International Journal of Academic Research in Business and Social Sciences
April 2015, Vol. 5, No. 4
ISSN: 2222-6990

Role of Buyer Supplier Relationship on Supply Chain Performance in Kenya's State Corporations: A Case Study of Kenya Tea Development Agency

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DOI: 10.6007/IJARBSS/v5-i4/1546 URL: http://dx.doi.org/10.6007/IJARBSS/v5-i4/1546

Abstract
The purpose of the study was to investigate the role of effective buyer supplier relationship on supply chain performance in Kenya. The study objectives were to identify how lead time, quality, cost and employee morale affects effective buyer supplier relationship on supply chain performance in Kenya. The researcher adopted descriptive research design and census sampling technique. A target population of 56 and a sample of 56 respondents was selected. Data was collected by the use of a semi structured questionnaire that used both closed and open ended questions. Data was coded and then analyzed descriptively using Microsoft Excel and the results presented in tables, pie charts and graphs.
From the findings 80% of the respondents agreed that lead time affected buyer supplier relationship on supply chain performance, 57.1% said that cost affected buyer supplier relationship on supply chain performance. Majority 90% of the respondents agreed that quality affected buyer supplier relationship on supply chain performance and 53.1% of respondents said employee morale affected buyer supplier relationship on supply chain performance to a very high extent. The researcher concluded that customers' expectations were increasing and organizations were prone to more and more uncertain environment. The organization must realize that they must harness the power of technology, effective relation with their supplier to collaborate with their business partners.
The researcher recommends that for the organization to remain competitive, it has to offer superior quality goods at the lowest prices possible. The need to minimize product costs makes effective supply chain management vital. The organization should have good relation with the supplier to enhance efficiency. An organization that employs effective supply chain officers is able to achieve efficiency of its operations since only those values adding activities (VAA) are encouraged. This ensures that the organization's processes flow smoothly and output keeps in line with the organization's needs. The employees who are highly motivated works towards achieving the goals of the organization. The organization should ensure that they have competent supply chain staffs who focus on ensuring buyer supplier relationships are met.
Key Words: Buyer-Supplier Relationships, Supply Chain Management, Lead time

1.0 Introduction

According to Helper and Sako, (2005) buyer-supplier relationships refer to commercial transactions between organizations for the purchase and supply of goods or services. Although inter-organizational transactions have always been important in purchasing and marketing practice, it is only comparatively recently that interest in buyer-supplier relationships has spread across a range of management disciplines reflecting global changes in production methods and work organization in the late 20th century that have made the management of external relationships central to understanding contemporary organizational practices and performance. Maintaining good relations with a supplier should be as important to a contract administrator/end user as getting the best price. A good buyer-seller relationship is a partnership, a win-win situation over the long run. A supplier who is treated with courtesy, honesty, and fairness will deliver a quality product at the best price, will provide good service, and will be responsive to emergency situations and special requests. There is also a public relations aspect to purchasing that should not be overlooked. An organization’s public image can be a valuable asset. A supplier who is treated equitably and professionally is likely to communicate his positive experiences with your organization to his associates, (Dwyer, Schurr & Oh, 2007).

Mentzer & Zacharia (2001) say that supply chain management (SCM) is "the systemic, strategic coordination of the traditional business functions and the tactics across these business functions within a particular company and across businesses within the supply chain, for the purposes of improving the long term performance of the individual companies and the supply chain as a whole." Supply Chain Management is the management of the relationship between the supplier's supplier and the customer's customer through the supply chain participants between them, mainly using information flow and logistics activities to gain competitive advantage and customer satisfaction. A supply chain, as opposed to supply chain management, is a set of organizations directly linked by one or more upstream and downstream flows of products, services, finances, or information from a source to a customer.

In recent decades, globalization, outsourcing, and information technology have enabled many organizations, to successfully operate collaborative supply networks in which each specialized business partner focuses on only a few key strategic activities (Scott, 2003). This inter-organizational supply network can be acknowledged as a new form of organization. It is not clear what kind of performance impacts different supply network structures could have on firms, and little is known about the coordination conditions and trade-offs that may exist among the players. Traditionally, companies in a supply network concentrate on the inputs and outputs of the processes, with little concern for the internal management working of other individual players, (Mintzberg, 2009).

According to Nassimbeni, (2004) supply chain specialization enables companies to improve their overall competencies in the same way that outsourced manufacturing and distribution has done; it allows them to focus on their core competencies and assemble networks of specific, best-in-class partners to contribute to the overall value chain itself, thereby increasing overall performance and efficiency. The ability to quickly obtain and deploy this domain-specific supply chain expertise without developing and maintaining an entirely unique and complex competency in house is a leading reason why supply chain specialization is gaining popularity. Successful SCM requires a change from managing individual functions to integrating activities into key supply chain processes. Supply chain business process integration involves collaborative work between buyers and suppliers, joint product development, common systems, and shared information.

1.1 Statement of the Problem

The supply chain members have conflicting goals or objectives and disagreements over domain of supply chain decisions and actions. It must be noted that a typical supply chain also deals with human systems, and hence, which may pose following challenges and difficulties in coordinating supply chain performance. In the face of an increasingly turbulent market environment, the importance of inter-firm cooperation has been highly recognized by organizations. Johnston (2006) effective buyer-supplier relationships help both exchange parties manage uncertainty and increase efficiency of the supply chains. There is need to have mutual cooperation among all supply chain partners which is essential to achieve better supply chain performance in terms of increasing sales with fewer inventories in the total system and matched supply and demand as lack of cooperation can lead to delays and poor quality of goods distributed.

According to Mwangi (2006), KTDA is faced with challenges of maintaining effective buyer supplier relationship which makes customers unsatisfied due to lack of efficiency and there is increased lead time. Inefficiency in tendering and procurement of goods is eminent in KTDA which makes some of its tendering procedures biased resulting to selecting unqualified bidders who distribute sub-standardized goods and services. This results to the organization incurring extra costs. Majority of the staff in the organization are underpaid thereby demotivating them thus they do not work towards achieving organizational set targets. Lack of sufficient information about market demand, customer preference, or trends increases the level of uncertainty perceived by the buyer/supplier in its purchase/supply decision. Johnston (2006) consider that the buyer-supplier relationships become increasingly important in higher risk purchase situations, and indicate that building a relationship with a reliable supplier helps reduce the perceived uncertainty and risk.

1.2 Objectives of the Study

1.2.1 General objective

The general objective of this study was to investigate the role of buyer supplier relationship on supply chain performance in Kenya's corporate organizations; a case study of Kenya Tea Development Agency.

1.2.2 Specific Objectives

1. To establish the role of lead time on supply chain performance in Kenya Tea Development Agency.
2. To determine the role of cost on supply chain performance in Kenya Tea Development Agency.

3. To assess the role of quality on supply chain performance in Kenya Tea Development Agency.
4. To investigate the role of employee morale on supply chain performance in Kenya Tea Development Agency.

1.3 Research Questions

1. How does lead time affects supply chain performance in Kenya Tea Development Agency?
2. In what ways cost affect supply chain performance in Kenya Tea Development Agency?
3. To what extent does quality affect supply chain performance in Kenya Tea Development Agency?
4. How does employee morale affect supply chain performance in Kenya Tea Development Agency?

2. Literature Review

The aim of this literature review is to acknowledge the contribution of other people in the proposed area of study. It brings out the previous studies done by other scholars in the same areas to enlighten the researcher know the measure to be taken in order to face and overcome the challenges and improved the process of running the organizing correctively.

2.1 Theoretical Framework

2.1.1 Cost and Resource Dependence Theory

Resource dependence theory (RDT) is the study of how the external resources of organizations affect the behavior of the organization. The procurement of external resources is an important tenet of both the strategic and tactical management of any company. Nevertheless, a theory of the consequences of this importance was not formalized until the 1970s, with the publication of The External Control of Organizations: A Resource Dependence Perspective (Pfeffer and Salancik 1978). Resource dependence theory has implications regarding the optimal divisional structure of organizations, recruitment of board members and employees, production strategies, contract structure, external organizational links, and many other aspects of organizational strategy. Buyer Supplier relationship theories have primarily focused on transactional/economic and/or behavioral/relational explanations of exchange.

2.1.2 Buyer Supplier Optimization Theory

Helper and Sako, (2005) note that many companies in the manufacturing sector are presented with supply chain issues every day ranging from identification of new suppliers and materials through manufacturing, transportation and distribution to customers. It is not uncommon for both complex, multi-national original equipment manufacturers (OEMs) and small or mid-sized manufacturers in Kenya to be faced with challenges. From reducing risk and volatility to identifying and collaborating with suppliers through understanding the true total cost of the supply chain, the situation must be assessed and a strategic solution implemented. Value System: An interconnected system of Supply Chains and Value Chains beginning with the determination of customer needs and extending through all supplier and distribution channels required to provide the good or service to the customer. Supply Chain: All enterprises, from sourcing of all materials, through production and distribution, required to provide goods and services to the customer. Value Chain: The value-added activities and business processes within each organization in a supply chain required to provide goods and services to the customer.

2.2 Empirical Review of Variables

2.2.1 Supply Chain Performance

The impact of supplier-buyer relationships on organizations can be analyzed from both operational and strategic perspectives. From an operational perspective, e.g., Campbell, (2009) mainly emphasizes the impact of good supplier-buyer relationships on quality and service delivery or costs. From a strategic perspective, they emphasize sustainable continuous improvements, enhanced competitiveness, and increased market presence. In terms of supplier-buyer performance and/or competitiveness, emphasize that suppliers have an important impact on the overall performance and/or competitiveness of the industrial organizations, not only through minimizing costs, but also through joint product, service and process development, as well as continuously improving quality across all business levels. Lamberts (2000) define the value of good supplier-buyer relationships not only in terms of cost, but also in terms of product and service information which adds value.

A lot information exists about buyer-supplier relationships within many business organizations. Practitioners and researchers often assume that purchasing practices that work in large organizations are also appropriate for use in smaller organizations (Gibb 2000). In many large organizations, such relationships are often well developed and long-standing. It can be counter argued that buyer-supplier relationships may not be as developed as large organizations simply because they are small and lack specialized organizational resources (Quayle 2009). For example, lack of purchasing power or ability to influence suppliers due to relatively small purchasing volumes, and scarcity of internal resources such as executive time that can be devoted to developing supplier relationships.

2.2.2 Lead Time

According to Weirsema, (2001) lead time is the period of time between the initial phase of a process and the emergence of results, as between the planning and completed manufacture of a product. Lead time is the latency (delay) between the initiation and execution of a process. In industry, lead time reduction is an important part of lean manufacturing. A more conventional definition of lead time in the supply chain management realm is the time from the moment the customer places an order (the moment you learn of the requirement) to the moment it is ready for delivery. In the absence of finished goods or intermediate (work in progress) inventory, it is the time it takes to actually manufacture the order without any inventory other than raw materials.

Wieland & Wallenburg, (2011) say that in the manufacturing environment, lead time has the same definition as that of Supply Chain Management, but it includes the time required to ship the parts from the supplier. The shipping time is included because the manufacturing company needs to know when the parts will be available for material requirements planning. It is also possible for lead time to include the time it takes for a company to process and have the part ready for manufacturing once it has been received, (Black and Porter, 2006). With tight manufacturing constraints or when a company is using Just in Time manufacturing it is important for supply chain to know how long their own internal processes take. Identification of when supplier relationships are appropriate, the dimensions of effective relationships and how relationships can be a source of competitive advantage have received considerable attention in the literature. A supplier relationship is a relationship that differs with different suppliers. The goal of Supplier Relationship Management (SRM) is to streamline and make the processes between an enterprise and its suppliers more effective.

2.2.3 Cost

Wilemon, (2006) asserts that cost is the value of money that has been used up to produce something, and hence is not available for use anymore. In business, cost is one of acquisition, in which case the amount of money expended to acquire it is counted as cost. In this case, money is the input that is gone in order to acquire the thing. This acquisition cost may be the sum of the cost of production as incurred by the original producer, and further costs of transaction as incurred by the acquirer over and above the price paid to the producer. Usually, the price also includes a mark-up for profit over the cost of production.

Ping, (2003) in recent years, there has been an increasing realization of the need for industrial buyers of goods and services to develop and maintain long-term relationships with their suppliers. This is especially true against the background that long-term relationships can have a number of beneficial effects such as cost reduction and improved efficiency. Benefits may be a consequence of reduced transaction cost, improvement in the level of information flow, as well as improvements in product quality and performance. Establishing and improving buyer-seller relationships is therefore critical for industrial business partners in seeking out long-term sustainability in highly competitive industries. In order to be successful, channel partners need to develop, maintain and seek improvements on the dynamics of a relationship within the supply chain. One important factor that has been considered in many exchange relationships is cost, which is the financial value that is given out in exchange for a product. The marketing concept states that to achieve success an organization should identify and satisfy consumer needs and wants more effectively than competitors. Furthermore the extant literature in marketing holds that consumer satisfaction is the main directive of marketing. This notion of consumer satisfaction is also connected to the concept of relationship marketing and the creation of long-term relationships which result in customer satisfaction, incorporating satisfaction relating to price and its various dimensions, (Varki & Colgate, 2001)

In recent years, countless management experts and analysts have touted the benefits that businesses of all sizes can realize by establishing "partnerships" with their suppliers. Under such a plan, which is also sometimes referred to as "supply chain management," distribution channels are set up across organizations so that all the members of the channel, from suppliers to end users, coordinate their business activities and processes to minimize their total costs and maximize their effectiveness in the marketplace, (Hines, 2004). Common impediments to establishing true business partnerships with suppliers include: attachment of greater importance to other initiatives; comfortable relationships with existing suppliers; dearth of cross-business unit cooperation; doubts about the benefits of instituting such practices; lack of cross-functional cooperation; poor monitoring and control systems; inexperience at managing improvement programs; and distrust of suppliers. Companies that feature many of these characteristics typically cling to old competitive bidding practices that center on perfectly legitimate concerns about price, but at the exclusion of all else, (Hines, 2004).

2.2.4 Employee Morale

Employee morale is the description of the emotions, attitude, satisfaction, and overall outlook of employees during their time in a workplace environment, (Larcker, 2006). Part of effective productivity is thought to be directly related to the morale of the employees. Employees that are happy and positive at work are said to have positive or high employee morale. Companies that maintain employees who are dissatisfied and negative about their work environment are said to have negative or low employee morale. Employee morale describes the overall outlook, attitude, satisfaction, and confidence that employees feel at work. When employees are positive about their work environment and believe that they can meet their most important needs at work, employee morale is positive or high. If employees are negative and unhappy about their workplace and feel unappreciated and as if they cannot satisfy their goals and needs, employee morale is negative or low.

Employee morale proves to be detrimental to the business in these respects. Morale can drive an organization forward or can lead to employee discontent, poor job performance, and absenteeism. With low morale comes a high price tag. Failing to address this issue lead to decreased productivity, increased rates of absenteeism and associated costs, increased conflicts in the work environment, increased customer or consumer complaints, and increased employee turnover rates and costs associated with selection and training replacement staff, (Simchi-levi, 2007). According to Hines, (2004) developing and maintaining good morale starts with hiring the right people in the first place. Thereafter, your employees’ morale affects how motivated they will be to work for you, suggests how much they will do while on shift, and influences how long they will stay with your organization. As a manager, much of the mood within the organization is in your hands. Make sure you do your part to keep morale levels high.

Supplier-buyer relationships have today become the “backbones of economic activities in the modern world” and a focal point of organizational competitiveness, performance and long-term business success. According to Gadde (2001), the competitiveness and profit-generating capacity of the individual firm is highly dependent on its ability to handle the supply side. Moreover, the transitivity of company’s competitive advantage has not only transformed simple linear supply chains into complex networks of supplier buyer relationships, but has also made the management of supplier buyer relationships a key component of corporate strategy, competitive advantage and success.

2.2.4 Quality

The management of both quality and buyer-supplier relationships are issues that have attracted the attention of both academics and managers. From an academic perspective, theory development in quality management is of relatively recent vintage, while in contrast the area of buyer-supplier relationships has been the subject of rigorous theory building and testing for many years, particularly within the industrial marketing literature. The management of buyer-supplier relationships has also attracted the interest of managers, (Juran, 2006). For instance, the Japanese concept of 'lean supply' based on close working relationships, transparency of information and devolution of design and engineering tasks further down the supply chain has implications for both buyers and suppliers. Buyers are concerned with getting the right quality product at the right price while suppliers are concerned with supplying the right quality product at a price that is profitable. Thus the interaction between quality and buyers-supplier relationships provides a fertile area for investigating why quality practices have an impact on quality performance.

Dale & Lightburn, (2002) empirical advances in the area initially focused on the identification of core quality practices that included top management support, quality information, process management, product design, workforce management, supplier involvement and customer orientation. Subsequent empirical studies switched their focus to the quality practices - quality performance relationship and quality performance – business performance, relationship with significant support for the former but only mixed support for the latter. Whilst these studies are important in themselves, equally they prompt questions about the nature of quality performance and its various dimensions. Internal quality performance incorporates both design quality and conformance quality while external quality performance incorporates quality-in-use and customer value and satisfaction.

3.0 Research Methodology

The researcher adopted the case study research design. The major purpose of this research design was to provide a description of the state of affairs as it exists. Mugenda and Mugenda (2003) descriptive research design attempts to collect data from members of a population in order to determine the status of that population with respect to one or more variables. This study aimed at collecting information on their opinions in relation to the role of effective buyer-supplier relationship on supply chain performance in Kenya.

The target population for this study were the Chief Supply Chain Officer, Senior Supply Chain Officers, Assistant Supply Chain Officers and the Store Clerks of Kenya Tea Development Agency main branch. The target population was 56 respondents. Kenya tea development agency (K.T.D.A) was of interest to this study since according to the report by PPDA (2010) the organization had made great efforts to comply with effective buyer supplier relationship.

Kothari (2004), (2003) defines a sample as a small proportion of an entire population; a selection from the population. Mugenda and Mugenda (2003) when the population is too small, census is the most preferred method. Since the target population was small, the researcher employed census-sampling technique. Both primary and secondary data were used for the study. The research study used a questionnaire as a key instrument for primary data collection. Secondary data was obtained from relevant literature like journals, internet and books. The use of questionnaires was preferred as it ensured confidentiality was upheld, save on time, and was easy to administer (Bell 2003). The questionnaire used were structured (close ended) and

unstructured (open ended) to elicit specific responses for quantitative and qualitative analysis respectively.
The study utilized both qualitative and quantitative data collection techniques. Qualitative data was collected through questionnaires to provide a more in depth and rich description of the subject under study. Pilot study was thus conducted to test weaknesses in design and instrumentation to provide proxy data for selection of a sample. Qualitative data was analyzed through content analysis. Quantitative data was analyzed through the use of frequency distribution, mean. With the help of Statistical Package for Social Science (SPSS) the findings were presented in form of frequency distribution tables, charts and graphs.

4. Results of the Study

4.1 Lead time

The findings from the table below indicate the response on whether lead time affects buyer supplier relationship on supply chain performance.

Table 4.7 Analysis on whether lead time was important in effective buyer supplier relationship on supply chain performance in KTDA

Respondents	Frequency	Percentage (%)
Yes	41	86
No	8	14
Total	**49**	**100**

Table 4.7 shows the response on whether lead time was important buyer supplier relationship on supply chain performance. From the analyzed data majority 86% of the respondents agreed that lead time was important in buyer supplier relationship, while 14% did not agreed. Therefore lead time is an important factor in buyer supplier relationships thus the organization should ensure they achieve effective measures of lead time for the smooth growth of supply chain performance and the organization at large.

Table 4.8 Analysis on whether lead time affects buyer supplier relationship on supply chain performance

Respondents	Frequency	Percentage (%)
Yes	39	80
No	10	20
Total	**49**	**100**

The findings indicate that 80% of the respondents agreed that lead time affects buyer supplier relationship on supply chain performance, while 20% did not agree. Therefore majority of the respondents agreed that lead time affects buyer supplier relationship on supply chain performance. The most effective way for businesses to reduce stock is by reducing the supply lead time which in turn affects the chain of buyer supplier relationship.

Table 4.9 Analysis on extent to which lead time affects buyer supplier relationship on Supply Chain Performance

Respondents	Frequency	Percentage (%)
To a very high extent	34	69.4
To a high extent	11	22.5
To a low extent	4	8.1
Total	**49**	**100**

Table 4.9 summarizes the extent to which lead time affects effective buyer supplier relationship on supply chain performance. The majority of the respondents 69.4% of the respondents said the extent lead time affects effective buyer supplier relationship on supply chain performance was to a very high extent, 22.5% said it was to a high extent, while 8.1% said it was to a low extent. Lead time should be considered as an important factor in the performance of supply chain and thus the organization should ensure that they allow for shorter lead times. Shorter lead times enable the organization to produce quality goods since they are able to inspect the goods before going for the production hence high profits, less turnover and improved employee morale which results to customer satisfaction.

4.2 Cost

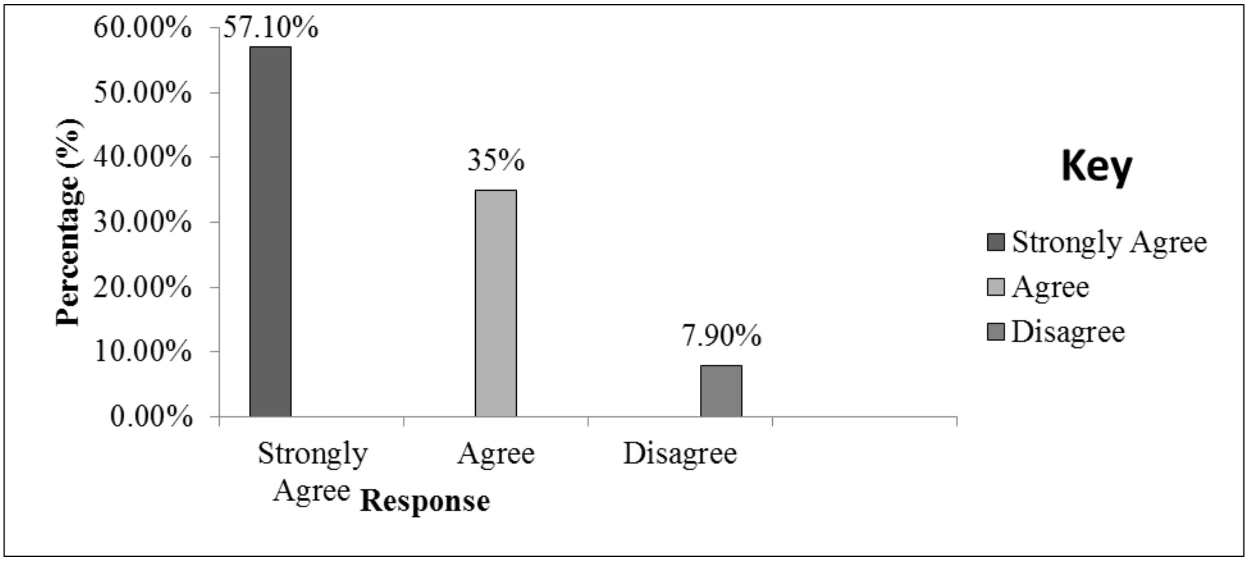

Figure 4.2 Cost affects buyer supplier relationship on Supply Chain Performance

Figure 4.2 indicates the response on whether cost affects buyer supplier relationship on supply chain performance. From the findings 57.1% of the respondents strongly agreed that cost affects buyer supplier relationship on supply chain performance, 35% agreed, while 7.9% disagreed. A firm *will* have a competitive advantage, if its products are superior or if it provides superior customer service and so on and are of low costs. Cost advantage is created when the superior business process is cheaper to operate than the inferior other. Cost advantage can be created through elimination of waste from the process, but also by optimizing the process within the process constraints. A lot of supply chain processes fall in this category and can provide finite cost advantages when implemented correctly. Cost advantage allows the organization to become more profitable or expand its market share.

Table 4.10 Extent cost affects buyer supplier relationship on supply chain performance

Respondents	Frequency	Percentage (%)
To a very high extent	25	51
To a high extent	19	39
To a low extent	5	10
Total	**49**	**100**

From the table 4.10 below 51% of the respondents said the extent to which cost affects buyer supplier relationship on supply chain performance was to a very high extent, 39% said it was to a high extent, while 10% said it was to a low extent. Supply chain management involves identifying the processes that increase cost without increasing the value of the final product. An organization that employs supply chain management can foster close-knit relationships with its suppliers and customers, ensuring the timely fulfillment of orders. An organization known for its timeliness and responsiveness will attract more customers, and will grow as a result of increased output and sales. By adding an effective SCM system to a business, the added global efficiency can lead to lower costs of raw materials. This system efficiently plans for materials to be brought to your organization from the lowest cost provider possible and at just the right time to ensure there is no excess or deficiency in the material. A SCM system can improve your organization's relationship with vendors so that there are opportunities to cut costs like through a volume discount.

4.3 Quality

Table 4.11 Quality affects buyer supplier relationship on supply chain performance

Respondents	Frequency	Percentage (%)
Yes	44	90
No	5	10
Total	**49**	**100**

Table 4.11 show the response on whether quality affects buyer supplier relationship on supply chain performance. Majority 90% of the respondents agreed that quality affects buyer supplier relationship on supply chain performance, while 10% did not agree. The understanding and practicing of supply chain management have become an essential prerequisite for staying competitive in the global race and for enhancing profitability. Effective SCM has become a potentially valuable way of securing competitive advantage through the improving of organizational performance and most companies have been increasingly implementing SCM practices.

4.5.2 Analysis on whether organization ensures good to be delivered to customers were of good quality

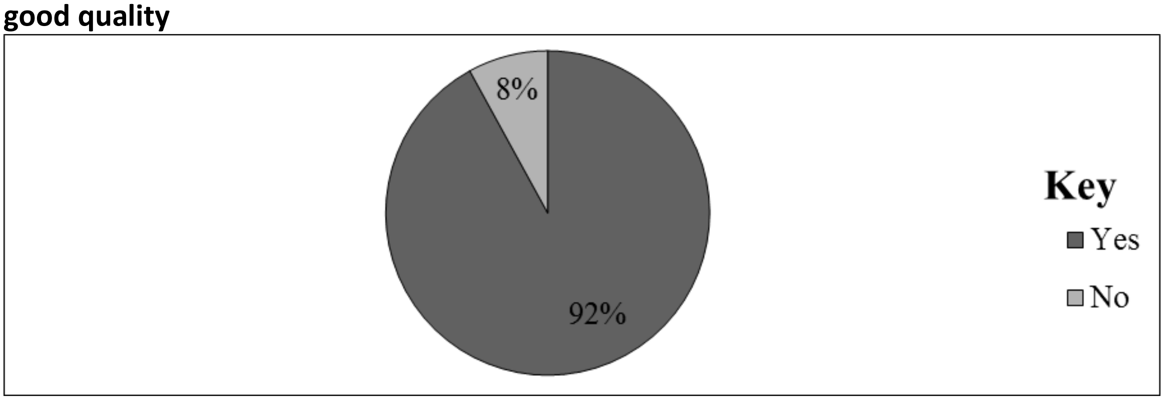

Figure 4.3 Analysis on whether organization ensures good to be delivered to customers are of good quality

From the findings 92% of the respondents agreed that the organization ensured good delivered to customers were of good quality, while 8% did not agree. Supply chain management (SCM) is recognized as a contemporary concept that leads in achieving benefits of both operational and strategic nature though use of quality goods. An effective buyer supplier partnership can be a critical component of a leading edge supply chain. In today's global competition environment, facing the rapid technology progress and high customer expectations, companies find it hard to win the competition only depending one's own capacity.

4.5.3 Analysis on extent quality affects buyer supplier relationship on supply chain performance

Table 4.12 Extent quality affects buyer supplier relationship on supply chain performance

Respondents	Frequency	Percentage (%)
To a very high extent	29	59.2
To a high extent	17	35
To a low extent	3	5.8
Total	**49**	**100**

Table 4.12 summarizes the extent quality affects buyer supplier relationship on supply chain performance in Kenya. From the findings 59.2% of the respondents agreed that the extent quality affects buyer supplier relationship on supply chain performance was to a very high extent, 35% said it was to a high extent, while 5.8% said it was to a low extent. Product quality within the supply chain has become a pressing issue. Defects and rework attributable to poor systems are raising the costs of doing business. One of the advantages of supply chain management is that it incorporates quality techniques, such as quality management systems, to improve operations.

4.5 Employee Morale

Table 4.13 Analysis on how the organization motivates their employees

Respondents	Frequency	Percentage (%)
Through incentives	16	33
Salary increment	19	39
Promotions	14	28
Total	**49**	**100**

Table 4.13 indicate the response on how the organization motivated their employees. From the findings 33% of the respondents said that employees were motivated though incentives, 39% said it was salary increment, while 28% said it was through promotions. Employees have different motivators and money is not the only motivator. Some of the employees value their jobs more than more, others like being promoted. Highly motivated employees works towards achieving the organizational goals.

Table 4.14 Extent employee morale affects buyer supplier relationship on supply chain performance in Kenya

Respondents	Frequency	Percentage (%)
To a very high extent	26	53.1
To a high extent	21	43
To a low extent	2	3.9
Total	**49**	**100**

Table 4.14 above summarizes the extent employee morale affects buyer supplier relationship on supply chain performance in K.T.D.A. From the findings 53.1% of the respondents agreed that the extent employee morale affects buyer supplier relationship on supply chain performance, 43% high extent, while 3.9% said it was to a low extent.

4.7 Supply Chain Performance

4.7.1 Whether supply chain performance was important in Kenya’s corporate organizations

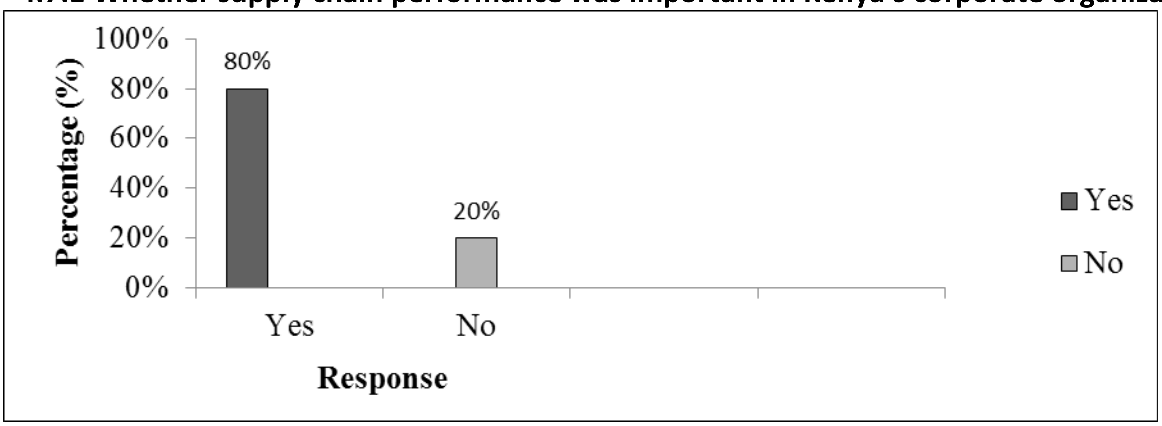

Figure 4.4 Supply Chain Performance is important in Kenya’s corporate organizations

Figure 4.4 indicates the response on whether supply chain performance was important in Kenya’s corporate organizations. From the findings majority 80% of the respondents agreed that supply chain performance was important in Kenya’s corporate organizations, while 20% said it was not. SCM is a cross-functional approach that includes managing the movement of raw materials into an organization, certain aspects of the internal processing of materials into finished goods, and the movement of finished goods out of the organization and toward the end consumer. As organizations strive to focus on core competencies and becoming more flexible, they reduce their ownership of raw materials sources and distribution channels. Organizations increasingly find that they must rely on effective supply chains, or networks, to compete in the global market and networked economy.

Table 4.15 Rating the importance of supply chain performance in Kenya's corporate organizations

Respondents	Frequency	Percentage (%)
Very important	31	63.2
Important	14	29
Not important	4	7.8
Total	**49**	**100**

Table 4.15 indicates the response on the importance of supply chain performance in Kenya's corporate organizations. The findings indicate that 31 (63.2%) of the respondents rated the importance of supply chain performance in Kenya's corporate organizations as very important, 14 (29%) as important, while 4 (7.8%) rated it as not important in Kenya's corporate organizations. Therefore majority of the respondents under study rated the importance of supply chain performance in Kenya's corporate organizations as very important. Effective supply chains give businesses a competitive advantage in the marketplace and help mitigate risks associated with acquiring raw materials and delivering products or services. By implementing supply chain management systems, businesses are able reduce waste, overhead costs and shipping delays in a scientific way. The benefits of this systematic approach impacts areas ranging from product quality to order turn-around times.

Conclusions

Customers' expectations are also increasing and organizations are prone to more and more uncertain environment. Organizations will find that their conventional supply chain integration will have to be expanded beyond their peripheries. The strategic and technological innovations in supply chain will impact on how organizations buy and sell in the future. However clear vision, strong planning and technical insight would be necessary to ensure that companies maximize the potential for better supply chain management and ultimately improved competitiveness. The organization must realize that they must harness the power of technology, effective relation with their supplier to collaborate with their business partners.
By adding an effective SCM system to a business, the added global efficiency can lead to lower costs of raw materials. This system efficiently plans for materials to be brought to your organization from the lowest cost provider possible and at just the right time to ensure there is no excess or deficiency in the material thereby creating good rapport with the suppliers. SCM can improve your organization's relationship with vendors so that there are opportunities to cut costs like through a volume discount. A business cannot always run smoothly and there are a number of factors that can lead to problems in the production of a product. If an issue occurs with the suppliers of your organization, you may have to change how you produce your product. If the distributor goes out of business, you will have to find another way to sell the product.

Recommendations

The following recommendations were made:

To remain competitive, organization has to offer superior quality goods at the lowest prices possible. The need to minimize product costs makes effective supply chain management vital. The organization should have good relation with the supplier to enhance efficiency. There are costs involved in every process of the SCM and the buyer supplier relationship, and it is the responsibility of management to ensure that these costs are kept low, so the organization can continue to pass along these savings to the consumer. Supply chain management involves identifying those processes that increase cost without increasing the value of the final product. These processes are wasteful and do not add value, and should be eliminated whenever possible. Businesses exist to make profits. One of the most efficient ways of increasing an organization's profits is by ensuring that costs are kept as low as possible. The application of supply chain management by organization leads to cost reductions due to elimination of wasteful processes. Since these are operating costs for the organization, the savings on these costs reflect increased profits by the organization.

An organization that employs effective supply chain officers is able to achieve efficiency of its operations since only those values adding activities (VAA) are encouraged. This ensures that the organization's processes flow smoothly and output keeps in line with the organization's needs. The employees who are highly motivated works towards achieving the goals of the organization. The organization should ensure that they have competent supply chain staffs who focus on ensuring buyer supplier relationships are met. Effective buyer supplier relationship will in turn ensure the organization runs smoothly since the supplier is able to supply goods early in advance thus limiting delay. An organization that employs supply chain management can foster close-knit relationships with its suppliers and customers, ensuring the timely fulfillment of orders. An organization known for its timeliness and responsiveness will attract more customers, and will grow as a result of increased output and sales.

Closer integration with suppliers results in higher levels of reliability, delivery times (lead time), 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. The procurement staffs should ensure that they place the orders early for the suppliers to be able to deliver in time. When the goods are delivered in time the procurement personnel can inspect the goods thereby ensuring they are of high quality. High quality goods will lead to growth of the organization, customer satisfaction and employee morale since the employees are motivated to work towards achieving organizational tasks.

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