INTERNATIONAL JOURNAL OF BUSINESS, SOCIAL SCIENCES & EDUCATION

EFFECT OF SUPPLIER RELATIONSHIP MANAGEMENT ON SUPPLY CHAIN PERFORMANCE IN MOTOR VEHICLE ASSEMBLY IN KENYA: A CASE OF KENYA VEHICLE MANUFACTURERS LIMITED

Kiweu Robert Munywoki

Masters Student: JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY

Noor Ismail Shale, PhD
JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY

CITATION: *Munywoki K.R & Noor I (PhD). (December, 2015* Effect of supplier relationship management on supply chain performance in motor vehicle assembly in kenya: a case of Kenya vehicle manufacturers limited. *International Journal of Human Resource & Procurement (IJHRP), volume 1 (4), 400- 422. ISSN 2105 6008*

ABSTRACT

The purpose of this study wasprimarily based on finding out the effect of supplier relationship management on supply chain performance of Kenya Vehicle Manufacturers Limited. The overriding philosophy which agitated the researcher to pick this particular organization for the study was because of thecontinued declined of the value added to the economy by the manufacturing sector which declined from 10.9% of gross domestic product (GDP) in 2013 to 7.1% in 2014, signaling the continued increase of production in puts. The objectives of this study were; to assess whether supplier development affect supply chain performance in Kenya Vehicle Manufacturers Ltd, to find out if trust relationship with suppliers affect supply chain performance in Kenya Vehicle Manufacturers Ltd, to ascertain whether supplier collaboration affect supply chain performance in Kenya Vehicle Manufacturers Ltd and to determine if information communication technology integration (ICT) affect supply chain performance in Kenya Vehicle Manufacturers Ltd. The researcher used descriptive research method. The population on focus in this study was comprised of 400 employees of Kenya vehicle manufacturers. The researcher used a sample size of 40employees.The study found out that majority of the respondents agreed that supplier development, trust relationships, supplier collaborations and information communication technology contributed to supply chain performance in the firm.The study recommends that policy and practice for supplier relationship management should be carefully evaluated and the results of that evaluation fed back into improved approaches. It is important that the evaluation considers the full range of costs and benefits. The organization should have sufficient special techno-economic knowledge and openness to new, effective methods when assessing tenders for supply chain performance.

Keywords: supplier relationship management, supply chain performance and manufacturing.

INTRODUCTION

Modern manufacturers work with a wide range of suppliers, and supply chain management (SCM) are growing increasingly complicated (Johnston, 2004).And in order to maintain profitability and drive efficiencies, companies are turning to supplier relationship management (SRM) as a controlled and systematic approach to sourcing the goods and materials they need (Togar, 2002). There are several benefits associated with supplier relationship management, and they all culminate in a healthier bottom line; reduced costs, increased efficiency, minimizes price volatility, consolidation of the supply chain, outsourcing certain activities and continual improvement of operations (Spekman, 2006).

Williams (2006) argued that delivering a high quality product and having a reliable customer base is crucial to gain a competitive edge in business. Any kind of errors in the system may result in undesirable results. The source of error could be anything but to understand and rectify the same is very important. Buyer supplier relationship management (SRM) is the most neglected term.

In today's business Son (2005)established that suppliers play a crucial role in any company's success and a healthy relationship with the suppliers can help the organization in the long run. Christopher (2000) noted that buyer supplier relationship management challenges include; lack of understanding supplier's track record, training suppliers, nurturing suppliers and culture, Lack of communication, non-transparency of processes, stressed supplier, damaged delivery, disloyalty and contract conflicts.

Supplier Relationship Management

Spekman (2006) found that SRM entails determining how company buyers interact with suppliers. It is a mirror image of customer relationship management. Just as a company needs to develop relationships with its customers, it needs to foster relationships with its suppliers to ensure quality goods and services, timely and assured deliveries and information flow to assist both organizations in planning (Spekman, 2006). The main objective of Supplier Relationship Management (SRM) is to establish two-way, mutually beneficial relationships between an organization and its suppliers(Saleemi, 2002).

Foster (2005) stated that there are a number of benefits that companies derive from successfully managing SRM. This include: reduced costs and increased efficiency beyond traditional sourcing and category management efforts by setting up long-term relationships and establishing communication processes; managing supplier risk and compliance by strengthening global transparency and visibility on key relationships through policies and processes, metrics and tools; driving supplier performance in a transparent and sustainable manner with strategic suppliers and collaboration partners; enabling continuous improvement of operations through long-term relationships with suppliers, allowing for the creation of a more effective and efficient supply chain;

fostering business development and innovation by jointly identifying and implementing innovation and new market opportunities, sharing vision and strategy through joint planning early on to improve go-to market time (Duffy (2004).
Emiliani (2003) established that despite the various benefits of SRM, establishing strategic collaboration with key suppliers can be highly challenging. Five key steps help organizations to overcome these challenges in order to successfully build strategic relationships with their suppliers. Selecting the right partners; clear business alignment with business stakeholders; establishing mutually beneficial relationships; selecting meaningful key performance indicators (KPIs) and sharing information and finally, commitment to recognize that entering any strategic supplier relationship will result in changes within each partner organization and that mutual commitment to ongoing, incremental changes will be required (Maloni, 2000).

The Motor Vehicle Assembly in Kenya

Kenya has three major motor vehicle assemblers; Kenya Vehicle Manufacturers limited (KVM), Association of Vehicle Assemblers Limited (AVA) and General Motors East Africa limited (GMEA). The three assembles pick-ups and heavy commercial vehicles. KVM and AVA are contract assemblers while GMEA is a franchise holder as well as an assembler. The three have major government shareholding. Hyundai, Foton, Tata and Toyota are digging in, either establishing assembly plants here or expanding their sales network across the economic community whose market is set to expand.
There are a number of motor vehicle dealers operating in the country, with the most established being Toyota (East Africa), Cooper Motor Corporation (CMC), General Motors (GM), Simba Colt, Honda Motors, Tata Motors, Foton Motors, DT Dobie, Mobius Motors and Ashock Leyland. This established dealers face intense competition from imported second-hand vehicles price being the key factor. The Kenya Motor Industry Association (KMI), the representative body of the corporate participants in the motor industry, has been lobbying hard to reverse this trend.
With the Kenya government policy to move out the 14 seater minibuses and the expansion of Tanzania, Uganda, Rwanda and Burundi markets, growth is expected in the medium and large bus segments. However, some partner states in East Africa have been granted a stay on the common external tariff of up to 25% on imported second-hand vehicles. The situation, Kenya argues, hurts local motor industry.

Statement Of The Problem

According to the Economic survey report highlights (2014), the value added to the economy by the manufacturing sector has declined from 10.9% of gross domestic product (GDP) in 2013 to 7.1% in 2014, signaling the continued increase of production in puts. The world economy is estimated to grow by 3.5 per cent in 2015.Kenya is the most industrially developed country in East Africa, but it has not yet produced results to match its potential according to United Nations Industrial Development Organization,

2004 (UNIDO). The expected growth will mainly be driven by high expansion of global supply chains and fast tracking cost aimed at reducing the cost of production.

Strategic partnerships are at the top of the corporate agenda of many global organisations and supplier relationship management seen as one of the few remaining areas that can still make a significant difference (Krause and Handfield, 2007). But many organisationsencounter difficulties in initiating, developing and managing partnerships. Inparticular, leadership and soft skills are mentioned as primary reasons for failure, alongside technical and functional competencies (Christopher, 2000).

The manufacturing sector's contribution to Gross Domestic Product (GDP) remained at about 10 per cent, 2014. The low growth was partly due to increase in input costs. The manufacturing sector contribution to GDP dropped by 3.8 per cent from 10.9 the, 2014. The share contribution to driving the economy dropped by 2.2 per cent from 5.6 the, 2014. The share to GDP contribution also dropped by 0.7 per cent from 10.7 per cent the year 2014. Statistics also indicate that Kenya's share of manufacturing exports in her total merchandise exports is low (only 35%) compared to aspirator countries such as South Africa (47%), Malaysia (67%) and Singapore (73%).

What is the cost of poor supplier relationships? A recent study conducted by Planning Perspectives Inc, an independent auto maker-supplier consultancy, answered that question for the original equipment makers in the U.S. automotive industry: "Ford, G.M and Nissan collectively would have earned $2 billion more in operating profit last year had their supplier relations improved as much as Toyota's and Honda's did during the year."

The study shows that suppliers with good working relations with buyers provide their customer considerable benefits. These suppliers are more willing to invest in new technology to meet future manufacturers needs and are more willing to share new technology with the buying firms; are more willing to support the manufacturers beyond contractual terms; communicate more openly and honestly with the buying firms and importantly give greater price concessions to the buying firms.

Whereas organizations with poor relations receive smaller price concessions and must work harder to get them; get less experienced supplier personnel supporting themand typically are not among the first to get the suppliers' best ideas and new technology. Thus the study proposes to assess the effect of supplier relationship management on supply chain performance in motor vehicle assembly in Kenya with reference to Kenya vehicle manufacturers limited.

LITERATURE REVIEW

The resource dependency perspective relationship formation states that to acquire resources, organizations must interact with others who control these resources (Christopher, 2000). The RDT perspective relationship formation states that to acquire resources, organizations must interact with others who control these resources. This considers the uncertainties and risks that stem

from an organization's dependence on its environment for needed resources. Consistent with the prescriptions theory, differences in resource dependence facilitate power differentials that may be exploited by exchange partners (Duffy, 2004)

Tim (2007) stated that the theory is largely concerned with behaviors and formal and informal governance structures that enable firms to access needed external resources while minimizing uncertainty and risk. Dependence between two parties can motivate them to develop cooperative norms. This explains why a buying firm adopts a supplier partnership programs with a particular supplier. Simchi(2003) argued that a relationship magnitude and supplier dependence has been consistently found as a critical predictor of collaborative behaviors between buying and supplying firms. When examining the effect of supplier relationship on performance improvements, supplier dependence is usually treated as a control variable.

Johnston (2004) refer to resource dependency perspective and argue that the value of relationship differs according to the willingness and ability of current exchange partners toprovide sufficient demand for current and expected outputs, in light of the availability andcost of locating, qualifying and establishing relationships with an alternative exchangepartner. Previous supplier partnership studies leverage this theory to suggest that supplier partnership represents a potent means to establish relational governance structures that can attenuate the risks associated with resource dependence (Spekman, 2006).

The commitment-trust theory of relationship management says that two fundamental factors, trust and commitment, must exist for a relationship to be successful Christopher, 2004). Relationship management involves forming bonds with suppliers by meeting their needs and honoring commitments. Handfield (2002) suggested that rather than chasing short-term profits, businesses following the principles of relationship marketing forge long-lasting bonds with their suppliers. As a result, suppliers trust these businesses, and the mutual loyalty helps both parties fulfill their needs.

Heikkila(2002) defined trust as the confidence both parties in the relationship have that the other party won't do something harmful or risky. Businesses develop trust by standing behind their promises.Commitment involves a long-term desire to maintain a valued partnership. Williams (2006) concluded that desire causes the business to continually invest in developing and maintaining relationships with its customers. Through a series of relationship-building activities, the business shows its commitment to the suppliers.

According to Martin (2003) the results of a relationship based on commitment and trust are cooperative behaviors that allow both parties to fulfill their needs. Buyers not only get the product or service they're paying for, but they also feel valued. Foster (2005) concluded that few businesses have the resources to develop long-term relationships with every supplier and that's why it's important to identify the suppliers who are most valuable to their business and focus their efforts on them by identifying and developing relationships with the right suppliers who mean the most to their business's overall strategy.

The idea that transactions form the basis of an economic thinking was introduced by the institutional economist John R. Commons (1931). The cost of participating in a market. Transaction cost economics (TCE) is one of the most influential theories on inter

firm collaboration. TCE suggests that a firm organize its cross organizational activities to minimize production costs within the firm and transaction costs within markets. TCE thinks that system use can reduce transaction costs e.g., monitoring costs by specific asset investments, which diminish opportunistic behaviors (Son, 2005).
Humphreys (2001)identifies markets and hierarchies as two modes of organizing. Collaboration emerges as the third alternative. Supply chain collaboration helps prevent the problems arising from both markets and hierarchies. It helps firms reduce the opportunism and monitoring costs that are inbuilt in market transactions through process integration and mutual trust, thus reduce the probability that partners behave opportunistically. Supply chain collaboration also helps firms avoid internalizing an activity that they do not excel (Duffy, 2004).
In effect to SRM systems, Narasimhan (2005) stated that adopting TCE theory in today's integrated supply chains which require collaboration at many levels and from various functions, executives are increasingly looking for innovative ways to leverage existing and new supplier relationships for their expansionary pursuit. SRM is one approach to connect the different interests both within the organization and with the extended supply chain. SRM identifies and engages the right stakeholders to create ownership of the relationship, drive effective communication and align strategic objectives. The result is a foundation for continuous efficiency improvements, such as cost reductions, risk mitigation or improved go-to-market times just as well as improved potential for disruptive innovation.

Conceptualization

Supply Chain Performance of Manufacturing Industry

Tim (2007) defined Supply Chain Management as the process of planning, implementing and controlling efficient and cost effective flow of materials, in-process inventory, finished goods and related information from point-of-order to point-of-consumption, for the purpose of conforming to customer requirements. The fundamental objective of a high performance of supply chain is to produce products to match customers demand cycle, while producing the greatest value possible to the customers. The increasingly competitive environment calls for speedy, cost efficient, accurate and reliable supply chain. Accordingly, manufacturing companies will have to find or develop metrics to measure performance of supply chain (Burt, 2004).
Emiliani (2003) indicated that manufacturing companies should improve their SRM performance through a number of critical measures of performance that need to be continuously monitored through (KPI). The three key outcomes of success are better, faster, and cheaper. Since "what gets measured, gets managed" it is inevitable that once such measures are put in place, management attention will be directed to these key issues. Measurement is important, as it affects behavior that impacts supply

chain performance. As such, measurement provides means by which manufacturing companies can assess whether their supply chain has improved or degraded (Lysons, 2006).

Humphreys (2001) found that improving the management of a firm's supply base can have a large impact on supplier-related performance outcomes. Specific benefits might include lower costs, improved delivery speed, fewer quality problems, early insights into new technologies and on-time product launches. Supply management approaches modeled; formal socialization processes, supplier integration and supply base flexibility, have positive business benefits when effectively implemented (Duffy, 2004).

(Burt, 2004) established that socialization processes increases the frequency and intensity of interactions between buyer and supplier helping develop the capacity of each partner to absorb new ideas and technologies, potentially leading to innovation gains. Similarly, communication has a positive influence on cooperation and reduces distortion and withholding of information. Poor communication can undermine buyer attempts to increase supplier performance levels and is often responsible for many supplier product problems (Larson, 2000).

Emiliani, (2003) empirically found that supplier integration improves business performance across a range of industries and settings resulting in to higher levels of reliability, delivery times, flexibility and customer satisfaction, ultimately making the buyer more competitive long-term. Increasing levels of operational integration with key suppliers leads to greater relationship performance (Narasimhan, 2005).

Larsons (2006) suggested that supplier resources must be aligned with those of the buyer in order to attain collaborative and competitive advantage. Specific investments in the supplier relationship led to greater supplier responsiveness, and in turn, improved supplier performance. Organizations with more responsive supply bases are more likely to extract gains from the relationship with these key suppliers, including lead time reductions, quality improvements and increased sales (Foster, 2005).

Supplier Development

Supplier development involves cooperative efforts to improve supplier capabilities with respect to technology, quality, delivery, and cost. It also encourages continuous improvements (Chandra and Grabis 2004). The main dimensions that characterize successful supplier development would include, but not limited to: integrating and improving activities and processes, continuous cooperation and long-term relationships, mutual benefits as a result of any improvement efforts, and apparent structure for both companies with regard to cost, price, and profit (Nassimbeni, 2000).

Moreover, successful relationships in manufacturing setting are attributed by supplier development, cost savings and technology sharing (Echtelt,2008). Handfield and Bechtel (2002) indicated that buying firms should treat their suppliers as partners and

further argued that investments in supplier relationships will reduce risk; by involving in activities that is usually regarded in the area of the other firm. Martin (2003)indicated that supplier partnership enables both parties to improve decision making process, enhance knowledge sharing, advance communication, and improve the overall performance of both parties. Williams (2006)argued that the buying firm will gain from efforts done to improve the supplier performance, as both will share the productivity benefits.

Supplier development results in reduced costs, improved communication, risk sharing, and improved problem solving (Quayle, 2000).Williams (2006)empirically found that supplier partnership is associated with higher competitive performance in terms of cost, quality, innovation, and flexibility performance. Also, partnership relations between the buyer and suppliers have been proved to positively affect financial performance of the buyer firm (Martine and Grbac, 2003).

Trust Relationship with Suppliers

Krause and Handfield (2007) discussed three main types of trust; Competence trust: where supplier believes that the buying firm is able to perform what promised to perform. Contractual trust: a belief that the buying firm will continue its contracts. And Goodwill trust: a belief that the buying firm will avoid taking unfair advantage, and will always act on mutual benefit basis. Moreover, Heikkila (2002) pointed to two types of trust that are very close to the above; Trust in partner's reliability: the trust that the other firm is reliable to do what it said. And Trust in the partner's benevolence: a belief that the other firm is interested in the partner's firm benefit and will not take actions that may unfavorably influence it.

Trust between the buying firm and its suppliers would improve cooperation, enhance satisfaction, reduce conflicts, facilitate information exchange, and lead to long-term relationships (Martin, 2003). Trust was considered one major factor for the superior performance of Japanese firms compared to British firms Williams (2006).

Trust building should not be the concern of the buying firm only, Saleemi (2002) concluded that trust is also essential and advantageous to the supplier firm, which has to make efforts to establish, extend, and retain the buying firm trust, especially when such trust can lead to more benefits for the supplier. Although trust building is a costly, difficult, and time consuming procedure, it leads to strong, successful, and long-term buyer-seller relationships.

Supplier Collaboration

Foster (2005) described true collaboration, on the other hand, is the ability to share information, competencies, skills, intelligence, and risks, and to then make appropriate commitments in terms of actions and business decisions. Togar (2002) stated that optimum

collaboration is achieved when collective intelligence is at its best - in other words, it goes beyond the sum of individual contributions. This can be achieved when you allow instant collaboration anywhere and at any time with both internal and external personnel, and when all of the information that is required is available and is used.

In effect to SRM approaches, Spekman (2006) established that a successful buyer-supplier collaborative relationship is often characterized by a high level of trust, commitment, shared values, communication, adaptation, positive bases of power, cooperation, relationship bonds (Spekman, 2006). A strong commitment to collaboration is a means to ensure continuance of a relationship. Trust, commitment and adaptation alleviate the fear that one's exchange partner will act opportunistically. This is because the outcome of trust, commitment and adaptation is demonstrated by the firms belief that the other company will perform actions that will result in positive outcomes for the firm as well as not taking unexpected actions that result in negative outcomes (Foster, 2005).

Togar (2002) established that supplier collaboration should be considered as an end-to-end process where all the end-to-end activities involved in the order cycle are aligned to deliver state-of-the-art performance. Its implementation is a transformation journey that faces cultural, organizational and technological challenges. Integration enables the data-based information exchanges that are required for supply chain visibility, synchronization and monitoring. In parallel, collaboration is where excellence will be won or lost. Collaboration is the ability to share information, but even more to understand the capabilities that exist on each side, and to share risks and benefits (Handfield, 2002).

Foster (2005) stated that collaboration institutes a dynamic and collective intelligence. Consequently, collaboration can be considered as the way to achieve the mutual trust that will drastically improve decision-making, will allow efficient and continuous improvement and will leverage innovation. Furthermore, new technologies, such as the various business collaboration platforms on the market, are the technology enablers behind this collaboration. In short, this is what enables you to run your business better, and to ensure that your supply chain is a strategic asset to your organization (Johnston, 2004)

Information technology Integration

Humphreys (2001) described Information technology (IT) as the application of computers and telecommunications equipment to store, retrieve, transmit and manipulate data, often in the context of a business or other enterprise. A study carried out by Li (2003) found out that telecommunications and computer technology allow all the actors in the supply chain to communicate among each other. Lyons (2006) stated that information technology (IT) has become a vital and integral part of every business plan.

In effect to SRM principles, Handfield (1999) indicated that the use of information technology allows suppliers, manufacturers, distributors, retailers, and customers to reduce lead time, paperwork, and other unnecessary activities. It is also mentioned that

managers will experience considerable advantages with its use such as the flow of information in a coordinated manner, access to information and data interchange, improved customer and supplier relationships, and inventory management not only at the national level but also internationally. Also the advantages will include supply contracts via internet, distribution of strategies, outsourcing and procurement all companies are looking for cost and lead time reductions with the purpose of improving the level of service but also to enhance inter-organizational relationships (Humphreys, 2001).

Lysons(2006) indicates that firms cannot effectively manage cost, offer high customer service, and become leaders in supply chain management without the incorporation of top of-the-line information technologies. trust relationship with suppliers Larson (2000) identified 14 such information technology tools, among them electronic data interchange (EDI), enterprise resource planning (ERP), internet, and extranets. Li grouped these tools into three groups in terms of their primary purpose: communication tools, resource planning tools, and supply chain management tools.

RESEARCH METHODOLOGY

This study adopted descriptive research design. The research design provided facts and suggestions on major connections between the variables. The population on focus in this study comprised the employees of KVM Ltd. The company has a population size of four hundred and fifty employees (40). The (40) are distributed in three (3) variables of management levels; top level management (68) middle level management (90) and lower level management (242) employees who formed the basis of the total population under the study.Structured questionnaire containing both open-ended and close-ended questions was used to collect primary data that assisted the researcher to get reliable information by seeking opinion from the respondents as it was cheap since the respondents were not be geographically dispersed and were located in the same organization and adequate time was provided to give well thought answers. Data was collected and analyzed using both quantitative and qualitative data analysis approaches. Data from closed and open-ended questions in the questionnaire werecoded and entered into the computer using statistical package for social science (SPSS) version 20. The study used ANOVA to test the level of significance of the variables on the dependent variable at 95% level of significance.

DATA ANALYSIS AND INTERPRETATION

Reliability Test

Reliability is a measure of the degree to which a research instrument yields consistent results or data after repeated trials (Mugenda & Mugenda, 2003). During the pilot study, two repeat mailings of the instrument were carried out to improve the overall response rate before sending the actual instrument to allow for pre-testing of the research instrument.

Cronbach's alpha for each value was established by the SPSS application and gauged against each other at a cut off value of 0.7 which is acceptable according to Cooper and Schindler (2008). According to table 4.1 all the values were above 0.7 which concludes that the data collection instrument was reliable.

Table: Reliability test

Variable	Cronbach's Alpha	No of Items
Supplier Development	.7045	2
Trust Relationship with Suppliers	.7168	3
Supplier Collaboration	.7263	4
Information technology Integration	.7177	2

Regression Analysis

In addition, the researcher conducted a linear multiple regression analysis so as to test the relationship among variables (independent) on the supply chain performance practices. The researcher applied the statistical package for social sciences (SPSS) to code, enter and compute the measurements of the multiple regressions for the study.

Table:Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.896[a]	.881	.132	.3295

Source: Research, 2014

The adjusted R^2 is the coefficient of determination. This value explains how supply chain performance practices varied with Supplier Development, Trust Relationship with Suppliers, Supplier Collaboration and Information technology Integration. The four independent variables that were studied, explain 89% of the supply chain performance practices and supply chain performance as represented by the R^2. This therefore means that other factors not studied in this research contribute 11% of the

supply chain performance giving room for further research to investigate the other factors (11%) that affect supply chain performance.

Table: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.534	5	2.868	52.410	.0072
	Residual	186.555	27	2.139		
	Total	198.089	32			

According to Mugenda & Mugenda, 2003, ANOVA is a data analysis procedure that is used to determine whether there are significant differences between two or more groups or samples at a selected probability level. `An independent variable is said to be a significant predictor of the dependent variable if the absolute t-value of the regression coefficient associated with that independent variable is greater than the absolute critical t-value. The regression analysis also yields an F-statistic where if the calculated F-value is greater than the critical or tabled F-value, the prediction will be rejected. In this study, the significance value is .0073 which is less that 0.05 thus the model is statistically significant in predicting Supplier Development, Trust Relationship with Suppliers, Supplier Collaboration and Information technology Integration. The F critical at 5% level of significance was 3.23. Since F calculated is greater than the F critical (value = 52.400), this shows that the overall model was significant.

Table: Coefficient of determination

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	**Std. Error**	**Beta**		
1	(Constant)	3.757	1.033		0.787	0.255
	Supplier Development	0.554	0.107	0.159	1.091	0.002
	Trust Relationship with Suppliers	0.879	0.139	0.085	0.687	0.005
	Supplier Collaboration	0.568	0.097	0.145	0.97	0.013
	Information technology Integration	0.685	0.069	0.210	0.349	0.032

Source: Research, 2014

The researcher conducted a multiple regression analysis so as to determine the relationship between supply chain performance and the four variables. As per the SPSS generated table above, the equation ($\mathbf{Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4}$) becomes:

As per the SPSS generated the established regression equation was:

$Y = 3.757 + 0.554\ X_1 + 0.879 X_2 + 0.568\ X_3 + 0.685 X_4$ where:

Y = supply chain performance X1 = Supplier Development

X2 = Trust Relationship with Suppliers X3= Supplier Collaboration

X4= Information technology Integration

According to the regression equation established, taking all factors into account (Supplier Development, Trust Relationship with Suppliers, Supplier Collaboration and Information technology Integration) constant at zero, supply chain performance on supply chain performance will be 3.757. The data findings analyzed also show that taking all other independent variables at zero, a unit increase in Supplier Development will lead to a 0.754 increase in supply chain performance ; a unit increase in Trust Relationship with Suppliers will lead to a 0.879 increase in Supplier relationship management practices, a unit increase in Supplier Collaboration will lead to a 0.568 increase in Supplier relationship management on supply chain performance and a unit increase in Information technology Integration will lead to a 0.685 increase in supply chain performance on supply chain performance. This infers that Trust Relationship with Suppliers contribute more to the supply chain performance on supply chain performance followed by the Supplier Development.

At 5% level of significance and 95% level of confidence, Supplier Development had a 0.002 level of significance; Trust Relationship with Suppliers showed a 0.005 level of significant, Supplier Collaboration showed a 0.013 level of significant, Information technology Integration had a 0.032 level of significant, and hence the most significant factor is Trust Relationship with Suppliers.

Findings from Study Variables

Supplier Development

The study found out that majority (83%) of the respondents agreed that Supplier Development contribute to supply chain performance in the firm while 17% of the respondents were not for the opinion that Supplier Development contribute to supply chain performance in the firm. The study found out the Supplier Development contributed to supply chain performance practices in the firm.

Trust Relationship with Suppliers

The study found out that Trust Relationship with Suppliers contributed to supply chain performance in the organization. According to the findings, 80% of the respondents indicated that Trust Relationship with Suppliers contribute to supply chain performance in the organization while 20% of them indicated that Trust Relationship with Suppliers does not contribute to supply chain performance in the organization. According to the findings, 40% of the respondents indicated that Trust Relationship with Suppliers contribute to supply chain performance in the organization, 28% of the respondents indicated that Trust Relationship with Suppliers contribute to supply chain performance in the organization, 21% of the respondents indicated that Trust Relationship with Suppliers contribute to supply chain performance in the organization to a moderate extent, 4% of the respondents indicated that Trust Relationship with Suppliers contribute to supply chain performance in the organization to a great extent while only 2% of the respondents indicated that Trust Relationship with Suppliers contribute to supply chain performance in the organization at a great extent.

Supplier Collaboration

The study found out that Sixty four percent (64%) of the respondents felt that Supplier Collaboration contribute to supply chain performance practices in the organization while 36% of them were of the opinion that Supplier Collaboration does not affect contribute to supply chain performance practices in the organization. The study also found out that Supplier Collaboration contributes to supply chain performance practices in the organization, 36% of the respondents indicated that Supplier Collaboration contributes to supply chain performance practices in the organization to a great extent, 27% to a very great extent, 24% to a moderate extent, 7% that it did not at all affect supply chain performance practices, while only 6% indicated that Supplier Collaboration contributes to supply chain performance practices in the organization to a little extent.

The study found out that 35% of the respondents argued that Supplier Collaboration factors influence supply chain performance practices in the organization, 30% of the respondents indicated that Supplier Collaboration factors influence supply chain performance practices in the organization, 14% of the respondents indicated that Supplier Collaboration factors influence supply chain performance practices in the organization, 11% of the respondents indicated that Supplier Collaboration factors influence supply chain performance practices in the organization, while only 9% of the respondents indicated that Supplier Collaboration factors influence supply chain performance practices in the organization.

Information technology Integration

The study found out that organizational Information technology Integration contributed to supply chain performance in the organization, 67% of the respondents indicated that the organizational Information technology Integration contributed to supply chain performance in the organization while only 33% of the respondents indicated that the organizational Information technology Integration do not contribute to supply chain performance in the organization. From the study findings, 31% of the respondents indicated that Information technology Integration contribute to supply chain performance in the organization to a very great extent, 29% of the respondents indicated Information technology Integration contribute to supply chain performance in the organization to a great extent, 26% of the respondents indicated that Information technology Integration contribute to supply chain performance in the organization to a moderate extent, 12% of the respondents indicated that Information technology Integration contribute to supply chain performance in the organization to a little extent while only 4% of the respondents indicated that Information technology Integration did not contribute to supply chain performance in the organization at all.

Conclusions

The study concludes that majority of the respondents agreed that Supplier Development contribute to supply chain performance in the firm through the quality products and meeting of the recommended standards while some of the respondents were for the opinion that Supplier Development doesn't contribute to supply chain performance in the firm.

The study concludes that the firm Trust Relationship with Suppliers contributed greatly to supply chain performance in the organization. According to the findings, majority respondents indicated that Trust Relationship with Suppliers contribute to supply chain performance in the organization at a great extent.

The study concludes thatmajority of the respondents felt that Supplier Collaboration contribute to supply chain performance practices in the organization. The study also concludes that Supplier Collaboration contributes to supply chain performance practices in the organization, since majority of the respondents indicated that Supplier Collaboration contributes to supply chain performance practices in the organization to a great extent. The study also concludes that majority of the respondents argued that Supplier Collaboration factors influence supply chain performance practices in the organization.

Finally the study concludes that organizational Information technology Integration contributed to supply chain performance in the organization, majority of the respondents indicated that the organizational Information technology Integration contributed to supply chain performance in the organization. From the study findings, majority of the respondents indicated that Information technology Integration contribute to supply chain performance in the organization to a very great extent and only a few respondents thought Information technology Integration did not contribute to supply chain performance in the organization at all.

Recommendations

From the conclusion, the study recommends that practice for supplier relationship management should be carefully evaluated and the results of that evaluation fed back into improved approaches. It is important that the evaluation considers the full range of costs and benefits. The organization should have sufficient special techno-economic knowledge and openness to new, effective methods when assessing tenders for supply chain performance. Staffs should be equipped with the specific skills and competencies needed to design and manage contracts (including the associated training, after-sales service and Employ human resources with specific training and equipment for performing functional and environmental tests in order to be able to accept the end product and verify procurement performance.

Supplier relationship management initiatives appear to be instrumental for improving supply chain performance, by harmonizing purchases, launching co-ordination initiatives, setting standards and building skills. As such, the management of the KVM ltd should adopt supplier relationship management initiatives. However, the main focus of supplier relationship management is to produce cost savings. It targets “commodity” goods and services, and therefore does not stimulate the supplier relationship management.

The firm should create supporting structures of expertise with the help of public authorities that have R&D-review as core business and Introduce clear incentives to procuring private authorities (the procuring entity) by stating that one percent of the total volume of procurements should be allocated to supplier relationship management. In this manner, supplier relationship management can become a strategic issue for the KVM ltd.

On financing investment, the KVM ltd should adopt new financing methods to save costs, to improve customer and supplier relationships, business processes and performance, and to open new business opportunities. It might also help the organization to respond better to existing challenges and improve the anticipation of future developments in supplier relationship management.

REFERENCES

Johnston, D., McCutcheon, D., Stuart, F., &Kerwood, H. (2004). Effects of supplier trust on performance of cooperative supplier relationships. *Journal of Operations Management, 22(1), 23–38.http://dx.doi.org/10.1016/j.jom.2003.12.001.*

Togar, M.S. &Sridharan, R. (2002). The collaborative supply chain. International Journal of Logistics Management, Vol. 13 No. 1, pp. 15-30.

Spekman, R. E. and Carraway, R. (2006). *Making the transition to collaborative buyer-seller relationships*: An emerging framework, Industrial Marketing Management, 35 (1), 10-19.

Peter. "Ecocriticism". Beginning Theory: An Introduction to Literary and Cultural Theory. 3rd ed. Manchester: Manchester UP, 2009.

Christopher, M., &Juttner, U. (2000). Developing strategic partnerships in the supply chain: a practioner perspective. *European Journal of Purchasing & Supply Management, 6, 117-127.*

Simchi-Levi D, Kaminsky P, Simchi-Levi E. Managing the Supply Chain. (2003) *New York*: McGraw Hill.

Maloni, Michael and W. C. Benton (2000), "Power Influences in the Supply Chain," *Journal of Business Logistics, 21 (1), 49-73.*

Saleemi, N.A. (2002). *Purchasing and supply management, 2nd edition.* Nairobi: Saleemi publications limited.

Foster, F. & Sanjay, S. (2005), "Imperatives for successful collaboration", Supply Chain *Management Review, Vol. 9 No. 1, pp. 30-7.*

Emiliani, M. (2003), "The Inevitability of Conflict Between Buyers and Sellers," Supply Chain Management: *An International Journal, 8, (2), pp. 107-115.*

Larson, P., &Kulchitsky, J. (2000). The use and impact of communication media in purchasing and supply management. *Journal of Supply Chain Management, 36(3), 29–38.*

Son, J., Narasimhan, S., & Riggins, F. J. (2005). Effects of relational factors and channel climate on EDI Usage in the customer-supplier relationship. *Journal of Management information Systems,* 22(1), 321–353.

Duffy, R., &Fearne, A. (2004). The impact of supply chain partnerships on supplier performance. *International Journal of Logistics Management*, 15(1), 57–71

T. A. Sykes, V. Venkatesh, and S. Gosain, "Model of acceptance with peer support: A social network perspective to understand employees' system use," MIS Quarterly, vol. 33, no. 2, pp. 371–393, 2009.

Humphreys, P., Lai, M., and Sculli D. 2001. An Inter-organizational Information System for Supply Chain Management. International Journal of Production Economics. 70:245- 255.

Ravitch, and Riggan. 2012 *Reason and Rigor:* How *Conceptual Frameworks guide Research,* Thousand Oaks CA: Sage p. xiii

Tim F. Into the depths of the I-E-I framework: using the internet to create value in supply chain relationships. Supply Chain Management (2007) 12:96.

Burt, D. N. and Dobbler D. W. (2004). world class supply management: The key to supply chain management, 7th editon. Singapore: McGraw Hill.

Lysons, K. and Farrington, B. (2006). *Purchasing and Supply Chain Management, 7th edition*. London: Prentice Hall.

Heikkila, J. (2002). From supply to demand chain management: efficiency and customer satisfaction. *Journal of Operations Management, 20 (6), 747-7.http://dx.doi.org/10.1016/S0272-6963(02)00038-4.*

Handfield, R.B. & Bechtel, C. (2002). The role of trust and relationship structure in improving supply chain responsiveness. *Industrial Marketing Management, Vol. 4, pp. 367-82.*

Kothari, C.R. (2004). *Research methodology, 2nd edition. New Delhi*: New Age International (P) Limited Publishers.

Mugenda, O. M. and Mugenda, A. G. (Eds.) (1999). *Research Methods, Quantitative and Qualitative Approaches.* Nairobi, Kenya: African Centre for Technological Studies.

Adèr, H. J., Mellenbergh, G. J., & Hand, D. J. (2008). *Advising on research methods*: a consultant's companion. Huizen: Johannes van Kessel Publishing. ISBN 978-90-79418-01-5.

Hartl, Daniel (2007). Principles of Population Genetics. Sinauer Associates. p. 45. ISBN 978-0-87893-308-2.

Emmel, N. (2013). Sampling and choosing cases in qualitative research: A realist approach. London: Sage.

Roger Sapsford, Victor Jupp (2006). Data Collection and Analysis ISBN 0-7619-5046-X.

Bernard, H. Ruseell, and Gerry W. Ryan, Analyzing Qualitative Data: Systematic Approaches, Thousand Oaks, Calif.: Sage, 2009. Hulley, Stephen B.

Designing Clinical Research. Lippincott Williams & Wilkins, 2007, p.168-169. *Ogince, M; Hall, T; Robinson, K; Blackmore, AM (2007). "The diagnostic validity of the cervical flexion-rotation test in C1/2-related cervicogenic headache". Manual therapy 12 (3): 256–62.*

Cronbach, Lee J.; Shavelson, Richard J. (2004). "My Current Thoughts on Coefficient Alpha and Successor Procedures". *Educational and Psychological Measurement* **64** (3):391–418. :10.1177/0013164404266386.