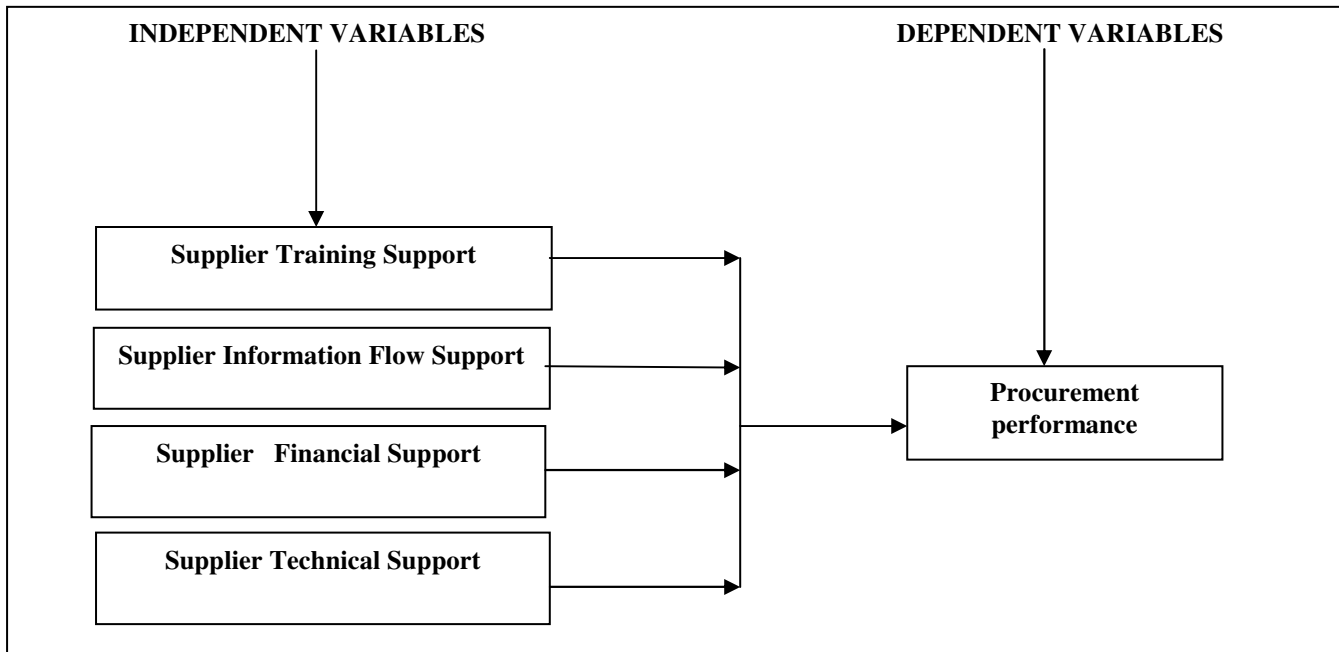


Figure 1: Conceptual Framework

2.3.1. Supplier Technical Support and Procurement Performance

According to Rodriguez et al 2005 in his study Technical capability relates to engineering issues and the supplier's capability to meet performance and technical specifications and requirements. Activities related to the provision of technical support are fundamental to suppliers' performance. He argues that this technical support might consist of direct investment in equipment and personnel of the suppliers, evaluation of supplier performance and sharing feedback on the evaluation results, visiting suppliers' plants, and supplier certification.

Silveira and Arkade (2007) argue that the buyer is not only concerned about the current technology utilized by the supplier but also about its future technological capability. This includes a suppliers' design capability as well as the speed with which it can take an item from the development stage into the production stage. Related to the assessment of future technological capabilities is an evaluation of a potential suppliers' ability to participate in, and contribute to, the design of the buying firms' new products. Similarly, the suppliers' ability to move fast, so that new products can be introduced more quickly, becomes an important asset for the buying organization.

The ultimate purpose of providing technical support to suppliers is to reduce a buyer's transaction costs through improved supplier Performance (Krause, 1999). Studies such as Silveira and Arkade (2007), among others, explored the contributions of relationship-specific Investments toward supply chain coordination and found out that technical capabilities are necessary when input from the supplier is given to certain specification. This is more important to engineering personnel and they must be a part of this type of supplier development so that they can jointly undertake the functional and technical requirements necessary for producing innovative products.

Supplier development activities such as visits to suppliers' factories and assessing their facilities, collaboration with supplier in their material improvement and process improvement, communicating technical details, supplier certification and supplier reward and recognition to enhance technical capability of supplier will improve the supplier performance. Technical capability is associated with suppliers' product quality and product innovation improvements. This is consistent with research by Silveira and Arkade (2007) who reported the existence of a positive impact of supplier reward and recognition on the overall performance of supplier technical capability.

A firm's technical expertise relating to out-sourced goods can affect its supply relationships. Technical expertise in the context of this study is the extent to which a buyer understands the production processes and affiliated technologies related to a purchased good. The skills involving technical know-how, is specific to the good and is developed over time. Firms gain this expertise directly through production of the component or indirectly through producing related products and conducting relevant research activities (Lao, Hong, and Rao, 2010).

Firms with greater technical capability will better predict how varying attributes of the good can affect downstream production processes and, ultimately, the performance of the end product (Lawson et al., 2009). Firms that understand core elements of the development and production process will be more likely to identify strong suppliers and to provide assistance in improving supplier skills (Likert, and Choi, 2004). Moreover, buyers may be attracted to suppliers with strong technical expertise, due to the learning potential, reputation spill over, and future business prospects of these relationships.

Like buyers, suppliers also strive to gain a technical understanding about their products, so they prefer relationships with technically strong buyers (Hayes, Wheelwright and Clark 1988). Through these relationships, they can learn more about the latest developments and potentially have knowledge to trade with new and vibrant buyers (Powell et al 1996). These suppliers may want to be part of an elite group of buying firms supporting a high status lead firm (Lorenzoni and Lipperini 1999; Dyer and Noeboka 2000). By being connected with highly regarded buying firms, suppliers can increase their status and gain business as other buyers seek them out (Podolny 1993) in the same line, Humphreys, Yeung, and Cheng (2007) on the impact of specific supplier development efforts on buyer competitive advantage in China. They found that the fact that strong buyers are likely to survive into the future also will attract suppliers and encourage them to cooperate, because they can anticipate a long-term relationship. This line of reasoning suggests that a firm's technical expertise concerning a particular input will affect its relationship with suppliers. Technically-proficient buyers will be more adept at screening and selecting suppliers because they can accurately interpret their offerings, comparing them not only on price but also on technical attributes. Their expertise provides them with a component evaluation capability by which they are better able to designate appropriate quality metrics and levels, making these both strict and achievable (Lincoln et al 1998). They will be better able to communicate with suppliers based on technical details. They also will be highly sought after by suppliers since they will be seen as a technically elite firm from whom the supplier can learn. Therefore, more cooperation between the firm and its suppliers should arise since suppliers will be motivated to exchange knowledge. More expert firms will be able to select from better suppliers and get rid of poorly performing suppliers, increasing their satisfaction with their suppliers' performance

2.3.2. Information Flow and Procurement Performance

Humphreys, Li and Chan (2004) examine the role of supplier development in the context of buyer-supplier performance from a buying firm's perspective. Factor analysis yielded eight factors including transaction-specific supplier development and seven infrastructure factors of supplier development: strategic goals, effective information flow, long-term commitment, top management support, supplier evaluation, supplier strategic objectives, and buyer trust in the supplier. Correlation analysis indicated that transaction-specific supplier development and its infrastructure factors significantly correlated with the perceived buyer-supplier performance outcomes. Hierarchical multiple regression analyses suggested that transaction-specific supplier development, trust, supplier strategic objectives and effective information flow significantly contributed to the prediction of buyer-supplier performance improvement.

Ahmad and Zailani (2007) provide a framework that identifies the dimensions for information quality. The paper introduces how information quality plays an important role in supply chain management, particularly in the buyer-supplier relationships. It is conceptualized that information sharing among the members of the chain, particularly between buyer and supplier, will result on the big impact to the partnership in term of the business performance.

Oosterhuis (2009) addresses the importance of shared perceptions in buyer-supplier relationships. According to the study Shared perceptions enable people to coordinate their work more easily and to make better decisions in a more efficient manner, which together results in effective cooperation processes. The study explored one aspect of buyer-supplier cooperation, namely information flow. In order to study this topic, dyadic survey data from 86 buyer-supplier relationships, involving 388 respondents, were collected. Data analyses showed that perceptions of buyers and suppliers can significantly differ from one another. As expected, such perception differences hamper information flow processes between buyers and suppliers, resulting in lower performance, less trust and more conflicts

2.3.3. Supplier Financial Support and Procurement Performance

According to Modi and Mabert (2007), supplier financial support is the buyers' effort towards its suppliers to continuously spot financial weaknesses within its supply base and taking the necessary financial support to avoid supply disruptions and increase supplier financial health so as to meet his short-term and long-term financial obligations. Financial support is a critical success factor in supplier development and supplier performance. According to Mukherji and Francis (2008), proven financial support provides the buying firm with increased supplier competition in the global market and potentially reduces transportation and other logistical costs of suppliers.

An assessment of the financial stability and fiscal outlook of the supplier is a factor gaining in importance in the growing trend of forging supplier-buyer partnerships. Both buyers and sellers are looking for partners that are viable, ongoing concerns that will contribute to the relationship both for the present and in the future (Rogers et al 2007). A supplier on financially unstable footing will have much more difficulty contributing to the partnership venture, as it must focus its efforts on improving its financial soundness.

Hence, both suppliers and buyers are becoming more mindful of the financial position of their potential partners in their decision making (Ellram, 1990).

Supplier who is properly and adequately financially supported augment the buyers ability to deliver high-quality and innovative products to its customers and thus reduces buyers operational risks. Supplier's financial support is critical in determining the supplier's ability to remain financially solvent (Wangner, 2006). Financial support enhances suppliers' capability and capacity to cope with the buyers' requirement and therefore strengthens the suppliers' capacity to meet resource requirements by the buyer.

Krause (1997) argues that financial capability is essential for suppliers to assure continuity of supply and reliability of product quality. It is difficult for a financially weak supplier to maintain quality, to have sufficient working capital to settle financial debt and difficult for a financially unsound supplier to work overtime to meet a promised delivery date.

It therefore means a financially leveraged supplier is able to meet his financial obligation, is able to invest in capital intensive equipment, can ensure uninterrupted supply of high quality products and finally can employ and retains highly qualified and productive human resources (paauwe, 2004).

Financial institutions customarily utilize third parties like buying firms to conduct due diligence and periodic audits of collateral and cash flow in connection with loan facilities to be extended to the suppliers (Wangner, 2006). Similarly, business purchasers engage in extensive due diligence processes of a seller's business in order to properly assess business risks and opportunities. The assessment process also provides an on-going basis for additional credit extensions and increased investment. Additionally, credit extension and credit curtailment decisions can be very complicated, particularly where companies have suppliers who are or will be experiencing performance difficulties and financial distress (Sanchez-Rodriguez et al, 2005). Often, these decisions are solely based on information provided by the supplier and representations made by the supplier. Clear, rational thinking is required during these periods of stress and anxiety. Companies that depend on smaller privately held organizations or mid-sized publicly held suppliers can manage risk by relying on independent business professionals who have the knowledge and experience to assist in the formulation of operating and financial arrangements upon which future transactions are conducted (Silveira, 2007). An evaluation of the supplier's indebtedness, including identifying existing defaults or arrearages that put the customer at risk, identifying collateral, evaluating cash flow and understanding terms with secured and unsecured creditors is very critical in evaluating suppliers for development purposes.

2.3.4. Supplier Training and Procurement Performance

According to Terpend et al (2008), training is the act of increasing the knowledge and skill of an employee for doing a particular job. Training is necessary in the case of supplier operative employees, supervisory staff, managers and the supplier himself for purposes of raising their technical skills, raising efficiency and productivity and to avoid accidents and wastages. Owing to the rapid development of technology, firms are facing a highly competitive global environment. The focus of competition has shifted from the traditional firm to firm relationships to chain-chain or network-network relationships. One widely-used business model is to enhance competitiveness by obtaining complementary resources from the cooperative relationships among a network of firms (Sako, 2004). In fact, the most important recent change in industrial purchasing behaviour has been the move from the transaction cost perspective to the development of an increasingly cooperative relationship between buyers and suppliers (Dyer and Nobeoka, 2000).

The issue of supply chain management has attracted much attention from researchers, and the findings show that one of the most important conditions for successful business performance is the firm's willingness to modify its existing relationships with trading partners in order to realize the full benefit of exchanging knowledge and capabilities (Krause et al, 2007, Modi and Mabert, 2007, Rogers et al, 2007, Giannakis, 2008). Thus, benchmarking based on the practices of Japanese firms, such as Toyota; in order to increase competence via supplier training is becoming more important for industrial firms (Lincoln et al., 1998, Nobeoka et al., 2002). Most of the relevant supplier development literature has concentrated directly on the buyer's performance on quality, cost, delivery, and so on (Krause et al., 2007; Ryu and Eyuboglu, 2007; Cousin et al., 2008; Lawson et al., 2009). However, very little research pays attention to the issue of a supplier raising its competence as an outcome of adopting a supplier training strategy.

Prior theoretical and empirical research on the buyer supplier relationship is based on the transaction cost perspective, which focuses on the choice of the right governance mode to obtain a comparatively low transaction cost due to specific investments (Williamson, 1991). Since the reason why buyers conduct different supplier training activities is to reduce their performance risk by raising supplier competence (Krause, 1999; Morgan and Hunt, 1999), then supplier development can be viewed as a governance mechanism to cope with the buyer-supplier relationship and to increase its potential value. As per the logic of supplier training, buyers make efforts, including physical or human specific investments, to help their suppliers improve the relevant operational competences, thus achieving their expected performance through cooperation and collaboration.

Therefore, the supplier's attitude in responding to activities implemented by their buyers for purposes of improving their own competences is critical to the success of supplier development. Thus, the measurement of suppliers' development as the independent variable in this study should produce direct and valid conclusions and have practical implications for this field. Furthermore, Sakos (2004), case studies on automakers in Japan, such as Honda, Nissan, and Toyota, show the existence of different supplier development programs, supplier technical capability, supplier financial support and teaching and training the suppliers' personnel with different goals ranging from short-term fixes of maintenance capability to the long-term development of evolutionary capability.

One of the most recent models to challenge traditional concepts of learning and which looks at outcomes as well as process is that of Capability (Stephenson & Weil, 1992). Capable people are those who know how to learn, are creative, have a high degree of self-efficacy, can apply competencies in novel as well as familiar situations; and work well with others. In comparison to competency, which involves the acquisition of knowledge and skills, capability is a holistic attribute (Morgan and Hunt, 1999). The world right

now is no place for the inflexible, the unprepared, and the ostrich with head in the sand, and this applies to organizations as well as individuals. Capable people are more likely to be able to deal effectively with the turbulent environment in which they live by possessing this 'all round' capacity.

2.4. Critique of the Literature

Previous studies have not identified effect of supplier development where in case the buyer is a public entity (Government agency). The circumstances encompassing a public entity are very different from those surrounding a corporate organization. The findings in these two cases may therefore present contrasting results. Greenberg et.al. (2008) used transaction cost economics (TCE) to identify the elements and stages of BPO relationships. This is in contrast to the current study that is based on simple buyer (public sector) supplier development. The Greenberg et.al (2008) study also investigates relationships in a corporate setting while the current study focuses on the public sector. Similarly Tyler and Stanley (2007) investigate relationships in the banking sector which might bear different consequences.

Though Hotepo et. al. (2010) have identified the effect of conflict resolution on organizational performance reference to this study is made on the assumption that there is also a linear relationship between organizational performance and buyer-supplier relationship.

Gyau and spiller (2007) are able to establish a relationship between organization culture and buyer supplier relationship. However their study focuses on the private sector which might have varied implications from a public sector organization as the one currently under study. While Plewa and Rao (2007) were able to establish a relationship between organizational culture and buyer-supplier relationships, their study was conducted in a private sector setting. The current study seeks to investigate influence of organizational culture on buyer-supplier relationship in the public sector.

2.5. Research Gap

From the above study of literature on effect of supplier development on procurement performance it is evident that very few studies have investigated the supplier development in developing countries. Though there are studies conducted in developing countries (e.g. Hotepo et. al., 2010) very few have been found to address supplier development in the public sector. In addition, no study of this nature has been conducted in the Kenyan government public sector.

3. Research Methodology

3.1. Introduction

This chapter covers the research design, target population, sample frame, sampling procedure and sample size, data collection method, data validity and reliability and data analysis and presentation

3.2. Research Design

In order to undertake the study a descriptive survey design was used. According to Orodho, 2005 this design gathers data at a particular point in time with the intention of describing the nature of existing conditions, identifying the standards against the existing conditions that can be compared and determining the relationship that exists between specific event. It was therefore appropriate as the study involved fact finding to describe effect supplier development programs on procurement performance and document the findings.

3.3. Target Population.

Population is the entire group of individuals, events or objects having common observable characteristics which the researcher wants to generalize the results of the study, Mugenda and Mugenda (1999). The employees of KTDA managed factories in Nyamira County consisting of Tombe, Kebirigo, Nyansiongo, Gianchore and Sanganyi formed the target population. The employees were picked from the following sections as shown in the table below

Department	Number
Procurement	60
Finance	27
Administration	27
Marketing	36
Total	150

Table 1: Target Population

3.4. Sample Size and Sampling Techniques

According to (Oso and Onen, 2009), A sample is part of the target population that has been procedurally selected to represent it. Stratified random sampling was used in this study as it gave each respondent in every department an equal opportunity to be selected. Kothari (2003) suggests that a sample should be optimum that is it should fulfil the requirement of efficiency, representatives, reliability and flexibility. This sample should range between 10% and 30%. This study involved a sample size of 10% of the target population as shown in the table below.

Department	Population	Sample Ratio	Sample	Percentage
Procurement	60	0.1	6.0	40
Finance	27	0.1	2.7	18
Administration	27	0.1	2.7	18
Marketing	36	0.1	3.6	24
Total	150	0.1	1.5	100

Table 2: Sample and Sampling Technique

3.5. Data Collection Instrument

Primary data was used to answer research questions. The primary data was obtained through the use of a questionnaire. Closed ended questions formed the major instrument of data collection in this study. The questions were constructed based on a Likert scale response system offering five alternative responses from the managers. This Likert scale was used more frequently in an attempt to capture data on respondents' perceptions, views and opinion. The five-point Likert used in the current study were represented by the following terms; *strongly agree (5), agree (4), neutral (3), disagree (2) strongly disagree (1)*. The questionnaire was divided into sections. Each of the sections investigated a different variable of the study. A questionnaire was suitable because it collected a lot of information over a short period of time.

3.5.1. Validity and Reliability of the Research Instrument

Validity is the accuracy and meaningfulness of inferences which are based on the research results (Mugenda and Mugenda 1999). The researcher worked with experts to test the validity of the instruments. This ensured content, face and construct validity. To ensure reliability the researcher used test-retest on a sample. The sample for piloting did not form part of the research respondents the outcome of the test-retest was used to improve the document that it captured all responses for the study.

3.5.2. Data Collection Procedure

A brief introduction was made to the respondents before administering the questionnaire. Its aim was to explain the questionnaire and assure the respondents of confidentiality that was assured through the letter of transmittal that accompanied the questionnaire. The questionnaires were then distributed to the respondents and arrangements made on when to collect them. In the second visit the researcher collected filled questionnaires after ensuring that all items were properly filled through cross checking of all questionnaires.

3.6. Data Analysis Procedures

According to (Mugenda and Mugenda), Data analysis includes coding, tabulation of responses, translating responses into specific categories, recording them appropriately and computing those using appropriate statistical techniques. The researcher used descriptive statistical techniques. They include according to (Mugenda and Mugenda 1999) statistical procedures that produce indices that summarize data and describe the sample. They include frequencies, percentages and tables. Data obtained was sorted coded and analysed using statistical package for social studies. The analysed data was presented in frequency table. This formed the basis for interpretation, discussion, conclusion and recommendations of the research.

4. Research Findings and Discussion

4.1. Response Rate

A total of 150 questionnaires were issued to the targeted 150 respondents. Out of 150 questionnaires 135 were completely filled and returned. This showed a response rate of 90 percent and it was good enough to depend on in making conclusion and recommendation. Therefore, 10 percent of targeted respondents did not participate. These information was statistically analysed and summarized in the frequency and percentage table 4 below

Respondent's	Frequency	Percentage (%)
Actual response	135	90
Non response	15	10
Total	150	100

Table 3: Response Rate

4.2. Biodata

The researcher sought to find out the demographic information of the respondents to enable in describing them. The information about gender, educational background and level of experience were captured. The findings were as shown in the tables 4 to 6

4.2.1. Gender

From the questionnaire analysed by the researcher the following are the findings of the gender of the respondents.

Gender	Frequency	Percentage
Male	102	75.6
Female	33	24.4
Total	135	100

Table 4: gender response rate

Table 7 shows that male gender dominates the departments with 75.6 percent as illustrated from the table while female were the minority with 24.4 percent.

4.2.2. Educational Background

The analysed findings of the educational background of the respondents were as shown in table 5

Level of education	Frequency	Percentage
Post graduate	8	5.9
Degree	31	23.0
Diploma	52	38.5
Certificate	36	26.7
Form four	8	5.9
Total	135	100

Table 5: educational level of respondents

The researcher found that all the employees were educated though not necessarily in procurement and this accounts for low knowledge in procurement. Majority of them were diploma holders who constituted 38.5 percent. They were followed by certificate holders who constituted 26.7percent. Degree holders constituted 23 percent. Post graduates and form four holders were the minority and they constituted 5.9 percent.

4.2.3. Work Experience

The researcher sought to know how long the respondents had worked in the organisation and table 6 below shows the findings.

Years of work	Respondents Frequency	Percentage
Below 5 years	78	57.8
5-10 years	42	31.1
10-15 years	12	8.9
Over 15 years	3	2.2
Total	135	100

Table 6: Work experience response rate

The findings indicated that majority of the respondents have been in service below 5 years these were represented by 57.8 percent,31.1 percent have been in service for a period of between 5 -10 years while 8.9 percent had been in service between 10-15 years 2.2 percent had been in service for a period of over 15 years. The findings indicated that majority had a short period of experience.

4.3 Supplier development aspects

The researcher sought to know supplier development aspects and the order in which they were given priority in the organization. Table 7 below show the findings.

Function	Highest Priority	Moderate Priority	Least Priority
Technical support	13%	59%	28%
Financial support	2%	30%	68%
Information flow	10%	24%	66%
Training	32%	58%	10%

Table 7: Supplier development aspects

The findings in the above table show that supplier technical support was given moderate priority as supported by 59 percent, the other aspect was supplier financial support whereby the findings show that it was given the least priority as represented by 68 percent of the respondents. Information flow was another supplier development aspect that the researcher sought to know and the findings show that it was given the least priority this was represented by 66 percent of the respondents. Finally the researcher sought to know how supplier training was given priority and from the finding the respondents agreed that it was given moderate priority as represented by 58 percent. The findings show that supplier development programs were being implemented though the order of priority differed.

4.5. Effect of Supplier Technical Support on Procurement Performance

The researcher sought to know the effect of supplier technical support on procurement performance and this was consistent with research objective four. The findings were illustrated on table 8 below.

Function	SD	D	N	A	SA
Quality of finished goods	1%	4%	5%	30%	60%
Meet product specifications	4%	10%	5%	31%	50%
Adaptation to new technology	6%	21%	5%	43%	25%
Product development	4%	10%	10%	20%	56%
SD -strongly disagree	D -disagree	N -neutral	A -agree	SA -Strongly agree.	

Table 8: effect of supplier technical support

The findings in the table 8 revealed that technical support leads to improvement of the quality of finished goods as strongly agreed by 60 percent of respondents, 30percent agreed, 5 percent were neutral, 4 percent disagreed while 1 percent strongly disagreed.it also revealed that suppliers were able to meet product specifications as a result of receiving technical support whereby 50 percent of respondents strongly agreed, 31 percent agreed, 5 percent were neutral, 10 percent disagreed while 4 percent strongly agreed. Supplier adaptation to new technology was also found to have improved as a result of supplier technical support.43 percent agreed on the finding, 25 percent strongly agreed, 21 disagreed, and 5 percent were neutral while 6 percent strongly disagreed. The study also revealed that product development had also greatly improved due to supplier technical support as shown by 56 percent who strongly agree, 20 percent agreed, 10 percent were neutral,10 percent disagreed while 4 percent strongly disagreed. This was in line with to Rodriguez et al 2005 who found out in his study that Technical capability relates to engineering issues and the supplier's capability to meet performance and technical specifications and requirements. This is because as the supplier put into use the acquired technical capability, it translates into product innovation and product quality (Carr and Pearson, 1999).this lead to the supply of superior products by the supplier which in turn enhances the effectiveness and efficiency of performance on the part of the buyer. The indicators of supplier technical support will be quality of finished products, innovativeness and physical equipment/technology

4.6. Effect of Financial Support on Procurement Performance

The table 9 below shows the findings of suppliers' financial support on procurement performance.

Function	SD	D	N	A	SA
Financing raw materials	10%	10%	3%	55%	22%
Timely payment of salaries and wages	12 %	8%	10%	18%	52%
Financial debt	5%	2%	10%	5%	78%
Capital equipment	5%	3%	7%	70%	15%
Highly trained human resources	2%	5%	6%	69%	18%
SD -strongly disagree	D -disagree	N -neutral	A -Agree	SA -Strongly agree	

Table 9: effect of supplier financial support

The research sought to find out whether the effectiveness of procurement in the company had improved as a result of financing supplier activities. The study revealed that respondents agreed on increased effectiveness of procurement performance though financing raw materials whereby 55 percent agreed, 22 percent strongly agree, 10 percent disagreed, 10 percent strongly disagreed while 3 percent were neutral. The study also found out that timely payment of salaries and wages increased effectiveness of procurement performance this was represented by 52 percent of respondents who strongly agreed,18 percent agreed,8 percent disagreed 10% were neutral while 12 percent strongly disagreed.it also revealed that helping suppliers sort out their financial debt also increased effectiveness of procurement performance 78 percent of respondents strongly agreed,10 percent were neutral,5 percent agreed,2 percent disagreed while 5 percent strongly disagreed. Further the findings also revealed that there was a positive improvement on procurement performance through support on capital equipment 70 percent agreed, 15 percent strongly agreed, 7 percent were neutral, 3 percent disagreed while 5 percent strongly disagreed. Finally the study also found out that provision of highly trained human resources positively increase the effectiveness of procurement performance this was agreed by 69 percent of respondents, 18 percent strongly agreed, 6 percent were neutral, 5 percent disagreed while 2 percent strongly disagreed. This confirms (Wangner, 2006). The indicators for the supplier financial support were the liquidity, personnel, and capital investment and distribution networks. Financial assistance given by the buyer to the supplier facilitates timely meeting of financial obligations, increases supplier competitive edge and leads to continuous supply of goods to the buyer.

4.7. Effect of information flow on procurement performance

Table 10 below shows findings on the level of agreement on the statement concerning the effect of information flow on procurement performance.

Function	SD	D	N	A	SA
Information Not Well Controlled	5%	7%	4%	16%	68%
Development Matches Information Flow	2%	8%	6%	10%	74%
Politics Affect Information Flow	5%	3%	7%	15%	70%
Corruption Affects Information Flow	4%	6%	4%	20%	66%
Technology Affects Information Flow	0	4 %	6%	22 %	68%
SD-strongly disagree	D-disagree	N-neutral	A-Agree	SA-Strongly agree	

Table 10: effects of information flow

From the above table 10 the respondents strongly agreed that information flow to suppliers was not well controlled. This was represented by 68 percent of the respondents who strongly agreed that information was not well controlled, 16percent agreed, 4 percent were neutral and 7 percent disagreed while 5 percent strongly disagreed. The researcher also sought to know whether supplier development matches information flow. The findings on the table show that the respondents strongly agree that supplier development matches information flow. This was represented by 74 percent of the respondents who strongly agreed, 10 percent agreed, 6 percent were neutral, 8 percent disagreed while 2 percent strongly disagreed. Another question was on whether politics affects information flow. The findings showed that the respondents strongly agreed that politics affects information flow. This was represented by 70 percent of the respondents who strongly agreed, 15 percent agreed, 7 percent were neutral, 5 percent strongly disagreed while 3 percent disagreed. There searcher sought to know if corruption affects information flow. From the findings it was shown that the respondents strongly agreed that corruption affects information flow. This was represented by 66 percent of the respondents who strongly agreed, 20 percent agreed, 4 percent were neutral, 6 percent disagreed while 4 percent strongly disagreed. Lastly the researcher sought to know whether technology affects information flow and from the findings, the respondents strongly agreed that technology affects information flow. This was represented by 68 percent who strongly agreed, 22 percent agreed 6 percent were neutral while 4 percent disagreed. This was inconsistent with previous research like Oosterhuis (2009) who addresses the importance of shared perceptions in buyer-supplier relationships. According to the study Shared perceptions enable people to coordinate their work more easily and to make better decisions in a more efficient manner, which together results in effective cooperation processes.

4.8. Effect of Supplier Training on Procurement Performance

The table 11 below shows the findings of the effect of supplier training on procurement performance.

Function	SD	D	N	A	SA
Total quality management	5%	4%	9%	9%	62%
Production courses	4%	2%	12%	12%	72%
Technical know-how	1%	5%	10%	10%	62%
Reducing transactional errors	10%	8%	7%	7%	20%
SD-strongly disagree	D-disagree	N-neutral	A-Agree	SA-Strongly agree	

Table 11: Effects of supplier training

The researcher sought out to establish if supplier training had an effect on procurement performance. The results of the findings revealed that training on total quality management affected procurement performance positively whereby 62 percent of respondents recorded a positive improvement by strongly agreeing, 20 percent agreed, 9 percent were neutral, 4 percent disagreed while 5 percent strongly disagreed. It was also revealed that offering suppliers with production courses lead to improvement in procurement performance this was strongly agreed by 72 percent of the respondents, 10 percent agreed, 12 percent were neutral, 2 percent disagreed while 4 percent strongly disagreed. Further it was noted that providing supplier training on new technical know-how improved procurement performance this was strongly agreed by 62 percent, 22 percent agreed, 10 percent were neutral, 5 percent disagreed while 1 percent strongly disagreed. The study also revealed that training suppliers on ways of reducing transactional errors lead to a positive improvement in procurement performance whereby 55 percent agreed, 20 percent strongly agreed, 7 percent were neutral, 8 percent disagreed while 10 percent strongly disagreed. This conquered with prior findings that the reason why buyers conduct different supplier training activities is to reduce their performance risk by raising supplier competence (Krause, 1999; Morgan and Hunt, 1999), it was revealed that training remove defects and increases product quality hence reliability on part of suppliers this is in line with A well trained supplier makes timely delivery of goods or raw materials, increase efficiency, increase product innovations and facilitate gaining of skills on problem fixing techniques The aggregate effect of supplier training on buyer performance are on time delivery, reduced lead time, increased flexibility and enhances market responsiveness. The indicators of the supplier Training will be defects, quality, expertise, efficiency, accidents and cost.

4.9. Procurement performance

The researcher sought to know how supplier development programs had affected procurement performance. The findings were shown in the table 12 below

Function	SD	D	N	A	SA
Improved competitive pricing	3%	2%	8%	9%	78%
Reduced lead time	6%	7%	6%	62%	19%
Reduced risk of non-supply	0	2%	5%	67%	26%
Improved dependability of deliveries	0	5%	8%	17%	70%
Improved inventory management	7%	4%	6%	22%	61%
Increased sales	2%	6%	12%	54%	26%
Improved customer satisfaction	1%	3%	6%	20%	70%
SD-strongly disagree	D-disagree	N-neutral	A-Agree	SA-Strongly agree	

Table 12: Effects of supplier development on procurement performance

The researcher sought to find out the effect of supplier development programs on procurement performance. The respondents said that supplier development has led to improved competitive pricing, reduced lead time, reduced risk of non-supply improved dependability of deliveries, improved inventory management, and increased sales and improved customer satisfaction. Supplier development leads to improved competitive pricing and the tally from respondents were as follows: 3 percent strongly disagreed, 2 percent disagreed, 8 percent were neutral, 9 percent agreed and 78 percent strongly agreed. Supplier development programs lead to reduced lead time the results were as follows: 6 percent strongly disagreed, 6% were neutral, 7 percent disagreed, 62 percent agreed while 19 percent strongly agreed. Concerning if supplier development leads to reduced risk of non-supply the findings were: 2% disagreed, 5 percent were neutral, 67 percent agreed while 26 percent strongly agreed. The researcher also sought to establish whether supplier development programs leads to improved dependability of deliveries and the results were: 5 percent disagreed, 8% were neutral, 17 percent agreed while 70 percent strongly agreed. Another aspect of procurement that the researcher wanted to know was whether supplier development programs leads to improved inventory management and the results were: 7 percent strongly disagreed, 4 percent disagreed, 6 percent were neutral, 22 percent agreed while 61 percent strongly agreed. The question on whether supplier development programs leads to increased sales was also investigated and the results were: 2 percent strongly disagreed, 6 percent disagreed, 12 percent were neutral, 54 percent agreed while 26 percent strongly agreed. Finally the researcher sought to know whether supplier development programs leads to improved customer satisfaction the findings were: 1 percent strongly disagreed, 3 percent disagreed, 6 percent were neutral, 20 percent agreed while 70 percent strongly agreed. This was in line with previous studies that revealed that supplier development programs can be any collaboration that makes suppliers more capable of adding value to the organization (Magid, 2007).

5. Summary, Conclusions and Recommendations

5.1. Summary

The general objective was to establish the effect of supplier development programs in procurement performance at tea factories in Nyamira County. Those that responded to the study were 135 out of 150 selected respondents and this was the actual number that was used for the analysis.

The specific objectives of the study were: to investigate the effects of training support on procurement performance in KTDA, to find out the effect of information flow on procurement performance in KTDA, to find out the effect of financial support on procurement performance in KTDA and to find out the effect of technical support on procurement performance in KTDA.

The study revealed that the company gives the least priority to financial support and information flow which were represented by 68 percent and 66 percent respectively. Supplier development trainings, and technical support were given moderate priority and they were represented by 58 percent and 59 percent respectively.

The researcher sought out to establish if supplier training had an effect on procurement performance. The results of the findings revealed that training on total quality management affected procurement performance positively whereby 62 percent of respondents recorded a positive improvement. It was also revealed that offering suppliers with production courses lead to improvement in procurement performance. Further, it was noted that providing supplier training on new technical know-how improved procurement performance. The study also revealed that training suppliers on ways of reducing transactional errors lead to a positive improvement in procurement performance. This corresponded to research objective one

Research objective two, was to find out the effect of information flow on procurement performance. The study found out that procurement performance depended in information flow. Factors that affected the flow of information that may hinder procurement performance were also looked at and it was found that information flow was not well controlled, although supplier development matched information flow. It was also noted that politics, corruption and technology heavily affect the flow of information

The research also sought to find out whether the effectiveness of procurement in the company had improved as a result of financing supplier activities. The study revealed that respondents agreed on increased effectiveness of procurement performance though financing raw materials. The study also found out that timely payment of salaries and wages increased effectiveness of procurement performance. It also revealed that helping suppliers sort out their financial debt also increased effectiveness of procurement performance. Further the findings also revealed that there was a positive improvement on procurement performance through support on capital equipment. Finally the study also found out that provision of highly trained human resources positively increase the effectiveness of procurement performance. This was consistent with research objective three.

Research objective four was to find out the effect of supplier technical support on procurement performance. The study revealed that technical support leads to improvement of the quality of finished goods as supported by majority of respondents. It also revealed that suppliers were able to meet product specifications as a result of receiving technical support. Supplier adaptation to new technology was also found to have improved as a result of supplier technical support. The study also revealed that that product development had also greatly improved due to supplier technical support. This showed that supplier technical support enhances the performance of procurement.

The study revealed that supplier development programs affected procurement performance through improved competitive pricing, reduced lead time, reduced risk of non-supply, improved dependability of deliveries, improved inventory management, increased sales and improved customer satisfaction.

5.2. Conclusions

The researcher drew the conclusions based on the research questions which had been formulated in chapter one and they are as follow What are the effects of training support on procurement performance? Training support enhances procurement performance. It was revealed that training remove defects and increases product quality hence reliability on part of suppliers. well trained supplier makes timely delivery of goods or raw materials, increase efficiency, increase product innovations and facilitate gaining of skills on problem fixing techniques The aggregate effect of supplier training on buyer performance are on time delivery, reduced lead time, increased flexibility and enhances market responsiveness. The indicators of the supplier Training will be defects, quality, expertise, efficiency, accidents and cost.

What are the effects of information flow on procurement performance? The study revealed that information flow enhances procurement performance. Most of the respondents represented by 74 percent agreed that supplier development matches information flow and this was a reason for performance in procurement. This is in line with Oosterhuis (2009) who addresses the importance of shared perceptions in buyer-supplier relationships. According to the study Shared perceptions enable people to coordinate their work more easily and to make better decisions in a more efficient manner, which together results in effective cooperation processes. however the study revealed that technology, corruption and politics are factors that hinder the flow of information.

To what extent does financial support affect procurement performance? The study revealed that financial support enhances procurement performance. 88 percent of respondents strongly agreed that timely payment of salaries and wages improved the effectiveness of procurement performance. Supplier financial support on capital equipment, raw material and financial debt was also noted to improve effectiveness of procurement performance. This confirms (Wagner, 2006). The indicators for the supplier financial support were the liquidity, personnel, and capital investment and distribution networks. Financial assistance given by the buyer to the supplier facilitates timely meeting of financial obligations, increases supplier competitive edge and leads to continuous supply of goods to the buyer. This therefore, means there is a positive association between the supplier financial support and buyer performance. However the study revealed that there was delay in salaries to suppliers.

What are the effects of technical support on procurement performance? The findings revealed that technical support leads to enhanced procurement performance as agreed by the respondents. This was noted in the improvement of quality of finished goods, meeting of product specification, supplier adaptation to new technology and product development and production. This was in line with Rodriguez et al 2005 who found out in his study that Technical capability relates to engineering issues and the supplier's capability to meet performance and technical specifications and requirements. This is because as the supplier put into use the acquired technical capability, it translates into product innovation and product quality (Carr and Pearson, 1999). this lead to the supply of superior products by the supplier which in turn enhances the effectiveness and efficiency of performance on the part of the buyer. The indicators of supplier technical support will be quality of finished products, innovativeness and physical equipment/technology.

5.3. Recommendations

This section was informed from the research questions that asked the possible recommendations that should be given to improve the procurement performance in each of the four research questions. From the findings the following are the recommendations of the research: there is need to align the information flow to supplier development policy. The company needs to address the flow of information both internally and externally by improving on ways of better communication. Information given to suppliers should be well controlled timely, adequate and geared towards the development of supplier. Information technology should be implemented fully to increase the efficiency and effectiveness of information flow to and from the organization. Employees should act professionally by not allowing Politics and corruption affect the flow of information. Suppliers need up to date information for them to improve on specifications, standardization and other requirements that they may be required to enable them enhance procurement performance.

The Public Procurement Act 2005 & Regulation 2006 gives some preferences and reservations that should be implemented to support supplier development in public institutions. There is need to have supplier treatment policy put in place. The management should ensure that suppliers are supported in one way or the other these might be through financial support to boost their capabilities for example it should ensure that salaries and wages are paid in time, suppliers should be assisted with raw materials ,capital equipment and financial debt. Part payment for works done, sponsoring local suppliers with workshops where major requirements and deliveries expectations like specifications and standards are discussed at length. This will boost the working standard of suppliers even to compete internationally.

5.4. Areas for Further Research

Further research should be undertaken in the following areas: the state of information flow in tea factories need to be established, professionalism in procurement departments and adoption of ICT in enhancing supplier development in government institutions.

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