



EFFECT OF SUPPLIER DEVELOPMENT ON PERFORMANCE OF SUPERMARKET CHAINS IN KENYA: A SURVEY OF SUPERMARKETS IN NAIROBI CITY COUNTY CBD

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ABSTRACT

This study sought to establish the effects of supplier development on organisational performance. The target population of the study was supermarkets in Nairobi central business district (NCBD) while the study population was the management staff in these supermarkets. A sample size of 3 of the respondents was targeted in each supermarket contributing to 63 respondents. Quantitative data was coded and entered into Statistical Packages for Social Scientists Version 21 and analysed using descriptive statistics. The study established that most of the supermarkets considered supplier development as a strategy for organization development. The study further established that supplier evaluation influenced the performance of the organizations to a great extent. The study further established that buyer-supplier communication influenced the performance of the supermarkets to a great extent. The study also established that supplier capabilities influenced the performance of the supermarkets to a great extent. Finally the study established that top management support is of paramount importance in enhancing the performance of the supermarkets. The study concluded that supplier development helps to improve performance in the organizations to great extent. Based on the findings the study recommends that organizations should select their suppliers carefully and evaluate them regularly in order to sustain effective and reliable sources of supplies. The study also recommends that the organizations should adopt an open and frequent communication between their personnel and their suppliers so as to increase both parties understanding and encourage conflict resolution between both parties. In order for the local supplier development program to be successful, there needs to be a communication framework in place communicating these needs to the local suppliers. This will enable the local suppliers to plan on how best they can respond to these needs and most importantly plan on how best they can prepare themselves to these needs especially the future needs.

Key terms: supplier evaluation, communication, supplier capabilities, top management support, Supermarket Chains

INTRODUCTION

In the advent of intense business competitive environment, business organizations are relying more on their supply chain as a source of competitive advantage. Suppliers play strategic roles in organizations and are significantly engaged in creating a competitive advantage with their actions having a positive impact on the organizations' performance (Jabbour, 2009). In order for firms to compete effectively and survive in the global market, they need to develop operational strategy to ensure they maintain and build relationships with a capable and competent network of suppliers and extract maximum value from these relationships. To create and maintain such a network and to improve capabilities that are necessary for the buying organisation to meet its increasing competitive challenges, the buying firm may need to engage in supplier development.

Supplier development is defined as any effort by a buying firm to increase the performance and capabilities of their supplier. It is the process of working collaboratively with suppliers to improve or expand their capabilities (Dominick, 2014). It is a bilateral effort by both the buying and supplying organization to jointly improve the supplier's performance or capabilities in one or more of the following areas: cost, quality, delivery lead time, technological advancement, safety and environmental responsibility, managerial capability and financial viability (Krause & Handfield, 2011). It is the process of having the buying organization work directly with certain suppliers to improve their performance for the benefit of the buying organization. There are various objectives which buying organizations seek to accomplish in their supplier development undertaking. These may include; improving supplier performance, reducing product costs, reducing lead-times, resolving serious quality issues, developing new routes to supply, developing new product in the market etc. Before

undertaking supplier development on any supplier, the purchasing professionals responsible for the project must select the ideal supplier for development based on their current capacity compared to ideal capability, their cooperation with buying organization, product or service supplied, nature and scope of development required, etc.

Gonzalez and Quesada (2014) rightly pointed out that supplier development is the most influential management process for achieving product quality and customer satisfaction. To achieve this objective, firms should put more emphasis on their ability to create and enhance its own capability in a strategically important aspect such as supplier development. The success of any company today lies not only in the management of its relationships with its customers, but also bearing in mind a wider reference group in the supply chain including its suppliers.

Supplier development is defined as any set of activities undertaken by a buying firm to identify measure and improve supplier performance and facilitate the continuous improvement of the overall value of goods and services supplied to the buying company's business unit' (Krause, Handfield & Scannell, 2008). Krause & Ellram (2007) suggest a number of activities that are carried out by companies that are more successful at developing their suppliers. They are proactively involved in suppliers' problems and continuous improvement efforts, often anticipating supplier performance issues and fixing them before they occur. The first documented application of supplier development comes from Toyota in 1939. Toyota discussed the need of working together with suppliers to improve collective performance. Thereafter, in 1963, Nissan implemented their first supplier development project, Honda joined the club in 1973 (Monczka, Handfield, Glunipero, & Patterson, 2009).

Regionally supplier development has also been adopted although at a slow rate. Angola is famed

as a great example of a successful industry wide supplier development initiative. In the South African context, supplier development helps achieve high Preferential Procurement targets, by ensuring the development of capable suppliers in key areas, and is also encouraged by separate targets for enterprise development. The department of public enterprises initiated a CSDP (Competitive Supplier Development Programme) programme to improve national supplier industry competitiveness. The Department of Public Enterprises through SOEs (State owned enterprises) targets economic growth through infrastructure investment.

In Kenya, the level of supplier development has not been clear on partnership and collaborative basis. Misoi and Nyoro (2005) observed that this has been because the supply chain system in has always been haphazardly done. Every member of the supply chain pursues their own cost reduction and profit motives at the expense of each other. This has seen the unending shortages of products, spiralling prices, poor inventory handling and management leading to poor quality products and high costs along the supply chain.

There has been a rapid growth and development of supermarkets in Kenya especially during the last two decades. Kenya is the second most advanced country after South Africa, with over 206 supermarkets and 18 hypermarkets (Economic Survey 2015). Uchumi supermarket was the first supermarket to be developed in Kenya around 1975. There are currently over 220 supermarkets in Kenya's cities and largest towns of Nairobi, Mombasa, Nakuru, Eldoret and Kisumu. Nairobi being the capital city of Kenya since independence has attracted local and foreign investors in business. Supermarkets are one of the businesses that have attracted quite a number of investors (Maiywa 2013). There are at least six big Kenyan owned supermarkets, including Nakumatt (which is the largest), Uchumi, Tuskys, Naivas, Ukwala and Chandarana. Kenya's advancement in supermarkets is evident from the fact that it's top five cities (Nairobi, Mombasa,

Nakuru, Eldoret, and Kisumu) have at least 165 supermarkets and 13 hypermarkets (Economic Survey, 2010).

Statement of the Problem

In order for firms to compete effectively and survive in the global market, they must maintain and build relationships with a capable and competent network of suppliers and extract maximum value from these relationships. To create and maintain such a network and to improve capabilities that are necessary for the buying organisation to meet its increasing competitive challenges, the buying firm may engage in Supplier Development. According to Kenya Institute of Supplies Management (2007) 32% of the supermarkets in Kenya have supplier development practices. In a study done by Kenya Institute of Supplies Management (2009) on adoption of supplier management practices by supermarkets 53% of the supermarkets claimed that they were involved in a supplier development program, but it was found that only 20% of the supermarkets were providing financial support to the suppliers while 14% of them were putting their employees in the supplier's facilities for the development purpose. Eleven per cent (11%) of the supermarkets had given the suppliers an invitation to come to their place and learn. While 10% of the companies had a formal program for supplier development, others were doing it without any formal program. This shows that even though the supermarkets were involved in supplier development program, they were not fully implementing them in an appropriate way (KISM, 2009).

Njeru (2013) in her case study of Kenya Power sought to investigate factors which influence supplier development in public entities in Kenya. The study concluded that the management of Kenya Power recognized supplier development as a means to improving their efficiency. However, the study was too narrow to only supplier communication as the only tool in supplier development. It also focused on public entity

narrowing on a case study context of Kenya Power hence no enough scope to generalize on the effect of supplier development on other organizations particularly in the private sector. Local studies done include; Kamau (2013) did a study on buyer-supplier relationships and organizational performance among large manufacturing firms in Nairobi, Kenya. She found that some of the challenges facing buyer - supplier relationships were lack of communication, lack of commitment, lack of trust, lack of co-operation and poor performance. Malonza (2012) did a study on supplier performance evaluation and value chain analysis in Kenya airways limited. She found that there is limited scope of incorporating supplier performance evaluation in purchase decision for both core and even for support products. Kitheka, Mulwa, Maingi, Ngunjiri and Goko (2001) did a study on effect of supplier quality management on organizational performance. They found out that senior level management is fully committed in supplier development programmes. However no research had been done on the effects of supplier development on organisational performance hence the current study sought to establish the effects of supplier development on organisational performance with specific focus on supermarkets within Nairobi central business district.

Objective of the Study

The General objective of this study was to establish the effects of supplier development on performance of supermarket chains in Kenya. The specific objectives were:-

- To establish how supplier evaluation affects performance of supermarket chains within Nairobi central business district.
- To examine how buyer-supplier communication affects performance of supermarket chains within Nairobi central business district.
- To establish how supplier capabilities affect performance of supermarket chains within Nairobi central business district.
- To determine how supplier management support affects performance of supermarket chains within Nairobi central business district.

LITERATURE REVIEW

Theoretical Review

Resource Dependence theory

The Resource Dependency Theory (RDT) was advanced by Jeffery Pfeffer and Gerald R. Salancik in 1978 with the publication of their seminal work: "The external control of organizations: A resource dependence perspective". The theory is concerned with how organizational behaviour is affected by external resources that the firm utilizes (Pfeffer & Salancik, 2013). Specifically, the theory explains how external resources of organizations and effective procurement of these resources affect the performance of the organization (Wachiuri, Waiganjo & Oballah, 2015). It argues that a firm's ability to gather, transform and exploit resources e.g. raw materials faster than competitors bears significant strategic implications i.e. due to its influence on the firm's competitiveness.

Notably, resources are often controlled by organizations, e.g. key suppliers, not in the control of the firm needing them, meaning that strategies, including supplier development in the purchasing and supply management context, must be carefully considered in order to maintain open access to resources (Wachiuri, Waiganjo & Oballah, 2015). Dyer and Nobeoka (2010) further elucidate the relevance of Resource Dependency Theory in supplier development through their recognition of knowledge as a strategically significant resource of the firm and the root of competitive advantage. In their analysis of inter-firm knowledge sharing literature, they argue that scholars have recognized that inter-organizational learning is critical to competitive success and noted that organizations learn by collaborating

with other firms as well as by observing and importing their practices.

Resource Dependency Theory thus validates supplier development practices such as supplier partnership that are aimed at leveraging suppliers' specialized competencies for greater innovativeness and the ability to offer high quality products through greater collaboration between the buyer firm and its key suppliers (Ukalkar, 2010).

Reinforcement Theory

This theory is based on operant conditioning developed initially by a psychologist by the name of B.F Skinner. The theory argues that the behaviour of people is largely determined by its consequences. Those actions that tend to have positive consequences tend to be repeated in future while those with negative consequences are unlikely to be repeated again (Otube, 2010). As such, decision makers in organizations should endeavor to ensure that consequences of good performance are pleasant while those of poor performance are unpleasant. With regard to suppliers' evaluation, it should be made quite clear that meeting or surpassing the appraisal criteria would result in winning the confidence of the appraiser. This would ultimately result in the appraised benefiting by having contracts awarded to them which according to this theory, can be referred to as the pleasant consequence (Otube, 2010). The basic idea underlying reinforcement theory is the concept of reinforcement itself. An event is said to be reinforcing if the event following some behaviour makes the behaviour more likely to occur again in future.

Positive Reinforcement entails use of positive consequences that stimulates the desired behaviour and strengthens the probability of repeat in such behaviour in future. Suppliers can get positive reinforcement by being assured of continued business partnership should they continue meeting the clients expectations. They can also be issued with recommendation letters or certificates of exemplary performance to

motivate them to continue performing well (Otube, 2010). Negative reinforcement also referred to as avoidance learning involves use of unpleasant consequences to condition individuals from behaving in undesirable manner. By making unpleasant consequences contingent on undesirable performance, suppliers will systematically change their ways and endeavor to meet the requirements of their clients. By so doing, the resultant win-win situation will ensure that the performance of the procurement function is positively affected. In supplier evaluation, consequences of not meeting the scoring criteria should be made known in the tender or request for quotation documents to serve as an alert against negative consequences (Otube, 2010).

This theory thus is relevant to this study's supplier evaluation variable. To continue enjoying the good results, the suppliers are likely to do all they can to ensure they keep scoring well and maintain good performance in future. The poor performance they may record in some areas or instances is unlikely to be repeated in future events. A procuring entity that applies prudent supplier evaluation stand to greatly benefit from good or improved performance of its procurement function now and in the future. Good supplier evaluation using the key parameters which are financial stability, quality aspects, reliability and past performance is a tool that can be used to put the reinforcement theory into practice in the area of supplier development (Martin, 2004).

Systems Theory

This theory was first applied in the fields of science and engineering before finding its way into management in the late 1950s. The systems theory is not a set of principles for managing, but a way of thinking about organization and management. An organization is a system with many sections that are interrelated. These sections are affected in their operations by factors that are either internal, external or both. Systems

can either be closed or open. Most if not all organizations, are open systems meaning that they are dependent on the external environmental factors for survival (Drucker, 2006).

Deming (2004) defines system as a series of functions or activities within an organization that work together for the aim of attaining the organization objectives (Deming, 2004). Further he says that the flow of material and information from any part of the system must match the input requirements of the next stage (Deming, 2003). The organization receives inputs from the outside world which it then transforms into output and takes it back to the world for use. An organization will need suppliers to provide the input it requires. The inputs could either be materials, information or even human capital. Lack of sufficient supplies will mean that the organization will not meet its operational capacity and thus will not be effective in its operations.

Systems theory is very significant in this study's buyer-supplier communication variable as it clearly demonstrates the interrelationship of the organization and its environment. Proper management of that relationship ensures that the conversion process of inputs to outputs is smooth. Systems theory views the management in totality and helps in seeing the problems of the organization in a wider perspective (Deming, 2006). The systems approach is very useful in managerial decision making. By understanding that the organization must obtain inputs from suppliers, the procurement managers will be better placed to ensure that supplier selection is done thoroughly. The result will be a highly efficient procurement function that serves the organization well. The approach provides a framework through which organization-environment interaction can be analyzed before a decision is made (Deming, 2006).

Agency theory

Procurement can be viewed as involving at least two parts with different goals, a buyer and one or more vendors competing for the contract.

However in addition to the agency relationship between buyer and competing vendors, there may be a number of internal stakeholders possibly with conflicting goals, adding complexity to the procurement process. These groups of internal stakeholders may include IT staff, procurement personnel, users, user representatives, line managers, financial officers and cost controllers. These may have conflicting interests even though there may not be an agency relationship between them; one common observation is that different user groups in different parts of a business may have conflicting requirements. This is where stakeholder management theory may be helpful. Agency theory attempts to describe the agency relationship, in which one party (the principal) delegates work to another party (the agent), who performs that work (Eisenhardt, 2009). Two problems can arise in such relationships, the desires and goals of the principal and agent can conflict, and it is difficult for the principal to verify what the agent actually is doing. Principal-agent researchers are concerned with a general theory of the principal-agent relationship, a theory that can be applied to employer-employee, buyer-supplier and other agency relationships. Agency theory is most relevant in situations in which contracting problems are difficult. These include situations in which there is a substantial goal conflict between principals and agents and sufficient outcome uncertainty to trigger the risk implications of the theory (Eisenhardt, 2009). Eisenhardt (2009) discusses the assumptions of the theory and raises the issue of principals learning about the agents when there is a long term relationship, when there may be less need for outcome-based contracts. This may be more the case with procurement in the private sector, where there are fewer regulations than in the public sector, and where tendering is not required. Private businesses are free to have long term relationships with software developers and consulting firms. Jones (2005) suggests that long term relationships with vendors may in the long run lead to higher effectiveness, due to the

stability of the relationship being dependent on controlling goal conflicts.

Conceptual Framework

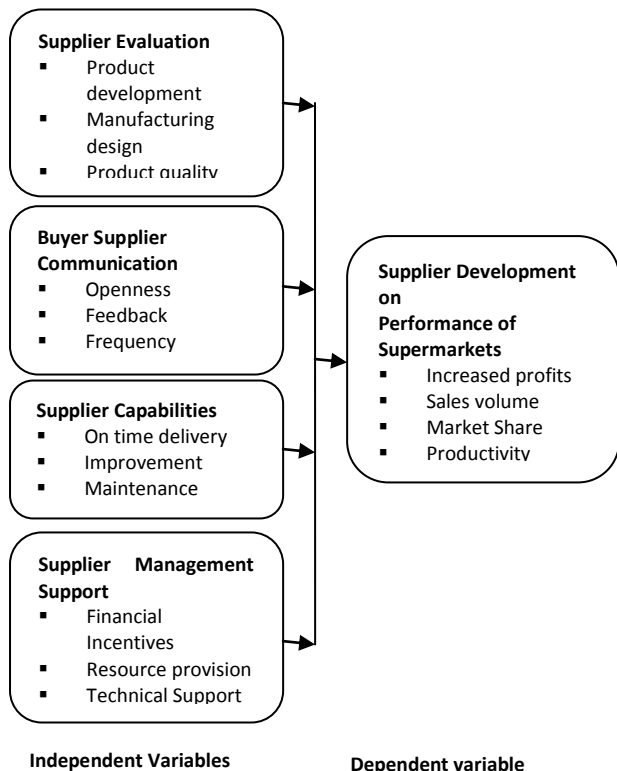


Figure 1: Conceptual Framework

Source: Author, 2014

Supplier Evaluation

To sustain effective and reliable sources of supplies, buyers should select their suppliers carefully and evaluate them regularly. However, not all selected suppliers qualify for or need development assistance. A buying firm must carefully identify where to focus its supplier development efforts (Monczka *et al.*, 2005). In addition, Hahn, Watts & Kim, (2000) specified that supplier evaluation results could provide valuable information about general areas of weakness where performance improvements were needed. Suppliers basically get evaluated on the basis of parameters like technical capabilities, quality, cost, delivery, managerial capabilities. On basis of these parameters suppliers are classified in to groups. So supplier evaluation is integral part of supplier development which serves as a platform for launching supplier development programme. This phase will mention problem of supplier which

will be basically related with product, process and operating system. Combining supplier's problem and supplier development programme a matrix will form which will give guideline that which supplier development plan is necessary for which problem (Cormican & Cunningham, 2007). Carr and Pearson (2007) in their study of buyer-supplier's relationship and its outcome on performance found that supplier evaluation provides a better view to buyer regarding which suppliers are doing well and which are not. This also helps buyer to identify where a particular supplier is weak to make improvements. Evaluation also helps buyer to create long-term relationships with suppliers who are doing well and this long-term relationship helps for continuous improvement to remain competitive. Basic parameters for evaluation are quality of product, price delivery, service and support.

Buyer-Supplier Communication

Open and frequent communication between buying firm personnel and their suppliers was identified as a key approach in motivating suppliers (Giunipero, 2006). Early involvement and open channels of communication increase both parties understanding and encourage conflict resolution between both parties. The key to good communication lies in the frequency, the personal involvement of buying and related staff personnel and the genuineness of the efforts (Speckman, 2008).

Communication tends to be informal, sharing proprietary information, notice of events and changes, in a timely manner. Typically communication will be characterised by many inter-firm contacts, as opposed to the single buyer-sales representative. Forecasting and planning information will be shared more frequently and is closer to 'real-time' information, often through Internet portals and e-networks. Similarly, sourcing and procurement activities will be increasingly automated. Eamonn, Donna, Brian and Daniel (2008) in their study of selection of communication media in buyer supplier

relationship found that communication media selection is affected by need of participants and stage of relationship. If relationship is new then communication media will be face to face for more clarity in communication. As relations goes on increasing media choice becomes less rich focusing on either telephone or email depending on the needs of buyer or supplier. As relationship reaches to mature stage face to face media is preferred to take advantage of richness and which also helps to take social benefit of relation. They also found that in product purchasing buyer is more central to the relationship and has greater influence over the communication media choice and buyer is interested in informal communication like telephone communication. In case of service purchasing buyer is less central to relationship and for communications he uses legalistic means such as email

Supplier Capabilities

Sako (2004) in his study of Honda, Nissan and Toyota considers two key areas, the first being that an organisation has to have its own organisational capability for supplier development, and secondly it must have a mechanism for transferring (or replicating) capability to its suppliers. He classes this capability into three levels. The first, and most basic, is maintenance. At this level, activity focuses on maintaining a given level of performance such as quality defects, on time delivery performance or costs. The second level is improvement, and as the name suggests focuses on increasing the existing capability of the supplier to new, higher levels of performance (Sako, 2004). The third, and highest, level of supplier development capability is evolutionary capability. This level is the transferring of development capability to the supplier, such that the first two levels of development become integral in the internal way of working of the supplier, and they continue even without on-going pressure from the customer. This requires the transfer of tacit knowledge as well as the

easier to transfer explicit knowledge, and consequently is the most challenging of the three levels (Sako, 2004).

Tacit knowledge and learning is the most difficult for a competitor to replicate within their supply chain and so becomes a valuable source of competitive advantage (Nonaka & Takeuchi, 2006). Because tacit knowledge is more difficult to accumulate, it requires closer interactions, more time, and particularly face-to-face, joint activities, with the supplier. A pre-requisite for this level of involvement is that the customer has capabilities that the supplier does not yet possess, and that they perceive as valuable in their own operations. As one of the reasons for the need to develop suppliers is the increase in outsourcing and a concentration on core competencies, it follows that the customer may have less direct technical expertise to share with their suppliers. Management is thus tasked with the responsibility of ensuring the organization has the requisite technical expertise to share with the suppliers. This way therefore supplier management support is imperative in the supplier development process.

Supplier Management Support

Management has been found to be a key enabler in initiating a supplier development program based on the firm's competitive strategy (Hines, 2004). Purchasing management needs the encouragement and support from top management to expend their resources within a supplier's operation. A pre-requisite must be to gain commitment in the supplier's top management as they will need to set objectives, provide resources, remove barriers and reward change. They can also be resistant. Allowing a customer to become involved in the detail of the supplier's operation, means they will see the organisation 'warts and all' and gain a better understanding of supplier cost drivers and operations than would otherwise be the case. The customer will also provide a fresh perspective on and challenge to current ways of working and

underlying assumptions. This can be uncomfortable for managers in the supplier organisation, but can also be a powerful enabler, as the voice of the customer can legitimise change and overcome organisational inertia (Hartley & Choi, 2006).

Lack of top management commitment is one of the most often cited causes of failure in improvement programs (Brown, Hitchcock, and Willard, 2004). Commitment is also usually prescribed for supplier relations success. However, the supply management professional will often be confronted with less commitment than is desired, whether the missing commitment is on the part of the buyer's organization, the supplier's, or both. Research in supplier development success factors (Krause & Ellram, 2007) indicated several factors that depend to some extent on top management commitment. These included supplier development activities such as site visits, supplier recognition, training, and direct investments in the supplier's firm. With weak commitment of resources all of these are subject to deterioration or abandonment during business downturns.

Performance of Supermarkets

Performance of supermarkets is considered a consequence of their conduct, which in turn are considered as consequences of the structure of the local markets in which they operate. Scale of operation is proposed to have both a direct effect (economies of scale) on performance, and an indirect effect via conduct (i.e. conduct is expected to be different over the range of supermarket scale). Potential demand- and supply is expected to have a direct effect on performance as the potential "output volume" of a supermarket is expected to be related to the extent to which potential demand is served by potential supply (stores). Serpkenci (1984) discusses the concept of store performance from several perspectives. To start with, one should recognize that the term "performance" may refer to either the consequences (outcomes) of a

behaviour, as well as to the behaviour (conduct) antecedent these consequences. This dual conceptualization of performance into a behaviour/outcome aspect gives rise to different, although related, inquiries in attempts to explain it. Explanations of "outcome" aspects are of little value if the antecedent behaviour behind the outcomes are unknown; and explanations of "behaviour" may have antecedents that are not related to the outcome.

Empirical Review

Supplier Evaluation

Azadegan (2011) in his study of benefiting from supplier operational innovativeness with the influence of supplier evaluations and absorptive capacity found that supplier evaluation programme (SEP) and absorptive capacity are both means to increase operational innovativeness (OI) of supplier. Supplier evaluation programme by buyer with good direction helps to encourage operational innovativeness of supplier which helps buyer to remain competitive (Wachiuri, Waiganjo & Oballah, 2015). Author used evaluation parameters as product development and quality, manufacturing design and capability, manufacturing and design capacity. Operational innovation mainly relates with process improvement, new tool with higher speed, new product development and new concept. He also found absorption capacity influences operational innovativeness. Absorption capacity mainly includes routine search, new technology, learning from supplier and customer, communication and personal adequacy. For increasing innovativeness of supplier evaluation should be effective (Martin, Mena, Omera & Ozgur, 2011). Effective evaluation should have incentives i.e. for suppliers who are doing good innovation to sustain effective and reliable sources of supplies. Also effective evaluation should have proper assessment.

A survey study in the USA by Simpson, Siguaw and White (2012) reported 142 evaluation

items/aspects, which can be arranged under 19 categories of criteria, the first 10 being: quality and process control; continuous improvement; facility environment; delivery; inventory and warehousing; ordering; financial conditions; certifications; and price. Interestingly, of the 10 categories, quality and process control had the highest percentage mentioning i.e. 24.9% while price had the lowest percentage mentioning i.e. 3.6%. Most of supplier appraisal aspects reported by Simpson, Siguaw and White (2012) survey are neatly summarized by Lysons and Farrington (2010) as the seven Cs of supplier evaluation. They include the following aspects: competency of the supplier to undertake the tasks required; capacity of the supplier to meet the purchaser's total needs; commitment of the supplier to the customer in terms of quality, cost driving and service; control systems in relation to inventory, costs, budgets, people and information; cash resources and financial stability; cost commensurate with quality and service; and, consistency i.e. the ability of the supplier to deliver consistently and, where possible, improve levels of quality and service.

Buyer-Supplier Communication

Study of Sanders, Chad and David (2011) indicate that buyer-to-supplier information sharing, buyer-to-supplier performance feedback and buyer investment in inter-organizational information technology are key enablers of buyer-to-supplier communication openness. However, only buyer-to-supplier communication openness plays the direct and critical role of achieving significant performance. They mainly focused on openness in communication and openness acts as a key parameter for supplier improvement and this improvement will mainly move in the direction that buyer wants (Smeltzer, 2007).

According to CIPS (2013), supplier partnership is characterized by openness, effective communication, trust, honesty, transparency, sharing, mutual benefit, and close co-operation between the buyer firm and selected suppliers.

Communication between buyer and supplier is considered a critical mode of supplier development. Njeru (2013) in her case study of Kenya power investigated factors which influence supplier development in public entities in Kenya. The study concluded that the management of KPLC recognized supplier development as a means to improving their efficiency. The researcher pointed out that for effective supplier development process, there should be management support, commitment and good communication channels between the two parties.

Supplier Capabilities

Most studies in the field of purchasing describe an important objective of purchasing function is maintaining network for capable suppliers. It results in enhanced dependence of buying firm upon its suppliers. The indulgence of supplier development is suggested to the buying firm; in due course the buying firm can conveniently concentrate upon its core competencies (Krause, 2007). Several studies discuss that a buying firm needs to make and retain relationships with competent suppliers in a way so the buying firm can compete effectively. It is done by extracting optimal value through such relationships between the buyer and supplier (Carr & Pearson, 2009). Several firms engage themselves to facilitate their suppliers for the improvement of performance and capability through supplier development.

Supplier Management Support

Hacker, Couturier and Hacker (2009) developed a conceptual model of trust that set for three elements of trust: capability, commitment, and consistency. Lacking top management commitment the resources may prohibit capability, there will be no firm intention to cooperate, and certainly the supplier or the supply manager cannot be counted on to consistently performed. The result is no trust. In a marriage this would lead to dysfunction and perhaps divorce. Zsidisin and Ellram (2001) also

identified the need to build organizational trust as a key issue for management. Top management determines the measures of success. In order to be successful and receive support, the measures of supply chain performance must support organizational performance measures.

Performance of Supermarkets

Dunne and Lusch's (2009) categorized supermarkets performance into market based performance, productivity performance, and financial performance measured by profitability. Profitability in terms of return on assets of a supermarket is, by definition, the amount to which gross profits exceeds operating costs, related to the amount invested in the store. As such, profitability performance is related to other aspects of economic performance, and may be viewed upon as the ultimate economic result. In an investigation of profitability of supermarket chains, Livingstone and Tigert (2007) found the key to high profitability performance to be high operating profit margin. Operating margin (the spread between gross margin and operating costs as a percentage of sales) was uncovered substantially more important for profitability performance than high productivity; a two percent of relative improvement in operating profit margin was found to increase profitability (return on equity) by nearly five percentage units, while a five percent of relative improvement in asset turnover left profitability virtually unchanged.

Chains performing high profitability were observed to bring about high operating margins in one of two different ways: high gross margins, with high operating costs, or; low gross margins, with low operating costs. Success in the supermarket business seems to be the result of either cost leadership, or service leadership. The cost leaders earn high net income, through low gross margins and low operating expenses. The service leaders also earn high net income, based on high gross margins and high operating

expenses. The high profitability performers are either the cost leaders or the service leaders.

RESEARCH METHODOLOGY

This research problem was studied through the use of a descriptive research design. According to Cooper and Schindler (2003) a descriptive study is concerned with finding out the what, where and how of a phenomenon. This study therefore was able to generalize the findings to all the supermarkets. The regression equation was: $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$ Where;
Y = Performance of Supermarkets
 X_1 = Supplier evaluation
 X_2 = Buyer-supplier communication
 X_3 = Supplier capabilities
 X_4 = Supplier management support
 ϵ = error term
 β = coefficient of determination
 β_0 = constant

FINDINGS

Supplier Evaluation

The study sought to establish whether the supermarkets evaluated their suppliers before selection. According to the findings majority (72%) of the respondents indicated that the supermarkets evaluated their suppliers before selection while 28% indicated that they did not evaluate their suppliers before selection. This implies in majority of the supermarkets evaluation of suppliers was done before selection.

Table 1 summarizes respondents' level of agreement on statements relating to supplier evaluation and its influence on organization performance. According to the findings most of the respondents agreed that; supplier evaluation results provided valuable information about general areas of weakness where performance improvements were needed as evidenced by a mean score of 4.61, that evaluation helped the organizations to create long-term relationships with suppliers who were doing well which helped for continuous improvement to remain competitive as shown by a mean score of 4.44

and that supplier evaluation was an integral part of supplier development which served as a platform for launching supplier development programme as evidenced by a mean score of 4.33. The respondents also agreed that to sustain effective and reliable sources of supplies, the

organizations selected their suppliers carefully and evaluated them regularly and that supplier evaluation programme helped to encourage operational innovativeness of suppliers which helped the organizations to remain competitive as evidenced by mean scores of 4.24 respectively.

Table 1: Level of Agreement on Supplier Evaluation

Statements	Mean	Std. Dev
To sustain effective and reliable sources of supplies, the organization selects their suppliers carefully and evaluate them regularly	4.24	0.557
Supplier evaluation results provide valuable information about general areas of weakness where performance improvements are needed	4.61	0.539
Supplier evaluation is an integral part of supplier development which serves as a platform for launching supplier development programme	4.33	0.546
Evaluation helps the organization to create long-term relationships with suppliers who are doing well which helps for continuous improvement to remain competitive	4.44	0.672
Supplier evaluation programme helps to encourage operational innovativeness of supplier which helps the organization to remain competitive	4.24	0.601

The study further sought to establish the extent to which supplier evaluation influenced organization performance. The findings are as shown in Table 2 below. According to the findings majority of the respondents (68%) agreed that supplier evaluation influenced the performance of

the organizations to a great extent, 20% to a very great extent, 10% to a moderate extent and 2% to a low extent. This implies that supplier evaluation influenced the performance of the organizations to a great extent.

Table 2: Extent that Supplier Evaluation Influences Organization Performance

Extent	Frequency	Percentage (%)
To a very low extent	0	0
To a low extent	1	2
To a moderate extent	5	10
To a great extent	34	68
To a very great extent	10	20
Total	50	100

Buyer-supplier Communication Communication Framework

The researcher requested the respondents to indicate whether the supermarkets had a communication framework with the suppliers. From the findings majority (86%) of the respondents indicated that the supermarkets had

a communication framework with the suppliers while 14% indicated otherwise. This implied that most of the supermarkets had a communication framework with their suppliers.

The researcher requested the respondents to indicate their level of agreement on the statements relating to buyer-supplier

communication and its influence on organization performance. The findings are as illustrated in

table 3 below.

Table 3: Level of Agreement on Buyer-Supplier Communication

Statement	Mean	Std. Dev
Open and frequent communication between the organization and the suppliers motivates the suppliers	4.48	0.511
Open channels of communication increase understanding between the organization and the suppliers and encourage conflict resolution between both parties	4.50	0.303
Sourcing and procurement activities are increasingly automated	4.49	0.495
Buyer-to-supplier communication openness plays the direct and critical role of achieving significant performance	4.41	0.510
Frequency is the key to good communication	3.69	0.797
If relationship between the organization and the supplier is new then communication media is face to face for more clarity in communication	4.08	0.708

According to the findings most of the respondents agreed that; open channels of communication increased understanding between the organizations and the suppliers and encouraged conflict resolution between both parties as shown by a mean score of 4.50, that sourcing and procurement activities were increasingly automated as evidenced by a mean score of 4.49 and that open and frequent communication between the organizations and the suppliers motivated the suppliers as evidenced by a mean score of 4.48. Similarly most of the respondents agreed that; buyer-to-supplier communication openness played the direct and critical role of achieving significant performance as shown by a mean score of 4.41, that if relationships between the organizations and the suppliers was new then communication media was face to face for more clarity in communication as shown by a mean score of 4.08 and that frequency was the key to good communication as evidenced by a mean score of 3.69.

The study further sought to find out the extent to which buyer-supplier communication influenced organization performance. From the findings majority (65%) of the respondents indicated that buyer-supplier communication influenced organization performance to a great extent, 22%

to a very great extent, 11% to a moderate extent and 2% to a low extent. This implies that buyer-supplier communication influenced the performance of the supermarkets to a great extent.

Supplier Capabilities

The researcher also requested the respondents to indicate whether their organisations had their own organisational capability for supplier development. From the findings majority (88%) of the respondents indicated that their organisations had their own organisational capability for supplier development while 12% indicated otherwise. This illustrated that majority of the supermarkets had their own organisational capability for supplier development.

The study also sought to find out whether the supermarkets had a mechanism for transferring (or replicating) capability to their suppliers. From the findings majority (90%) of the respondents indicated that the supermarkets had a mechanism for transferring (or replicating) capability to their suppliers while 10% indicated otherwise.

The researcher further requested the respondents to indicate their level of agreement on the statements relating to supplier capability and its

influence on organization performance. The findings were as shown in table 4 below.

Table 4: Level of agreement on Supplier Capability

Statement	Mean	Std Dev
Maintaining network for capable suppliers is an important objective of purchasing function	4.38	0.626
Tacit knowledge and learning is a valuable source of competitive advantage	4.44	0.613
Tacit knowledge and learning requires closer interactions, more time, and particularly face-to-face, joint activities, with the supplier since it is more difficult to accumulate	4.08	0.708
The organisation focuses on increasing the existing capability of the supplier to new, higher levels of performance	3.70	0.796
The organisation transfers of development capability to the suppliers	4.31	0.667
The organisation focuses on maintaining a given level of performance such as quality defects, on time delivery performance or costs	4.55	0.634

According to the findings most of the respondents agreed; that the organisations focused on maintaining a given level of performance such as quality defects, on time delivery performance or costs as evidenced by a means core of 4.55, that tacit knowledge and learning was a valuable source of competitive advantage as shown by a mean score of 4.44 and that maintaining network for capable suppliers was an important objective of purchasing function as evidenced by a mean score of 4.38. Additionally most of the respondents agreed that; the organisations transferred development capability to the

suppliers as evidenced by a mean score of 4.31 that tacit knowledge and learning required closer interactions, more time, and particularly face-to-face, joint activities, with the supplier since it was more difficult to accumulate as shown by a mean score of 4.08 and that the organisations focused on increasing the existing capability of the suppliers to new, higher levels of performance as evidenced by a mean score of 3.70.

The study also sought to find out the extent to which supplier capabilities influenced organization performance. Table 5 below illustrates the findings.

Table 5: Extent that Supplier Capabilities Influence Organization Performance

Extent	Frequency	Percentage (%)
To a very low extent	0	0
To a low extent	0	0
To a moderate extent	3	6
To a great extent	42	84
To a very great extent	5	10
Total	50	100

According to the findings majority of the respondents (84%) agreed that supplier capabilities influenced organization performance to a great extent, 10% to a very great extent while the rest (6%) indicated to a moderate extent. This

implied that supplier capabilities influenced the performance of the supermarkets to a great extent.

Supplier Management Support

The study further sought to find out whether the top level managers in the supermarkets supported the supplier development programs. According to the findings majority (89%) of the respondents indicated that the top level managers in their supermarkets supported the supplier development programs while the rest

(11%) indicated otherwise. This implies that the top level managers in the supermarkets supported the supplier development programs.

The researcher also requested the respondents to indicate their level of agreement on the statements relating to top management support and its influence on organization performance.

Table 6: Level of agreement on Top Management Support

Statement	Mean	Std Dev
Purchasing management gets encouragement and support from top management to expand their resources within supplier's operation	4.56	0.310
The organization's top management sets objectives, provide resources, remove barriers and reward change	3.96	0.653
Lack of top management commitment is a cause of failure in improvement programs	3.66	0.716
Top management allows site visits to the suppliers production area and vice versa	4.42	0.423
Supplier training is conducted in the organization	4.21	0.569
In order to be successful and receive support, the measures of supply chain performance must support organizational performance measures	4.64	0.435

According to the findings as shown in table 6 above most of the respondents strongly agreed that in order to be successful and receive support, the measures of supply chain performance must support organizational performance measures as shown by a mean score of 4.64 and that purchasing management got encouragement and support from top management to expand their resources within supplier's operation as shown by a mean score of 4.56. Additionally most of the respondents agreed that top management allowed site visits to the suppliers' production area and vice versa as shown by a mean score of 4.42, that supplier training was conducted in the organizations and that the organizations' top management set objectives, provided resources, removed barriers and rewarded change as evidenced by mean scores of 4.21 and 3.96 respectively. Most of the respondents agreed that lack of top management commitment was a cause

of failure in improvement programs as evidenced by a mean score of 3.66.

The study also sought to establish the extent to which top management support influenced organization performance. From the findings majority (54%) of the respondents indicated that the top management support influenced organization performance to a great extent, 36% to a very great extent, 6% to a moderate extent and 4% to less extent. This implies that top management support is of paramount importance in enhancing the performance of the supermarkets.

Organizational Performance

The respondents were further requested to indicate their level of agreement with statements on the performance of their respective organizations. The findings were as illustrated in table 7 below.

Table 7: Level of agreement on the Performance of the Supermarkets

Statements	Mean	Std.dev
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Supplier development expands the organization's market share	3.76	1.302
Supplier development results in new product introduction	4.25	0.212
Product quality has improved as a result of supplier development	4.34	0.222
Supplier development enhances marketing effectiveness	4.16	0.156
Technological efficiency has improved due to supplier development	3.88	1.021

According to the findings most of the respondents agreed that product quality had improved as a result of supplier development as illustrated by a mean score of 4.34, supplier development resulted in new product introduction as evidenced by a mean score of 4.25 and that supplier development enhanced marketing effectiveness as shown by a mean score of 4.16. Similarly the respondents agreed that technological efficiency had improved due to supplier development and

that supplier development expanded the organization's market share as shown by mean scores of 3.88 and 3.76 respectively. This findings emphasizes the importance of supplier development to the organizations' performance. The study also sought to find out the extent to which supplier development helped improve performance in the organizations. The findings were as shown in table 8 below.

Table 8: Extent Supplier Development improved organizational Performance

Extent	Frequency	Percentage (%)
To a very low extent	0	0
To a low extent	2	4
To a moderate extent	4	8
To a great extent	30	60
To a very great extent	14	28
Total	50	100

According to the findings majority (60%) of the respondents indicated that supplier development helped improve performance in the organizations to great extent, 28% to a very great extent, 8% to moderate extent while 4% indicated to low extent. This implied that supplier development helped to improve performance in the organizations to great extent.

Inferential Analysis

Coefficient of Correlation

In trying to show the relationship between the study variables and their findings the study used the Karl Pearson's coefficient of correlation (r). According to the findings, it was clear that there was a positive correlation between performance of supermarket chains and supplier evaluation as shown by a correlation figure of 0.521, it was also

clear that there was a positive correlation between performance of supermarket chains and buyer-supplier communication with a correlation figure of 0.618, there was also a positive correlation between performance of supermarket chains and supplier capabilities with a correlation value of 0.587 and a positive correlation between performance of supermarket chains and supplier management support with a correlation value of 0.553. This shows that there was a positive correlation between the performance of supermarket chains and supplier evaluation, buyer-supplier communication, supplier capabilities and supplier management support. This notwithstanding, all the variables were significant as their P-values were less than 0.05.

Table 9: Coefficient of Correlation

		Financial performance	Supplier Evaluation	Buyer-supplier Communication	Supplier Capabilities	Supplier Management Support
Financial performance	Pearson Correlation Sig. (2-tailed)	1				
Supplier Evaluation	Pearson Correlation Sig. (2-tailed)	.5210 .0032	1			
Buyer-supplier Communication	Pearson Correlation Sig. (2-tailed)	.6180 .0021	.3421	1		
Supplier Capabilities	Pearson Correlation Sig. (2-tailed)	.5870 .0043	.1240 .0120	.0621 .0043	1	
Supplier Management Support	Pearson Correlation Sig. (2-tailed)	.5530 .0172	.3420 .0031	.0000 1.000	.1660 .0031	1

Coefficient of Determination

The coefficient of determination was carried out to measure how well the statistical model was likely to predict future outcomes. The coefficient of determination, r^2 is the square of the sample correlation coefficient between outcomes and predicted values. As such it explains the contribution of the four independent variables (supplier evaluation, buyer-supplier communication, supplier capabilities and supplier management support) to the dependent variable.

As summarised on Table 10, of the four independent variables that were studied, only 55.1% of the performance of supermarket chains was represented by the adjusted R^2 . This therefore means that other factors not studied in this research contribute 44.9% of performance of supermarket chains. Therefore, further research should be conducted to investigate the other effects (44.9%) of supplier development that determine the performance of supermarket chains.

Table 10: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.742	0.551	0.641	0.0438

Multiple Regression

The study further conducted a multiple regression analysis so as to identify the relationship of effects of supplier development on performance of supermarket chains. The main purpose of multiple regressions is to learn more about the relationship between several independent or

predictor variables and a dependent or criterion variable. The researcher applied the statistical package for social sciences (SPSS) to code, enter and compute the measurements of the multiple regressions for the study. As per the SPSS generated, the equation, $(Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon)$ becomes:

$$Y = 1.279 + 0.508 X_1 + 0.613 X_2 + 0.525 X_3 + 0.514 X_4 + \epsilon$$

The regression equation above established that taking all factors into account (supplier evaluation, buyer-supplier communication, supplier capabilities and supplier management support) constant at zero, performance of supermarket chains will be 1.279. The findings presented on table 11 also show that taking all other independent variables at zero, a unit increase in supplier evaluation will lead to a 0.508 increase in performance of supermarket chains; a unit increase in buyer-supplier communication will lead to a 0.613 increase in performance of

supermarket chains; a unit increase in supplier capabilities will lead to a 0.525 increase in performance of supermarket chains and a unit increase in supplier management support will lead to a 0.514 increase in performance of supermarket chains. This infers that buyer-supplier communication determine performance of supermarket chains to a great extent, followed by supplier capabilities then supplier management support while supplier evaluation determine little to performance of supermarket chains.

Table 11: Regression Coefficients

Model	Unstandardized Coefficients	Standardized Coefficients			Sig.
	B	Std. Error	Beta	t	
(Constant)	1.279	1.316		0.972	0.357
Supplier Evaluation	0.508	0.310	0.172	1.639	0.0285
Buyer-Supplier Communication	0.613	0.322	0.067	1.904	0.0202
Supplier Capabilities	0.525	0.156	0.210	3.365	0.0249
Supplier Management Support	0.514	0.245	0.148	2.098	0.0276

CONCLUSIONS AND RECOMMENDATIONS

The objectives of this study were; to establish how supplier evaluation affects performance of supermarkets, to examine how buyer-supplier communication affects performance of supermarkets, to establish how supplier capabilities affect performance of supermarkets and to establish how supplier development's top management support affects performance of supermarkets within Nairobi central business district. The study established that most of the supermarkets considered supplier development as a strategy for organization development.

On supplier evaluation the study established that that the supermarkets evaluated their suppliers before selection. The study also established that supplier evaluation results provided valuable

information about general areas of weakness where performance improvements were needed, that evaluation helped the organizations to create long-term relationships with suppliers who were doing well which helped for continuous improvement to remain competitive and that supplier evaluation was an integral part of supplier development which served as a platform for launching supplier development programme. The study also found out that to sustain effective and reliable sources of supplies, the organizations selected their suppliers carefully and evaluated them regularly and that supplier evaluation programme helped to encourage operational innovativeness of suppliers which helped the organizations to remain competitive. The study further established that supplier evaluation

influenced the performance of the organizations to a great extent.

On buyer-supplier communication the study established that most of the supermarkets had a communication framework with their suppliers. The study also established that open channels of communication increased understanding between the organizations and the suppliers and encouraged conflict resolution between both parties, that sourcing and procurement activities were increasingly automated and that open and frequent communication between the organizations and the suppliers motivated the suppliers. Similarly the study established that buyer-to-supplier communication openness played the direct and critical role of achieving significant performance, that if relationships between the organizations and the suppliers was new then communication media was face to face for more clarity in communication and that frequency was the key to good communication. The study further established that buyer-supplier communication influenced the performance of the supermarkets to a great extent.

On supplier capabilities the study found out that majority of the supermarkets had their own organisational capability for supplier development. The study further established that the supermarkets had a mechanism for transferring or replicating capability to their suppliers. The study also established that the organisations focused on maintaining a given level of performance such as quality defects, on time delivery performance or costs, that tacit knowledge and learning was a valuable source of competitive advantage and that maintaining network for capable suppliers was an important objective of purchasing function. Additionally the study established that; the organisations transferred development capability to the suppliers, that tacit knowledge and learning required closer interactions, more time, and particularly face-to-face, joint activities, with the supplier since it was more difficult to accumulate and that the organisations focused on increasing

the existing capability of the suppliers to new, higher levels of performance. The study also established that supplier capabilities influenced the performance of the supermarkets to a great extent.

On top management support the study found out that the top level managers in the supermarkets supported the supplier development programs. The study further established that in order to be successful and receive support, the measures of supply chain performance must support organizational performance measures and that purchasing management got encouragement and support from top management to expand their resources within supplier's operation. Additionally the study established that top management allowed site visits to the suppliers' production area and vice versa, that supplier training was conducted in the organizations and that the organizations' top management set objectives, provided resources, removed barriers and rewarded change. The study also established that lack of top management commitment was a cause of failure in improvement programs. Finally the study established that top management support is of paramount importance in enhancing the performance of the supermarkets.

Finally on organizational performance that product quality had improved as a result of supplier development, supplier development resulted in new product introduction and that supplier development enhanced marketing effectiveness. Similarly the study found out that technological efficiency had improved due to supplier development and that supplier development expanded the organizations' market share. The study also established that supplier development helps to improve performance in the organizations to great extent.

Conclusion

Based on the findings the study concluded that that the supermarkets evaluated their suppliers before selection. The study also concluded that supplier evaluation results provided valuable

information about general areas of weakness where performance improvements were needed, that evaluation helped the organizations to create long-term relationships with suppliers who were doing well which helped for continuous improvement to remain competitive and that supplier evaluation was an integral part of supplier development which served as a platform for launching supplier development programme. The study also concluded that to sustain effective and reliable sources of supplies, the organizations selected their suppliers carefully and evaluated them regularly and that supplier evaluation programme helped to encourage operational innovativeness of suppliers which helped the organizations to remain competitive. The study further concluded that supplier evaluation influenced the performance of the organizations to a great extent.

The study further concluded that most of the supermarkets had a communication framework with their suppliers. The study also concluded that open channels of communication increased understanding between the organizations and the suppliers and encouraged conflict resolution between both parties, that sourcing and procurement activities were increasingly automated and that open and frequent communication between the organizations and the suppliers motivated the suppliers. Similarly the study concluded that buyer-to-supplier communication openness played the direct and critical role of achieving significant performance, that if relationships between the organizations and the suppliers was new then communication media was face to face for more clarity in communication and that frequency was the key to good communication. The study further concluded that buyer-supplier communication influenced the performance of the supermarkets to a great extent.

The study further concluded that majority of the supermarkets had their own organisational capability for supplier development. The study further concluded that the supermarkets had a

mechanism for transferring or replicating capability to their suppliers. The study also concluded that the organisations focused on maintaining a given level of performance such as quality defects, on time delivery performance or costs, that tacit knowledge and learning was a valuable source of competitive advantage and that maintaining network for capable suppliers was an important objective of purchasing function. Additionally the study concluded that; the organisations transferred development capability to the suppliers, that tacit knowledge and learning required closer interactions, more time, and particularly face-to-face, joint activities, with the supplier since it was more difficult to accumulate and that the organisations focused on increasing the existing capability of the suppliers to new, higher levels of performance. The study also concluded that supplier capabilities influenced the performance of the supermarkets to a great extent.

The study also concluded that the top level managers in the supermarkets supported the supplier development programs. The study further concluded that in order to be successful and receive support, the measures of supply chain performance must support organizational performance measures and that purchasing management got encouragement and support from top management to expand their resources within supplier's operation. Additionally the study concluded that top management allowed site visits to the suppliers' production area and vice versa, that supplier training was conducted in the organizations and that the organizations' top management set objectives, provided resources, removed barriers and rewarded change. The study also concluded that lack of top management commitment was a cause of failure in improvement programs. Finally the study concluded that top management support is of paramount importance in enhancing the performance of the supermarkets.

Recommendations

Based on the findings the study recommends that organizations should select their suppliers carefully and evaluate them regularly in order to sustain effective and reliable sources of supplies. To sustain effective and reliable sources of supplies the study recommends that the buyers should have incentives for suppliers who are doing good innovation.

The study also recommends that the organizations should adopt an open and frequent communication between their personnel and their suppliers so as to increase both parties understanding and encourage conflict resolution between both parties. The study also recommends that organizations adopt buyer-to-supplier information sharing, buyer-to-supplier performance feedback and buyer investment in inter-organizational information technology to enable buyer-to-supplier communication openness.

The study also recommends that organizations should always have their own organisational capability for supplier development and must have a mechanism for transferring or replicating capability to its suppliers. The organizations should always maintain closer interactions, more time, and particularly face-to-face, joint activities, with the supplier on tacit knowledge which is more difficult to accumulate.

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The study finally recommends that the organizations' top management always encourage the purchasing management to expend their resources within a supplier's operation. The top management should always encourage site visits, supplier recognition, training, and direct investments in the supplier's firm.

Areas for Further Study

This study investigated on the effects of supplier development on organizational performance. The study established that only 55.1% of the performance of supermarket chains was represented by the adjusted R² which means that other factors not studied in this research contribute 44.9% of performance of supermarket chains. Therefore, further research should be conducted to investigate the other effects (44.9%) of supplier development that determine the performance of supermarket chains. The study suggests that further research to be done on challenges affecting supplier development in organizations. The study also suggests further research be done on the effect of supplier development on organizational performance by focusing on other supermarkets rather than those supermarkets in Nairobi county in order to depict reliable information that illustrates the real situation in all supermarkets.

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