**SUPPLIER DEVELOPMENT AND PROCUREMENT PERFORMANCE IN SUPPLY CHAIN STORES. A CASE STUDY OF SHOPRITE SUPERMARKET**

## BY

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## DECLARATION

I Isiife Samuel do declare that this dissertation is my original work and has never been submitted to any university for any academic award.

Signature…………………… Date…………………………

## APPROVAL

## I hereby confirm that this dissertation was done under my supervision and is now ready for submission.

Signature…………………… Date…………………………

**Mr. Lwanga Musisi Abubaker**

## DEDICATION

This piece of work is dedicated with great pleasure to my spouse, children and friends for the support that they rendered to me. I really thank them for their guidance they showed.

`

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## TABLE OF CONTENTS

[DECLARATION i](#_Toc38757938)

[APPROVAL ii](#_Toc38757939)

[DEDICATION iii](#_Toc38757942)

[ACKNOWLEDGEMENT iv](#_Toc38757945)

[TABLE OF CONTENTS v](#_Toc38757952)

[LIST OF TABLE ix](#_Toc38757953)

[LIST OF FIGURES xi](#_Toc38757954)

[ACRONYMS xii](#_Toc38757955)

[**CHAPTER ONE 1**](#_Toc38757956)

[**INTRODUCTION 1**](#_Toc38757957)

[1.1 Introduction 1](#_Toc38757958)

[1.2 Background to the study 1](#_Toc38757959)

[1.3 Statement of the Problem 4](#_Toc38757969)

[1.4 Purpose of the study 5](#_Toc38757972)

[1.5 Objectives of the study 5](#_Toc38757973)

[1.6 Research Questions 5](#_Toc38757974)

[1 .7 Hypotheses of the study 5](#_Toc38757978)

[1.8 Scope of the study 5](#_Toc38757979)

[1.9 Significance of the Study 6](#_Toc38757980)

[1.10 The organization of the study 7](#_Toc38757981)

[**CHAPTER TWO 8**](#_Toc38757992)

[**STUDY LITERATURE 8**](#_Toc38757993)

[2.1 Introduction 8](#_Toc38757994)

[2.2 Literature Survey 8](#_Toc38757996)

[2.3 Theoretical review 9](#_Toc38758002)

[2.4. Review of related literature 12](#_Toc38758005)

[2.4.1 Supplier Training and performance 13](#_Toc38758010)

[2.4.2 Supplier Financing and performance 16](#_Toc38758025)

[2.4.3 Supplier partnership and performance 18](#_Toc38758035)

[2.5 Supplier development and Procurement performance 23](#_Toc38758036)

[2.6 Conceptual framework 24](#_Toc38758042)

[**CHARPTER THREE 26**](#_Toc38758043)

[**METHODOLOGY 26**](#_Toc38758044)

[3.4 Sampling Techniques 27](#_Toc38758045)

[3.5 Sampling techniques 29](#_Toc38758046)

[3.10 Data processing, Analysis and presentation 33](#_Toc38758047)

[3.10.1 Data processing 33](#_Toc38758048)

[3.10.3 Data presentation 34](#_Toc38758049)

[3.11 Ethics and data collection procedures 34](#_Toc38758050)

[3.12 Limitations to the Study 34](#_Toc38758051)

[**CHAPTER FOUR 35**](#_Toc38758052)

[**SUPPLIER TRAINING AND PERFORMANCE OF SHOPRITE SUPERMARKET 35**](#_Toc38758053)

[4.0. Introduction 35](#_Toc38758054)

[4.1. Shoprite supermarket organizes the external coaching programs to their key suppliers 35](#_Toc38758055)

[4.2 The supermarket organizes workshops with suppliers focusing on quality issues 35](#_Toc38758057)

[4.3 The supermarket arranges seminars with the suppliers 36](#_Toc38758060)

[4.4 The supermarket organizes special meetings with the suppliers 37](#_Toc38758062)

[4.5 The supermarket directly interacts with suppliers 38](#_Toc38758063)

[4.7 The supermarket facilitates suppliers with the short course studies 39](#_Toc38758065)

[4.8: Suppliers are always encouraged to conduct on-job 40](#_Toc38758066)

[4.9: The supermarket hires external consultant to train the suppliers 40](#_Toc38758067)

[4.10: The supermarket assists supplier in acquiring certification by agencies 41](#_Toc38758069)

[4.11 Regression analysis 42](#_Toc38758070)

[**CHAPTER FIVE 44**](#_Toc38758071)

[**SUPPLIER FINANCING AND PERFORMANCE OF SHOPRITE SUPERMARKET 44**](#_Toc38758072)

[5.0. Introduction 44](#_Toc38758073)

[5.1. The supermarket makes immediate payment to suppliers 44](#_Toc38758074)

[5.2. The supermarket finance suppliers with equipment 44](#_Toc38758077)

[5.3. The supermarket extends credit advice to the esteemed suppliers 45](#_Toc38758080)

[5.4. The supermarket extends advance payments to reliable suppliers 46](#_Toc38758081)

[5.5. The supermarket extends financial loans to prominent suppliers 47](#_Toc38758082)

[5.6. The supermarket finances distributors with trade credits 48](#_Toc38758083)

[5.7. The supermarket makes batch ordering for the goods from suppliers 48](#_Toc38758085)

[5.8. Financial leasing is always offered to suppliers by the supermarket 49](#_Toc38758086)

[5.9. The supermarket offers suppliers with an optimal price discounts 50](#_Toc38758087)

[5.10. The supermarket always support the suppliers with raw-materials 50](#_Toc38758088)

[5.11 Regression analysis 51](#_Toc38758089)

[**CHAPTER SIX 53**](#_Toc38758090)

[**SUPPLIER PARTNERSHIP AND PERFORMANCE OF SHOPRITE SUPERMARKET 53**](#_Toc38758091)

[6.0. Introduction 53](#_Toc38758092)

[6.1. Shoprite supermarket shares procurement related information with suppliers 53](#_Toc38758093)

[6.2. Shoprite supermarket shares procurement related information with suppliers 53](#_Toc38758094)

[6.3. The supermarket makes strong and open communications with the suppliers 54](#_Toc38758095)

[6.4. Suppliers inform the management in advance when they expect disruptions in supplies 55](#_Toc38758096)

[6.5. The supermarket rewards suppliers who share procurement related information 55](#_Toc38758097)

[6.6. Procurement employees freely interact with suppliers 56](#_Toc38758098)

[6.7. Employees frequently communicate to suppliers about performance and client feedback 57](#_Toc38758099)

[6.8. Shoprite supermarket gives recognition to outstanding supplier performance 57](#_Toc38758100)

[6.9. Partnership arrangement with the suppliers improve firm’s ability to respond to the new demands 58](#_Toc38758101)

[6.10. Supplier Partnership increases provision of error-free products 59](#_Toc38758102)

[6.11 Regression analysis 59](#_Toc38758103)

[**CHAPTER SEVEN 61**](#_Toc38758104)

[**SUPPLIER DEVELOPMENT AND PROCUREMENT PERFORMANCE OF SHOPRITE SUPERMARKET 61**](#_Toc38758105)

[7.0. Introduction 61](#_Toc38758106)

[7.1. Suppliers make on-time deliveries for goods 61](#_Toc38758107)

[7.2. Adherence to the practice of Just in time purchasing strategies 61](#_Toc38758108)

[7.3. Suppliers are consistent in delivering supplies to the supermarket 62](#_Toc38758109)

[7.4. Suppliers provide supplies at an optimal price 63](#_Toc38758110)

[7.5. High rate of rush order costs incurred by the supermarket 63](#_Toc38758111)

[7.6. The supermarket is experiencing low inventory carrying costs 64](#_Toc38758112)

[7.7. Less risks/costs of non-supply in the supermarket 64](#_Toc38758113)

[7.8. Suppliers clearly mark on the products with the correct manufactured and expiry dates 65](#_Toc38758114)

[7.9. Suppliers provide supplies of the desired quality 65](#_Toc38758115)

[**CHAPTER EIGHT 67**](#_Toc38758116)

[**TOWARDS HARMONIZING SUPPLIER DEVELOPMENT AND PROCUREMENT PERFORMANCE OF SHOPRITE SUPERMARKET 67**](#_Toc38758117)

[8.0 Introduction 67](#_Toc38758118)

[8.1.1 Supplier Training and performance 67](#_Toc38758119)

[8.1.2 Supplier Financing and performance 68](#_Toc38758120)

[8.1.3 Supplier partnership and performance 69](#_Toc38758121)

[**CHAPTER NINE 71**](#_Toc38758122)

[**SUMMARY, CONCLUSION AND RECOMMENDATION TO THE STUDY 71**](#_Toc38758123)

[9.0 Introduction 71](#_Toc38758124)

[9.1 Summary of the findings 71](#_Toc38758125)

[9.1.1 Supplier Training and performance 71](#_Toc38758127)

[9.1.2 Supplier Financing and performance 71](#_Toc38758128)

[9.1.3 Supplier partnership and performance 72](#_Toc38758129)

[9.2 Conclusion 72](#_Toc38758130)

[9.3 Recommendations 72](#_Toc38758131)

[References 74](#_Toc38758132)

[APPENDIX I 80](#_Toc38758133)

[QUESTIONNAIRE 80](#_Toc38758134)

[APPENDIX II 86](#_Toc38758166)

[INTERVIEW GUIDE 86](#_Toc38758167)

[APPENDIX III 87](#_Toc38758168)

[TABLE FOR SAMPLE SIZE DETERMINATION 87](#_Toc38758169)

## LIST OF TABLES

Table 3.1: Sample size and distribution of respondents

Table 3.2: Response rate of respondents

Table 3.3 Gender of respondent

Table 3.4 Level of Education

Table 3.5 Marital status

Table 3.6: Age group

Table 3.7: Reliability Results-Cronbach Alpha Coefficient

Table 3.8: Content Validity Index results

Table 4.1: Shoprite supermarket organizes the external coaching programs to key suppliers

Table 4.2: The supermarket organizes a number of workshops with suppliers focused on product quality improvement

Table 4.3: The supermarket arranges seminars with the suppliers

Table 4.4: The supermarket organizes special meetings with the suppliers

Table 4.5: The supermarket directly interacts with suppliers

Table 4.6: The supermarket sends suppliers with removable disk containing notes

Table 4.7: The supermarket facilitates suppliers with the short course studies

Table 4.8: Suppliers are always encouraged to conduct on-job

Table 4.9: The supermarket hires external consultant to train the suppliers

Table 4.10: The supermarket assists supplier in acquiring certification by agencies

Table 4.11.1: ANOVA a Test Result

Table 4.11.2: Coefficients Test Result

Table 5.1: The supermarket makes immediate to payment suppliers

Table 5.2: The supermarket finance suppliers with equipment

Table 5.4: The supermarket extends advance payments to reliable suppliers

Table 5.5: The supermarket extends financial loans to prominent suppliers

Table 5.6: The supermarket finances distributors with trade credits

Table 5.7: The supermarket makes batch ordering for the goods from suppliers

Table5.8: Financial leasing is always offered to suppliers by the supermarket

Table 5.9: The supermarket offers suppliers with an optimal price discounts

Table 5.10: The supermarket always support the suppliers with raw-materials

Table 5.11.1: ANOVA test results

Table 5.11.2: Coefficients Test Result

Table 6.1: Shoprite supermarket always share procurement related information with suppliers

Table 6.2: The supermarket has platforms for effective information sharing with suppliers

Table 6.3: the supermarket makes strong and open communications with the suppliers

Table 6.4: Suppliers inform the management in time for any disruption in supplies

Table 6.5: The supermarket rewards suppliers who share procurement related information

Table 6.6: Procurement employees freely interact with suppliers

Table 6.7: Employees frequently communicate to suppliers about performance and client feedback

Table 6.8: Shoprite supermarket gives recognition to outstanding supplier performance

Table 6.9: Partnership arrangement with the suppliers improve firm’s ability to respond to the new demands

Table 6.10: Supplier Partnership increases provision of error-free products

Table 6.11.1 ANOVA Test Result

Table 6.11.2: Coefficients Test Result

Table 7.1: Suppliers make on-time deliveries for goods

Table 7.2: Adherence to the practice of Just in time purchasing strategies

Table 7.3: Suppliers are consistent in delivering supplies to the supermarket

Table 7.4: Suppliers provide supplies at an optimal price

Table 4.5: High rate of rush order costs incurred by the supermarket

Table 4.6: The supermarket is experiencing low inventory carrying costs

Table 7.7: Less risks/costs of non-supply in the supermarket

Table 7.8: Suppliers clearly mark on the products with the correct manufactured and expiry dates

Table 7.9: Suppliers provide supplies of the desired quality

## LIST OF FIGURES

Figure 2.1 Theory of Constraints model………………………………………………………10

Figure [2.2 Conceptual framework…………………………………………………………….](#_Toc34189982)24

## ACRONYMS

CVI Content Validity Index

RDT Resource Dependence Theory

SCS Supply Chain Stores

SMEs Small and Medium Enterprises

SPSS Statistical Package for the Social Sciences

TOC Theory of Constraints

UNBS Uganda National Bureau of Standards

**ABSTRACT**

The study was about the relationship between supplier development and the procurement performance of Supply Chain Stores in Kampala. It focused on Shoprite supermarket, Clock Tower-Kampala. The study was guided by the following objectives: to examine the relationship between supplier training and performance of Shoprite Supermarket, to examine the relationship between supplier financing and performance of Shoprite Supermarket and to establish the relationship between supplier partnership and performance of Shoprite Supermarket. The study used a case study research strategy where both quantitative and qualitative data was used. A sample size of 71 was used for the study out of targeted population of 80 respondents. However, out of 71 distributed questionnaires, only 63 were returned, giving a response rate of 88.7%. The research employed three methods of data collection which included: Questionnaire, Interviewing and documentary review. Cleaned data was analysed using both statistical and narrative methods. The findings were presented in the form of illustrative tables, and the qualitative data were averaged and collated to establish consistencies and differences. Qualitative data analysis was made using content analysis technique. Multiple regression analysis was used to test for the relationships between the variables. The study revealed that, the supermarket integrates different training methods with the main focus development the suppliers that in turns improve the procurement performance of the supermarket, include; seminars, special meetings direct interaction, on-job training. The study revealed that, the supermarket makes immediate payment suppliers, extends credit advice to the esteemed suppliers, makes batch ordering for the goods from suppliers and the supermarket offers suppliers with an optimal price discounts that help them gain competitive pricing of the products. The study also revealed that, Shoprite supermarket shares procurement related information with suppliers have platforms for effective information sharing with suppliers, rewards suppliers who share procurement related information. The study concluded that, supplier development positively influences the procurement performance of the supermarkets, for example regression was tested and supplier training generated a beta value=0.596, Supplier financing beta value=0.418; hence improved procurement performance.

## CHAPTER ONE

## INTRODUCTION

## 1.1 Introduction

This chapter presents the background to the study, the statement of the problem, purpose of the study, objectives of the study, research questions, scope of the study and also the significance of the study.

**1.2 Background to the study**

This study examined the influence of supplier development on the procurement performance of Supply Chain Stores. It focused on Shoprite Supermarket-Clock Tower, Kampala. Supplier development is conceptualized as an independent variable and includes; Supplier Training, Supplier Financing and Supplier partnership. Supplier financing is measured by Prompt Payment and Advance Payments. Supplier Partnership is measured by offering Capital Support and Information Exchange while Supplier Training is measured by Buyer Assisted Training and Seminars. On the other hand, Procurement performance is conceptualized as dependent variable and includes Costs, Quality, Timely delivery and Customer Satisfaction (Lysons and Farrington, 2010).

Awareness about the impact of supplier development on the procurement performance and business competitiveness has been increased. Many organizations have come to realize the crucial role contributed by key suppliers in determining the overall corporate performance. Consequently, greater emphasis has been accorded to activities that increase the performance and the capabilities of key suppliers as a strategy to improve the buying firm's overall cost position, innovative capabilities and customer service (Rajput, A. Bakar, 2012). Some of common challenges that most supermarkets in Kampala face and prompted the need for the study on supplier development and the procurement performance include; current suppliers perform below the buyers’ expectations, non-competitive supplier base, current suppliers unable to support a firm’s strategic requirements, Delay in the delivery of products, poor information integration and uncertainty in demand.

Historically, supplier development philosophy originated from the Japanese automotive industry after the World War Two. According to Prodhan and Routray, (2014) lectures, seminars and training courses for Toyota Motor Corporation employees were made available to core supplier employees as early as the 1950s. Supplier development later spread and gained root in the European and North American automotive industries in the 1980s (Nagati and Rebolledo, (2013). The practice was subsequently embraced by North American manufacturing firms outside the automotive industry such as John Deere, Motorola, Harley-Davidson, Digital Equipment Corporation and Marks and Spencer (Wagner, 2010).

In the present day, supplier development is widely practiced in Japanese, North American and European companies. Honda and Nissan, for example, have established supplier development programs and teams (Morrissey and Pittaway, 2016). In Europe, as confirmed by a large-scale survey of industrial firms from Germany, Switzerland and Austria, it is more prevalent in assembly industries such automotive, machinery, construction, and metal/fabricated metal industries than it is in the process and primary industries (Wagner, 2010). In Africa, supplier development has begun to receive increased attention only recently and even then mostly within the manufacturing sector subsidiaries of multi-national firms such as Kenyan building materials manufacturer Bamburi Cement Ltd (Lafarge) and East Africa Breweries Ltd (Diageo PLC) (Modi and Mabert, 2017).

The study was based on the Theory of Constraints (TOC) and Resource Dependence Theory (RDT). According to Mabin (1999), the Theory of Constraints (TOC) is a philosophy of management and improvement originally developed by Eliyahu Goldratt (1874). Eliyahu Goldratt said that; in any complex system at any point in time, there is most often only one aspect of that system that is limiting its ability to achieve more of its goal. For that system to attain any significant improvement that constraint must be identified and the whole system must be managed with it in mind. In relation to this study, Constraints were identified as delay in the delivery of the right products, poor information integration, and uncertainty in demand. The buying organisation thus must identify the constraints in the procurement process that emanates from poor buyer/supplier relationship and then work collectively to eliminate the constraint thus improving the functions and aspirations of each, more specifically, procurement functions for the buyer. SCS was able to create powerful generic solutions for various procurement inefficiencies such as Long supplier lead-times, Incoming quality problems, Late or unreliable raw material or purchased part deliveries, Raw material shortages and Poor quality.

Resource Dependence Theory (RDT) promoted by Pfeiffer and Salancikin 1978, is the study of how the external resources of organizations affects the performance of the organization. The procurement of external resources is an important principle of both the strategic and tactical management of any organisation. Resource Dependence Theory has implications in the procurement effectiveness of the buying firm especially in tapping into the relationship with suppliers as their important and dependable partners. Buyers depend on suppliers for external resources. It is therefore confirmed that Resource Dependence Theory help organizations to develop strategies to manage constraints and uncertainties derived from exchange relations, interdependencies and power imbalances.

Supplier development is the process of working collaboratively with suppliers to improve or expand their capabilities (McIvor and Humphreys, 2014). Gonzalez & Quesada, (2014) described supplier development as a practice, reactively to deal with poor supplier performance, or strategically to enhance the long-term capability of the supply base. 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, time to market, environmental responsibility, and managerial capability and financial viability (Ajele, 2014). In most cases it involves large organizations extending a helping hand in the form of resources to small vendors/small suppliers who have demonstrated willingness to meet their purchaser’s requirements. It therefore involves looking at various strengths and weaknesses of a supplier who is willing to supply the company with the materials/services and helping them overcome these weaknesses, so that they can serve the company in a more efficient way (Wagner & Johnson, 2004).

Procurement performance has been described as the act of acquiring goods and services at the right time, right cost, right quality, right quantity, and right place (Wagner, 2006). However, poor communication with suppliers coupled with lack of supplier motivation and maintaining of good relationships with suppliers acts as a barrier to achieving these standards. Procurement performance is a measure of identifying the extent to which the procurement function is able to reach the objectives and goals with minimum costs (Simeka, 2016). In addition to these, lack of carrying out supplier evaluations or the use of inappropriate rating strategy as a tool of developing suppliers can also be a barrier to achieving these objectives. As a result, this study therefore, filled the knowledge gap by investigating the influence of suppler development on procurement performance at Shoprite supermarket, Clock Tower-Kampala.

**1.3 Statement of the Problem**

According to Erasmus, (2016), firms that align their resources, performances and activities with the critical suppliers through supplier development gains advantage of competing favorably and survive in the global market by supplying quality products that satisfy customers’ needs depend. However, failure to embrace supplier development in the supply chains expose firms to several procurement challenges that may include performing below expectation; late and inconsistency deliveries, constant stock outs, and a non-competitive supplier base (Yeung, 2002). This is an indication that, the success of any organization to supply quality products that satisfy customers’ needs depends on the suppliers’ capacity and capability to supply timely and quality products. As noted in UNBS report, (2016), suppliers account for 30% of the quality problems and 80% of product lead-time problems faced by the procuring entities.

Despite the significant contribution of supplier development, many supply chain stores in Kampala are still faced with procurement performance related challenges. Many supermarkets have and /or are experiencing product spoilage (rotting) issues, for example, Shoprite Supermarket Kampala had a rough time when one customer bought expired (rotten) margarine in 2017. However, the problem was transferred to the supplier, “Mukwano industry” (Daily Monitor October 22, 2017). Shoprite Supermarket in 2015 also faced with severe and constant stock outs 20% of the procurement challenges. This contributed to the closure of its branch in Naalya (Daily Monitor October 22, 2015). However, the blame for a constant stock out of the supplies is turned onto the failure for the suppliers to consistently delivery supplies in time (Audit report, 2019). This means that, Shoprite does not train suppliers; make promptly payment to suppliers, and does not support the suppliers with financial assistance (Daily Monitor Tuesday, October 4, 2016). And failure to respond these, exposed the supermarket; to slow improvement in the profit margins of the supermarket, constant complaints raised, exposed the supermarket to court injunction, low client base, high costs due to product spoilage and hence decreased public image. It is against this background that the researcher gained the interest of conducting further research on the influence of supplier development on the procurement performance of Shoprite super market.

**1.4 Purpose of the study**

The study examined the influence of supplier development on the procurement performance of Supply Chain Stores in Kampala. It focused on Shoprite supermarket.

**1.5 Objectives of the study**

1. To examine the relationship between supplier training and performance of Shoprite Supermarket
2. To examine the relationship between supplier financing and performance of Shoprite Supermarket
3. To establish the relationship between supplier partnership and performance of Shoprite Supermarket

**1.6 Research Questions**

1. What is the relationship between supplier training and performance of Shoprite Supermarket?
2. What is the relationship between supplier financing and performance of Shoprite Supermarket?
3. What is the relationship between supplier partnership and performance of Shoprite Supermarket?

**1 .7 Hypotheses of the study**

H0: There is no significant relationship between supplier development and procurement performance of Shoprite Supermarket

H1: There is a significant relationship between supplier development and procurement performance of Shoprite Supermarket

**1.8 Scope of the study**

The scope of the study comprised of content scope, geographical scope and time scope.

**Content scope:** The study examined the influence of supplier development on the procurement performance of Supply Chain Stores in Kampala. It focused on Shoprite supermarket, Clock Tower-Kampala. The study was guided by following objectives: to examine the relationship between supplier training and performance of Shoprite Supermarket, to examine the relationship between supplier financing and performance of Shoprite Supermarket and to establish the relationship between supplier partnership and performance of Shoprite Supermarket.

**Geographical Scope:** the study was carried out in Shoprite Supermarket-Clock Tower, Kampala.

Shoprite Supermarket-Clock Tower is located in Kampala city at 0°19′N 32°35′E, at 3,900 ft (1,189 m) along Ben Kiwanuka Street. Kampala is the capital and largest city of Uganda with a population of 1,680,800 people (Wang and Jonathan, 2019).

**Time Scope:** The research considered relevant literature from the different records covering a period of six years that is, between 2014 and 2019. It is during this period that Shoprite Supermarket encountered operational challenges and forced the closure of its branch in Naalya in 2016 (Daily Monitor Tuesday October 4, 2016).

**1.9 Significance of the Study**

The study may be of great importance to various entities like; the current researcher, policy makers, future researchers and the management of Supply Chain Stores. These are discussed further as shown below;

**Government:** the study may help the government entities to improve on their procurement performance by responding to various errors from the esteemed suppliers.

**Management of Supply Chain Stores:** The study findings may also be of practical significance to Management of the supermarkets by providing them with a better insight into understanding the role of supplier development on procurement performance in mitigating the available complaints from the clients regarding poor quality of services offered by the organizations.

**Academics and professionals:** The study findings may also be of practical significance to both academicians and general practitioners by providing them with a better insight into the understanding of the role of supplier development on procurement performance in mitigating supplier performance related problems. The findings may also add to the pool of knowledge on the shelves of university libraries and act as a ground for further research in the same areas.

**Researcher:** The study may act as a requirement for the researcher to the award of the Degree of Masters of Procurement and Logistics Management of Nkumba University.

**Students:** The study findings may be of practical significance to the students by providing them with a better insight into the understanding of supplier development and procurement performance. Hence, adding to the pool of knowledge on the shelves of university libraries and act as a ground for further research in the same areas.

**1.10 The organization of the study**

The study is organized into nine chapters.

**Chapter one** presents the introduction to the study. It includes background to the study, problem statement, study purpose, specific objectives, research questions, scope of the study and the significance.

**Chapter two** presents study literature. It highlights literature survey, review and conceptual frame work.

**Chapter three** presents research methodology. It highlights the research design and data collection.

**Chapter four** presents and analyses data relating the relationship between supplier training and performance of Shoprite Supermarket.

**Chapter five** presents and analyzes data relating to the relationship between supplier financing and performance of Shoprite Supermarket.

**Chapter six** presents and analyzes data relating to the relationship between supplier partnership and performance of Shoprite Supermarket.

**Chapter seven** presents and analyzes data relating to supplier development and procurement performance of Shoprite Supermarket

**Chapter eight** links the findings to the literature review and suggests the way forward

**Chapter nine** presents the summary, conclusions and recommendations on the findings.

## CHAPTER TWO

## STUDY LITERATURE

## 2.1 Introduction

## This chapter is composed of literature survey, the literature review and the conceptual framework. Literature survey entails citing out researchers that conducted similar topics relating to supplier development and procurement performance. Literature review presents the related literature on the concept of supplier development and procurement performance and it is built basing on the objectives of study. The conceptual framework shows the relationships between supplier development and procurement performance.

## 2.2 Literature Survey

## The problem associated with supplier development is not only unique to the Supply Chain Stores in Kampala but it has been studied by other researcher else where in Uganda. Different scholars have covered them in similar situations from different sectors.

## Nabirye (2016) conducted a study to assess the influence of supplier development on procurement performance of Entebbe Grade B hospital. The study adopted a case study design with a study population of 50 respondents drawn from the top management and procurement department. Primary data was collected using questionnaires while secondary data was collected from published reports. The study revealed that, the correlation between evaluating supplier performance and lead time, cost savings and inventory flow was positive and significant; for supplier appraisal and procurement performance a positive and significant relationship exist (R = 0.760, P< 0.005). The study recommends organizations to maximize the use of supplier development to improve procurement performance. The study looked at supplier development from a general perspective and failed to incline deeply on the key presuming factors of supplier development such as supplier training, supplier financing and supplier partnership which is the basis of this study.

## Katerega (2015) researched to investigate the effect of supplier development management practices on organizational performance of Small and Medium Enterprises (SMEs) in Uganda. This research employed descriptive research design. The target population of this study was 15 SMEs in food and beverage industry operating in Kampala. Stratified random sampling was employed to select a sample size of 399 respondents. The study revealed that supplier development is one of the aspects that enhances organizational competitive advantage hence, resulting to effective organization performance. However, the study did not deeply look at supplier training, supplier financing and supplier partnership which is the basis of this study.

## Tumwine (2017) conducted a study to establish the role of supplier development on organizational performance of manufacturing industries in Uganda. It focused on Riham Cola Company Limited. A descriptive case study design was used. Statistical analysis was carried out using SPSS. The study revealed that rewards and firm involvement had a great role in the performance of Riham Cola Company Limited. The study also found out that rewards are important element of supplier development as most respondents agreed that it acts as a motivation tool to suppliers. Here the study confirmed that organizations give suppliers incentives whenever they perform well. However, the study mainly focused on rewarding the suppliers, but did not look at supplier training, supplier financing and supplier partnership which is the basis of this study.

## 2.3 Theoretical review

The study was based on the Theory of Constraints (TOC) and Resource Dependence Theory (RDT). According to Mabin, (1999), the Theory of Constraints (TOC) is a philosophy of management and improvement originally developed by Eliyahu Goldratt. Eliyahu Goldratt sported that, in any complex system at any point in time, there is most often only one aspect of that system that is limiting its ability to achieve more of its goal. For that system to attain any significant improvement that constraint must be identified and the whole system must be managed with it in mind. In relation to this study, Constraints were identified as delay in the delivery of the right products, poor information integration, and uncertainty in demand. This means that Shoprite supermarket should clearly identify the constraints in the procurement process that emanates from poor buyer/supplier relationship and then work collectively to eliminate the constraint thus improving the functions and aspirations of each, more specifically, procurement functions for the buyer. By doing so, the supermarket was in position to provide an integrated problem-solving methodology that addresses the need for communication and collaboration that successful implementation of procurement functions requires. This theory has been used to create powerful generic solutions for various procurement inefficiencies such as Long supplier lead-times, Incoming quality problems, Late or unreliable raw material or purchased part deliveries, Raw material shortages, Poor quality. In this connection then chances are good that an organizations' constraint is in the supply chain that it relies on and the policies and practices.

**Theory of Constraints model**

**Identify the constraints**

(Late and inconsistence deliveries, constant stock outs, and a non-competitive supplier base)

**Performance measures**

(Costs, quality and time of delivery)

**Repeat the process**

**Exploit the constraints**

(Through researching)

**Synchronizing the constraints**

(Supplier training, supplier financing and supplier partnership)

Source: Eliyahu Goldratt (1874).

**Figure 2.1 Theory of Constraints model**

## The Theory of Constraints provides a specific methodology for identifying and eliminating constraints. The Theory uses a process known as the Five Focusing Steps to identify and eliminate constraints (i.e. bottlenecks). The constraint is identified regarding delay in the delivery of the right products, poor information integration, and uncertainty in demand, and the whole system is managed. This requires organizations to clearly identify the constraints in the procurement process that emanates from poor buyer/supplier relationship, and then work collectively to eliminate the constraint thus improving the functions and aspirations of each, more specifically, procurement functions for the buyer. Hence, providing integrated problem-solving methodology that addresses the need for communication and collaboration that successful implementation of procurement functions requires.

## Resource Dependence Theory (RDT) promoted by Pfeiffer and Salancikin 1978, is the study of how the external resources of organizations affect the performance of the organization. The procurement of external resources is an important tenet of both the strategic and tactical management of any organisation. Nevertheless, a theory of the consequences of this importance was not formalized until the 1970s, with the publication of The External Control of Organizations. Resource Dependence Theory has implications in the procurement effectiveness of the buying firm, especially in tapping into the relationship with suppliers and dependable partners. Thus, the theory props up the notion of supplier development, Resource Dependence Theory proposes that actors lacking in essential resources establish relationships with (i.e., be dependent upon) others to obtain needed resources. Just like Shoprite Supermarket depends on suppliers for external resources and suppliers on supermarket for precious markets. Also, the supermarket must alter its dependence relationships by minimizing their own dependence or by increasing the dependence of other organizations on them. It is therefore concluded that the organizations are viewed as coalitions alerting their structure and patterns of behaviour to acquire and maintain needed external resources. Acquiring the external resources needed by an organization comes by decreasing the organization’s dependence on others and/or by increasing other’s dependency on it, that is, modifying an organization’s power with other organizations. Resource Dependence Theory assumes that organizations developed strategies to manage constraints and uncertainties derived from exchange relations, interdependencies and powers imbalances (Krause, Handfield & Tyler, 2007).

## 2.4. Review of related literature

## The concepts of supplier development can be viewed as integration of strategic practices, and such practices need to stretch across inter-organizational boundaries to satisfy both existing and new customers (Shokri, Nabhani and Hodgson, 2016). Accordingly, Schmitz and Platts, (2014) view supplier development regarding the managerial efforts necessary for creating an operating environment in which a manufacturer can integrate its supplier capabilities into its operational processes. The two definitions are well represented since they clearly bring out managerial efforts that cluster into supplier training, Supplier Financing, Supplier partnership, supplier motivation, supplier evaluation among others.

## Ahmed & Hendry, (2014) defined supplier development as any activity that a buying firm initiates to improve suppliers performance. Blome, Hollos and Paulraj (201) pointed that supplier development may be composed of such activities from a buying firm as goal setting, supplier evaluation, performance measurement, supplier training and other related ones. Previously Abdullah, (2017) claimed that direct involvement as a factor of supplier development consisted of a set of practices such as formal supplier evaluation, certification, recognition, informal supplier evaluation, supplier site visits, training and buyer sites and facilities visits, as well as verbal or written demand for performance improvement.

## Mortensen and Arlbjorn (2012) mentioned that supplier development have major impact on collective supply chain performance. Wagner (2006) argued that supplier development help suppliers to improve their capabilities and performances. Supplier development is considered as buying firms activities to create and maintain a network of competitive and efficient suppliers to improve firm’s productivity and competitiveness (Yan, T. Dooley, 2014). Wagner, Bode and Koziol, (2009) differentiated supplier development practices into three general groups (basic, moderate, advance) in accordance with the level of firm's involvement and execution complexity. Basic is viewed as a supplier development practice to impose a necessity of the limited firm engagement and less investment of buying firm’s resources that are known as personnel, time, and capital. Hence, to enhance supplier(s) performance and capabilities, buying firms are willing to implement such practices.

## 2.4.1 Supplier Training and performance

Supplier training is a procurement force that promotes suppliers to higher levels of performance. Supply company managers make sure to train suppliers who have positive work experience to decisions making hence motivating suppliers in result increasing firm performance. Competitive companies in the work make sure that engaged suppliers are maintain for customer satisfaction, low misuse of resources, customer-friendly, work with minimal supervision and have low motive of winning bids. Companies make sure they provide the suppliers with motivation programs, promotion programs, and good supplier programs (Wagner, 2010).

Procurement performance of an organization does not depend solely on the single organization’s performance but on the suppliers’ performance as well (Lopez, Holmen & Boer, 2012). Hence, it is important to consider the different supplier’s development practices. Available literary works suggests that buyers or buying organisations have used trainings as a way of supporting their suppliers with some buyers giving more support than others. Poorly trained suppliers in organization is unhealthy since it affects the firms' performance, also the suppliers are less likely to remain in the organization and hence increasing change of quitting supply of goods and services. But trained suppliers feel a sense of belonging in the supply organization hence meeting the objectives and goals of the firm. They are mostly likely to stay in the organization and hence enhancing winning of bids (Li, Humphreys, Yeung and Cheng, 2012). This therefore implies that, training suppliers are very important tool in increasing supplier base since it increases supplier competency.

Supplier training programs are designed by the buyer focused on enhancing and improving supplier technical capability concerning key competencies like quality, production processes and management best practices enhancing firm’s productivity. Buyers can decide to either focus on short-term benefit or look at supplier development as a long-term investment when coming up with the training programmes. The right type of training could then lead to an increase in performance for the supplier which would in turn encourage an increase in buyer-supported training. Buyer may send his employees or group of team to train supplier, or he may invite group of suppliers facing same problem for training in his own firm (Inemek and Matthyssens, 2013). Thus, suppliers must have accessed to different types of supplier development programs depending on their buyers. Implying that, the types of training that would most benefit suppliers could be best assessed through studies focusing on the supplier perspective.

Supplier development receive assistance from buyers can be regarded as buyer supported training. There are various ways that buyers provide support to their suppliers with some buyers giving more support than others. Some buyers focus on short-term benefits while others look at supplier development as a long-term investment (Humphreys and Chan, 2014). Thus, suppliers have access to different types of supplier development programs depending on their buyers. This implies that the types of training that would most benefit suppliers could be best assessed through studies focusing on the supplier perspective. By identifying the relevant types of training buyer-supported training programs could increase. This would be because buyers could select the type of training suitable for specific groups of suppliers. The right type of training could then lead to an increase in performance for the supplier which would in turn encourage an increase in buyer-supported training. Buyer may send his employees or group of team to train supplier, or he may invite group of suppliers facing same problem for training in his own firm.

Arash, (2015) made a case study in Malaysian automotive industry on Patterns of Supplier Learning. Here they found that supplier development programs support the development of a supplier's capabilities usually with the assistance of a buyer. Supplier development also depends on supplier’s interest and how they explore themselves to increase their capabilities. Analysing environments that provide buyer-support training could help to identify factors that suppliers themselves deem important for the development of their capabilities. It is claimed that support from buyers for supplier training has been deficient (Gunasekaran, Patel and McGaughey, 2014). Thus, there is a need to identify the types of training that suppliers themselves prefer. Buyers themselves have significant knowledge of the training that a supplier might need but as technology development happens the buyer no longer has a hold on all the technology that is involved or coming. It is equally important that the suppliers look to develop their capabilities have access to the type of training that they require which may or may not be provided by their buyers. For suppliers that have access to buyer-supported training their training needs might often change as they develop their capabilities.

According to Govindan, Kannan and Haq, (2010) instability in the business environment has made the companies to focus on organizational capabilities and resources to compete in business environment. Dynamic-competitive environment has made the knowledge as one of the important resource. Gallarza, Gil-Saura and Holbrook (2011) categorized the knowledge as explicit and tacit; explicit knowledge has the characteristic of written down while tacit knowledge cannot as it is mainly based on known-how and practices. The processes demand wide range of specialized knowledge however tacit knowledge reside in the minds of individuals. Modi and Mabert (2007) argued that the knowledge is transferred through the routines in companies. Operational knowledge transfer activities are arranged to transfer the knowledge that resides in the minds of specialized individuals. The knowledge also transferred across the boundaries of the organization between buyer and their supplier for the improvement of manufacturing processes.

According to Forslund and Jonsson, (2016) training and education will be an investment made by the customers, so strategic suppliers are suitable for training and education. Krause et al (2000) argued that direct influence of customers through training of suppliers have significant effect on suppliers' performance level. According to Cormican and Cunningham, (2017) supplier’s employees expertise could be improved by proving them trainings and problem solving skills, it impacts the supplier’s productivity. The training provides the opportunity to transfer tacit knowledge which in turn improves supplier’s competencies and that will influence the future business. According to Gunasekaran, Patel, and Tirtiroglu, (2011) trainings and education strengthen the relationship and improve the performance level of both buyer and supplier. He categorized the training into periodic and ad hoc trainings. Periodic trainings enable suppliers to have deeper understanding of customer’s processes, and the improvement areas. Ad hoc trainings are more new product development specific and with building long term relationships (Carr & Kaynak, 2017).

Cao and Zhang, (2011) put forth a defense think about in Malaysian car industry on Patterns of Supplier Learning. Provider improvement programs bolster the advancement of a provider's capacities as a rule with the help of a purchaser. Provider advancement likewise relies upon provider's advantage and how they investigate themselves to expand their abilities. Investigating conditions that give purchaser bolster preparing could recognize factors that providers themselves esteem significant for advancement of their capacities (Wagner, 2010). It is guaranteed that help from purchasers for provider preparing has been insufficient. Along these lines, there is a need to recognize the kinds of preparing those providers themselves like. Purchasers themselves have huge information of the preparation that a provider may require, yet as innovation improvement happens the purchaser never again has a hang on the majority of the innovations that is included or coming (Bosibori, 2014). In this way, it is significant that providers hoping to build up their capacities approach the sort of preparing that they require which could conceivably be given by their purchasers. For providers that approach purchaser bolstered preparing their preparation needs may frequently change as they build up their very own capacities.

**2.4.2 Supplier Financing and performance**

Supplier financial status is a very important aspect when evaluating suppliers, especially in the supplier selection process where most of the public organizations in a country analyzing how financial stable are the suppliers to check if they are capable of supply the goods in that financial year. Most public organizations assess supplier finance stability concerning bind bond and performance bond whereby they check their contract performance (Chartered Institute of Purchasing and Supplies, 2013). The public organizations select suppliers who are capable to supply the goods and services throughout according to contract agreement until it ends. The supplier finance support helps to compete with other suppliers in making them to remain in the market (Arroyo-López, Holmen and Boer, 2016).The bind bond and performance bond helps to reduces supplier financial risks and also creates good trust with the clients. As indicated an organizations financial stability reflects the organizations ability to procure well therefore this study sought to measure this in the Supply Chain Stores.

As indicated by Choi (2018), provider budgetary help is the purchasers' exertion towards its providers to persistently spot monetary shortcomings inside its supply base and taking the important money related help to evade supply interruptions and increment provider money related help to meet his present moment, and long haul monetary commitments. Money related help is a basic achievement factor in provider improvement and provider execution. As indicated by Chen, Deng, 2013), demonstrated money related help gives the purchasing firm expanded provider rivalry in the worldwide market and possibly diminishes transportation and other calculated expenses of providers. The present effective purchasers credit their accomplishment to their significant purchaser provider relationship possible through purchasers' drive to help provider by means of specialized help, budgetary help and through provider preparing to accomplish predominant execution and shared addition for the two gatherings.

Budgetary venture can likewise allude to the purchasing association’s exertion to build up their provider by participating in human and capital assets which incorporates direct interest in gear and instruments and specialized help at the provider site (Li et al., 2012). At the point, when the provider gets assessment input from the purchasing association for enhancements, the firm needs to give recommendations or work force to provider site (Chen, 2014). Such activity of the purchasing firm persuades the immediate contribution of their potential providers including budgetary assets. Arrangement of money related help might be stretched out to explicit providers who may encounter monetary troubles to enable them to meet their budgetary commitments. This can be as up-front installments, credits, gear gifts, and so forth which help a provider in gaining operational limit which they might not have been prepared to do. A provider who is appropriately and sufficiently monetarily bolstered expands the purchasing association’s capacity to convey high caliber and creative items to its clients and in this manner lessens purchasers' operational dangers. Provider's budgetary help is basic in deciding the provider's capacity to remain monetarily dissolvable (Wagner, 2009). Budgetary help improves providers' ability and ability to adapt to the purchasers' necessity and in this manner reinforces the providers' ability to meet asset prerequisites by the purchaser.

Lysons and Farrington (2010) argue that Supplier Financing alter a supplier’s way of working to avoid adverse consequences such as losing the business with the customer. The new way of working leads to an improvement of the quality, cost, service, etc. of the product or service delivered to the customer. Supplier Financing therefore compel supplier to take additional efforts (time, labor, quality inspection, input material of higher quality, etc.) to improve the production and delivery of the product, and it is such supplier performance/capability improvements that ultimately improve the buyer firm’s overall performance.

According to Chavhan, Mahajan, & Sarang, (2012), proven financial support provides the buying firm with increased supplier competition in the global market and potentially reduces transportation and other logistical costs of suppliers. Today’s successful buyers can attribute their achievement to their valuable buyer-supplier relationship obtainable through buyers’ initiative to support supplier via technical support, financial support and through supplier training to achieve superior performance and mutual gain for both parties.

The financial investment can also refer to the buying organisations effort to develop their supplier by engaging in human and capital resources which includes direct investment in equipment and tools (Li et al, 2007 and technical support at the supplier site (Li et al, 2012). When the supplier gets evaluation feedback from the buying organisation for improvements, the firm needs to provide suggestions or personnel to supplier site (Chavhan, Mahajan and Sarang, 2012). Such action of the buying firm motivates the direct involvement of their potential suppliers including financial resources (Wagner, 2006).

Provision of financial support may be extended to specific suppliers who may experience financial difficulties to empower them to meet their financial obligations. This can be in the form of down payments, loans, equipment donations, etc. which helps a supplier in acquiring operational capacity which they may not have been capable of. A supplier who is properly and adequately financially supported increases the buying organisations ability to deliver high-quality and innovative products to its customers and thus reduces buyers operational risks. Supplier’s financial support is critical in determining the supplier’s ability to remain financially solvent (Wangner, 2006). The financial support enhances suppliers’ capability and capacity to cope with the buyers’ requirement and therefore strengthens the suppliers’ capacity to meet resource requirements by the buyer.

**2.4.3 Supplier partnership and performance**

Supplier partnership, defined as the commitment of relationship-specific resources to key supplier relationships, supplier training and education, and non-adversarial collaboration with suppliers, positively influence the buying firm’s overall performance through their improvement of supplier performance and/or capabilities. Supplier partnership or collaboration refers to a buyer firm’s application of its capital, time, and human resources toward the improvement of its suppliers’ performance and capabilities (Wagner, 2010). Thus, the buying firm, for example finances the supplier’s inputs, machines, tools, or castings. In addition, the buyer firm undertakes activities that transfer knowledge and qualifications into the supplier’s organization. Examples of such activities comprise on-site consultation, education and training programs, temporary personnel transfer, and inviting supplier’s personnel. Firms have realized that collaborative business relationship improve firm’s ability to respond to the new business environment by allowing them to focus on their core businesses and reduce costs in business processes.

According to Carr & Kaynak, (2017) following four reasons contribute for buyers to develop better supplier relations. First marketers or sellers are driving this change as firms have started identifying and catering to the needs of specific customers. Thus, having a relationship with suppliers will enable firms to receive better service and therefore procurement will be more efficient. Second, for improving quality of product it is easy for buyer to implement strategies such as quality platforms if firms have relationships with their suppliers. Third, as choice and demand of customers are changing rapidly buyer alone can’t fulfill it or due to limitations he can’t become strong in all areas of technology. So, it is better for buyer to maintain good relation with suppliers having strong technical capabilities in respective areas. Finally, competition, and the growth of alliances are forcing firms to develop better supplier relationships to maintain a competitive edge.

To build relationship between supplier and buyer trust plays a vital role. Zhang, (2011) in his study of meaning and origin of trust in supplier–buyer relation gave some parameters which indicates trusting environment between supplier and buyer. These were through, exchange of information i.e. new idea from supplier side, listening and reacting to suppliers problem, open communication to avoid misunderstanding, mutual respect, sharing of cost savings, honesty, knowledge about product, positive attitude, good past performance, priorities, effort, sharing of technical advantages. Building and maintaining close relationships- Bosibori, (2014) in their study of issues in the choice of supplier alliance partners found that manufacturer is interested primarily in desirability and the feasibility of partnership. Desirability mainly deals with the suppliers technical capabilities and supplier should satisfy technical and operational requirements of buyer. Feasibility mainly deals with goodwill, trust and benefits. Johnston et al. (2004) also found that trust plays a vital role to develop and maintain relations between supplier and buyer. A critical element in achieving supply chain effectiveness is establishing and nurturing trust across the organizational boundaries particularly for relationships such as alliances between buyers and suppliers in a supply chain.

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. As discussed in the theoretical framework, the logic underpinning supplier partnership between a buyer firm and its key suppliers is drawn from the Resource Dependency Theory (Arroyo-López, Holmen and Boer, 2016). According to Inemek and Matthyssens, (2013) there are five basic forms of collaboration which are based on acknowledged dependency and information sharing between buyer firms and suppliers. The most elementary of these are contracting and outsourcing. In these relationships, acknowledged dependency is limited. Contracting with a supplier introduces a time dimension to traditional buying by framing price, service, and performance expectations over a specified period. In turn the supplier agrees to deliver the specified item(s) according to negotiate terms and delivery requirements.

According to Lysons and Farrington (2010), this form of collaboration is often called adversarial because the relationship is typically based on negotiation. As a result of negotiated settlement the terms of performance and associated payments are clearly specified. Failure of either party to perform will lead to sanctions, probable re-negotiation or possible termination. In outsourcing, the focus shifts from buying a product or material to performing a specific service or process such as manufacturing or warehousing. Contracting and outsourcing relationships involve a degree of information sharing, primarily operational information, but there is limited joint planning between the buyer firm and the supplier firm, and there are generally specific periods for rebidding or terminating the relationships. The outsourcing relationship is clearly based in the traditional command-and-control principle with the buyer as the leader. In administered relationships, a dominant buyer firm assumes leadership responsibility and seeks collaboration with suppliers.

In such relationships, there is frequent sharing of operational information and to a limited degree, strategic information. Additionally, there is limited joint planning, to the extent that independent firms have an understanding that they will be better off if they collaborate and follow the leader. Notable, is that administered relationships have an expectation that the collaboration will be continuous. However, such relationships are still basically administered by command and control, based on the leader’s (i.e. the buyer firm’s) power (Humphreys and Chan, 2014). Alliance and enterprise extension relationships are the most advanced collaborative relationships. Both these relationships are governed by the participating firms’ long-term desire and willingness to work together in an intellectual and operational manner.

The buyer firm and its chosen supplier voluntarily agree to integration of human, financial, operational, or technical resources to create greater efficiency and greater customer impact (Lysons & Farrington, 2010). Ultimately, through collaboration, participating firms create joint policies and integrate operations. The relationship includes extensive joint planning and is expected to be continuous for at least the intermediate term and potentially the very long-term. Some examples of alliances include Walmart’s arrangement with Procter & Gamble, and Dell’s arrangement with its suppliers (Arash, 2015; Ahmed, & Hendry, 2014).

Abdullah, (2017) in their study of Dynamics of Partnership Sourcing found importance of partnership for buyer and supplier to come close and to remain competitive. They told that partnership helps Japanese to remain more competitive in their partnership they not only share sensitive information on costs and swapping staff but also helps each other out during periods of economic difficulty and such incidents increase their closeness in relationship. They mentioned some parameters for partnership like purchaser commitment and supplier loyalty, improvement in quality, openness, communication. They also mentioned that based on such parameters' partnership vary from supplier to supplier.

The study of Yan, and Dooley, (2014) identified that supplier involvement in new product development has numerous benefits in the area of product quality, purchasing cost, access to technology and product development time. The involvements of suppliers in product development will not only support the manufacturing company to improve design and avail the expertise of their suppliers. However, companies can also influence the direction of their supplier for improvements (Shokri, Nabhani and Hodgson, 2016). When suppliers are involved in product development it requires a regular flow of information from both directions to ensure the targeted results (Sivadas and Dwyer, 2000). According to Cousins and Handfield (2009) Supplier’s early integration in a product development is crucial to reduce time to market, improve quality, and cut down costs.

According to Ragatz et al (1997) different issues can arise when working with suppliers for product development like information sharing risk, resistant culture of the company and suppliers resistance of sharing information and technologies. Sharing of information with suppliers may cause future problems as there is a risk of sharing that information unintentionally with the competitors or the supplier could also be competitor of the buyer company. The culture of the company can also be a barrier for accepting the ideas from suppliers for improving product design. Suppliers may also have some reservation of sharing the information and ideas to their buyers (Ragatz et al., 1997). According to Wynstra et al (2001) some studies does not share the same idea about the positive results of supplier involvement in product development, but in the opposite it is found that as more suppliers are involved this directly increases costs, lowers the product performance, and lengthens the time of the product development.

Schmitz and Platts, (2014) found out 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 (Krause,1998). With strategic information sharing between an organization and its suppliers, innovation is enhanced where suppliers are able to save significant money for an organization and share the cost savings for the benefit of all. One easy way to encourage information sharing by the suppliers is to reward them for their behaviour. If a supplier contacts the organization about a problem or the possibility of a delay and the response is to impose supplier penalties, it is likely the supplier will not contact the organization again until an actual failure occurs. Organizations should reward supplier for sharing valuable information about the possible disruption. It is to the benefit of supply managers that suppliers keep them informed about changes in the supply chain (Routroy and Pradhan, 2011).

Early Supplier partnership in new product development, Involving suppliers in new product development decisions and continuous improvement efforts enable the buying organizations to share knowledge and increase learning so that better solutions can be found to complex, inter-company problems that impact performance (Modi and Mabert, 2017). McIvor and Humphreys, (2014) stated that if a company or a supplier wait until a design specification or a bill of materials is available, it will be too late to reap the benefits of the knowledge and expertise of a supplier without a costly re-design, measured in time and money. As Today, organisations focus on their core competencies, they become more dependent on their suppliers to meet ever-increasing competition (Krause and Ellram, 2007).

According to Mikkola and Larsen (2003), due to greater complexity, higher specialization, and new technological capabilities, outside suppliers can perform many activities at lower cost and with higher value added than a fully integrated company can. Supplier can have a significant impact on an organisations performance, through their contributions towards cost reduction, eliminate inconsistency in the designer’s manufacturing processes, minimize high-cost material items, share technical expertise and processes within each other, enabling the constant improvement of quality, share technology capabilities, and increase responsiveness of buying companies. A buyer’s bases of power estimated that suppliers account for 30% of the quality problems and 80% of product lead-time problems (Burton, 1988). Moreover, by involving suppliers in the process, buying company can access to a wide pool of talent all focused on the needs of its customers (Leenders, et. al., 2002).

**2.5 Supplier development and Procurement performance**

Procurement refers to the acquisition of goods and services in the best possible cost to meet the needs of the purchaser concerning quality, time and location (Lysons & Farrington 2006). The oxford dictionary defines performance as the accomplishment of a given task measured against preset known standards of accuracy and completeness. Procurement performance is thus the act of acquiring goods and services at the right time, right cost, right quality, right quantity, and right place (Matthyssens and Inemek, 2014). These performance indicators are discussed as;

**Costs**: Buying at the right price ensures that an organization is able to compete on costs by reducing the acquisition costs. Michael Porter developed the cost of cost leadership theory and stated that lowering operation costs to the minimum and ensuring that the organization becomes the lowest operation costs in the industry ensures that our organization becomes a cost leader (Rajput and Bakar, (2012). Supplier development ensures that the supplier is able to deliver goods and services at the right price which is consistent with the management’s goals of becoming a cost leader through good purchasing.

**Quality**: Quality is the totality of all features and characteristics of a product that bears on the ability to satisfy stated, or implied needs (ISO 8402). It refers to the perception of the degree to which the product or service meets the customer expectations. Supplier development builds supplier to be quality conscious thus ensuring that the level of quality in the supplied goods and services meets both the organizations and international standards thereby ensuring customer satisfaction (Prodhan and Routray, 2014).

**Timely Delivery**: Timely and assured deliveries remove the risks of customer being unsatisfied as this ensures the customer will be able to access the goods and services required at the exact time of need. This can be achieved through supplier development. Furthermore, developing the supplier can lead to the implementation of practices such as Just In Time purchasing strategies, (JIT), where the supplier is able to deliver goods and services to the buyer at the exact time of need hence the buyer can forfeit to hold stocks thereby reducing inventory carrying costs as the supplier is reliable enough to deliver the goods and services at the exact time of need (Nagati and Rebolledo, 2013).

## 2.6 Conceptual framework

**Independent variable Dependent variable**

**Supplier development**

1. **Supplier Training**
* Buyer Assisted Training
* Seminars & Conferences
1. **Supplier Financing**
* Prompt Payment
* Advance Payments
1. **Supplier Partnership**
* Capital Support
* Information Exchange

**Procurement Performance**

* Costs
* Quality
* Timely Delivery
* Financial status
* Legal and institutional framework

**Intervening variables**

Figure 1: Conceptual Framework

Source: CIPS (2013), and Lysons and Farrington (2010) modified by researcher (2020).

Figure 1, reveals the conceptual framework which was developed from the literature and theory reviewed. The conceptual framework shows that supplier development explains procurement performance.

Supplier development is conceptualized as an independent variables and includes Supplier Training, Supplier Financing and Supplier partnership. Supplier financing is conceptualized as Prompt Payment and Advance Payments. Supplier Partnership is conceptualized as offering Capital Support and Information Exchange. While Supplier Training by conceptualized as Buyer Assisted Training and Seminars.

On the other hand, Procurement performance is conceptualized as dependent variable and includes Costs, Quality and Timely delivery. From the conceptual framework, the study shows that Supplier development makes supplier to be more reliable making on time deliveries and providing supplies of desired quantity, quality and at the right time, ensures the customer are able to access the goods and services, Supplier development builds supplier to be quality conscious thus ensuring that the level of quality in the supplied goods and services meets both the organizations and Supplier development ensures that the supplier is able to deliver goods and services at the right price. However, the two variables are interlinked by the intervening variables that include, Political Factors and Legal and institutional framework. Thus, the research objectives were developed from the conceptual framework.

## CHARPTER THREE

## METHODOLOGY

**3.0 Introduction**

This section describes and justifies the methods that were employed in conducting the study. It begins with research design, study population, sample size, sampling practices and procedure, data collection methods and instruments, validity and reliability of research instruments that were used. It further describes the data processing and analysis that were employed in the study and concludes with the measurement of variables.

**3.1 Research design**

Research design is a roadmap of how one goes about answering the research questions and it can be ontological, epistemological and methodological (Creswell, 2014). A research design typically includes how data was collected, what instruments are employed, how the instruments may be used and the means for analyzing data collected. A good research design has a clearly defined purpose, and has consistency between the research questions and the proposed research method. The research design composes of the research approach, strategy and methods.

**Research approach**: The study employed phenomenological research approach. Phenomenological study set aside biases and preconceived assumptions about human experiences feelings, and responses to a particular situation.

**Research Strategy**: The study used a case study research strategy, which was used as the strategy to evaluate the supplier development and procurement performance with a detailed explanatory, analytical, quantitative as well as qualitative research approaches. This helped in explaining the problem in detail with regard to the study variables under investigation.

**Research classification**: The study employed concurrent triangulation involving the collection and analysis of quantitative and qualitative data at the same time, but separately. Creswell, (2014) defines quantitative method as “the use of closed model questions which is convenient for the requirements of data while qualitative method involves in-depth interviews of information.” Qualitative research is a scientific method of observation to gather non-numerical data.

**Research duration**: The study adopted a cross-sectional survey design. Cross-sectional survey design is a research approach in which the researchers investigate the state of affairs in a population at a certain point in time (Mohammad, 2013). Here, the researcher collects data on only a small part of the population to obtain information about the sampled elements of the population as a whole.

**3.2 Study population**

Pernecky, (2016), defines population as a larger collection of all subjects from where a sample is drawn. The study targeted 80 respondents. These included; Directors, Managers, Supervisors, Stores, Procurement, Service Clarks, Catering and food service, Cashiers, Human resource and Suppliers.

**3.3 Sample Size**

Oppenheim (1996) defines a sample as a collection of some subset elements of the population. A sample size of 71 was used for the study and was determined scientifically using the table for sample size determination developed by Krejcie and Morgan (1970). Basing on the table, a sample size of 71 is adequate for the target population of 80.

**Table 3.1: Sample size and distribution of respondents**

|  |  |  |  |
| --- | --- | --- | --- |
| **Category** | **Target population** | **Sample size** | **Sampling Techniques**  |
| Directors | 1 | 1 | Census  |
| Managers | 4 | 4 | Census |
| Supervisors | 4 | 4 | Census |
| Stores  | 3 | 3 | Census |
| Procurement  | 3 | 3 | Census |
| Service Clarks  | 18 | 15 | Simple Random sampling |
| Catering and food service  | 17 | 14 | Simple Random sampling |
| Cashiers  | 12 | 10 | Simple Random sampling |
| Human resource  | 3 | 3 | Census |
| Suppliers  | 15 | 14 | Simple Random sampling |
| **Total** | **80** | **71** |  |

## 3.4 Sampling Techniques

According to Lokesh (1996), sampling method deals with ways of selecting items observed for a given study. To select the needed number of respondents from staffs of Shoprite supermarket, sampling of non-probability and probability sampling were used. This technique permits the research to have complete freedom of selecting individual who can provide relevant data.

**Table 3.2: Response rate of respondents**

|  |  |  |
| --- | --- | --- |
|  | **Frequency**  | **Percentage (%)** |
| Total number of questionnaires distributed | 71 | 100.0 |
| Total number of questionnaires returned  | 63 | 88.7 |

**Source; Primary data, 2019**

As seen in Table 3.2, out of the 71 questionnaires distributed, 63 were returned giving a response rate of 88.7%. This response rate was sufficient and representative for the study population because Mugenda and Mugenda (2003) asserted that a response rate of 50% and above is adequate for analysis and reporting.

**Table 3.3 Gender of respondent**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Frequency | Percent | Valid Percent |
|  | Male | 26 | 41.3 | 41.3 |
| Female | 37 | 58.7 | 58.7 |
| Total | 63 | 100.0 | 100.0 |

Table 3.3, the study revealed that gender of the respondents where 58.7% of them were female and 41.3% were male. This implies that the researcher did not have gender bias in conducting the study.

**Table 3.4 Level of Education**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Frequency** | **Percent** | **Valid Percent** |
|  | Primary | 2 | 3.2 | 3.2 |
| O-Level | 10 | 15.9 | 16.1 |
| A-Level | 8 | 12.7 | 12.9 |
| Diploma | 33 | 52.4 | 53.2 |
| Degree | 9 | 14.3 | 14.5 |
| Total | 62 | 98.4 | 100.0 |
| Missing | System | 1 | 1.6 |  |
| Total | 63 | 100.0 |  |

Table 3.4, established that the education level of the respondents, and their responses were; 53.2% of the respondents had completed diploma as their highest level of education, 16.1% were O-Level certificate, 14.5% had completed a degree, 12.9% had A-Level certificate and 3.2% had attended only primary level. This implies that the respondents could interpret the questionnaire effectively, hence providing relevant information needed by the study.

**Table 3.5 Marital status**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Frequency** | **Percent** | **Valid Percent** |
|  | Single | 49 | 77.8 | 77.8 |
| Married | 11 | 17.5 | 17.5 |
| Separated | 1 | 1.6 | 1.6 |
| Widowed | 2 | 3.2 | 3.2 |
| Total | 63 | 100.0 | 100.0 |

Table 3.5 indicates that the majority of data was obtained from single (77.8%). This was followed by 17.5% for those who married, 3.2% and 1.6% for the Widowed and Separated respectively.

**Table 3.6: Age group**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Frequency** | **Percent** | **Valid Percent** |
|  | 20-29 | 16 | 25.4 | 25.4 |
| 30-39 | 31 | 49.2 | 49.2 |
| 40-49 | 15 | 23.8 | 23.8 |
| 50- | 1 | 1.6 | 1.6 |
| **Total** | **63** | **100.0** | **100.0** |

The table 3.6 presents the age groups of the respondents, where 49.2% were between 30-39 years, 25.4% were between 20-29 years, 23.8% were between 40-49 years and 1.6% was 50 years old and above. The study concludes that there were respondents from all the age groups meaning the supermarket does not have age discrimination.

## 3.5 Sampling techniques

The study employed random and census sampling techniques. Random sampling refers to selection techniques in which sample members are selected by chance, but with a known probability of selection. The researcher used random sampling when collecting data in, Service Clarks, Catering and food service, Cashiers and Suppliers since they are many. Census sampling was used to collect at from supervisors, Stores, managers, procurement and human resource, director since they are few.

3.6 Source of Data

Both primary and secondary data were obtained. Primary data were got directly from respondents while secondary data was got from relevant records.

Primary data source: This was carried out to provide data about the effects of Supplier development in Supply Chain Stores. It is simply much based on its emphasis on the data to be collected from that source to make conclusions. Questionnaires and interview guides were distributed to respondents. Primary data are original materials on which research is based.

It is present information in its original form. It provides researcher with specific information at the present time.

Secondary data source: This was used to provide supplementary data that formed a basis for the study and the way of documentary analysis. Journals, newspapers, the internet and magazines will be reviewed. Secondary data are the data that were collected by someone other than user. It is collecting already existing data, and it helps to access in accessible subject.

3.7 Data Collection methods

Data collection as devices that are used to collect data such as paper questionnaire or Computer assisted interviewing system. The research employed three methods of data collection which included: Questionnaire, Interviewing, and documentary review.

Questionnaire; Gummesson, (2000) says that Questionnaire method is explained as “questioning individuals on a topic or topics and then describing their responses. The study used questionnaires to collect primary data. The type of questions in the questionnaire was close- ended questions, this is because they are more appropriate in collecting information regarding surveys that deal with the perception of the variables, where respondents were able to read and answer questions without being influenced by the interviewer, the respondents responded to what was convenient for them without any pressure, and confidential information was not revealed.

Interview; According to Gummesson, (2000) interview is the verbal conversation between two people with the objective of collecting relevant information for the purpose of research. The interview methods consist of personal (face to face) interviews with key individuals considered to have the necessary information relevant to the study objectives and those who may not have time to fill the questionnaire. Structured interviews were used and this is where the researcher asked the respondent predetermined questions, and then records the answers. This method provided in- depth data which cannot be got using the questionnaire.

Documentary analysis: The researcher reviewed documents to obtain the secondary data that were related to supplier development and procurement performance. This involved getting information from secondary data sources to get the relevant information on supplier development and procurement performance.

This method was used because it saves time and enables the researcher gain access to data at the convenient time, obtain data that were thoughtful in that the informants gave attention in obtaining them and enabling the researcher obtain data in the language of the respondent (Dhawan, 2010).

3.8 Data Collection Instruments

The researcher used Survey questionnaire, interview guide and document review checklist as the instrument for data collection.

Survey questionnaire: A questionnaire is a form consisting of interrelated questions prepared by the researcher about the research problem under investigation based on the objectives of the study (Amin 2005). Survey questionnaire was administered to collect data from respondents. Prior to the data collection exercise. With the help of research assistants, selected respondents were interviewed using the pretested questionnaires. The questionnaire was structured and sectioned to cover the demographic information of the respondents, the independent and dependent variables. The items on the questionnaire was measured on a 5 Likert scale of 5 = Strongly Agree, 4= Agree, 3= Note Sure, 2= Disagree and 1 = strongly disagree.

Interview guide: An interview guide is a qualitative, in-depth interviews of people selected for their first-hand knowledge about a topic of interest. To supplement the data from the self-administered questionnaire an interview guide was used for key respondents. This was applied through face to face interview to have in-depth understanding of the effects of Supplier development. To achieve considerable responses, an interview guide was used to ask targeted questions expecting a given range of answers. Interviews were held with those respondents identified purposely to provide more explanations to the topic under study and those who were too busy.

Documentary review checklist: This involved obtaining information by carefully studying written documents. These included textbooks, newspapers, and Journals. Secondary data was obtained from Audit reports, procurement performance reports and others.

3.9 Validity and Reliability of instruments

Reliability: A pre-test was carried out on the intended respondents before administering the questionnaires to pilot test, them. Pretesting allowed adjustments to the questionnaire by the clues to the unforeseen in the study since a thorough check of planned procedures are appraised (Mitchell,1996). Hence, content validity tests, reliability tests and guarantee of respondents, ‘privacy by the data collection instruments were put into consideration. The reliability of questionnaires was concerned with the consistency of responses to the question. To measure the consistency of responses across all the scaled questions or group of the questions from the questionnaires was by establishing the Cronbach’s alpha (a) using SPSS package. Data was analyzed using the SPSS program and results pointed out were items ranked above 0.7 as specified by Amin (2005). The results pointed out that the items ranked above 0.7 as specified by Amin (2005). This is shown in table 3.7 as Supplier training represented by Cronbach Alpha Coefficient of 0.750, Supplier financing with the coefficient of 0.759, Supplier partnership with 0.745 ad Procurement performances with 0.810.

Table 3.7: Reliability Results-Cronbach Alpha Coefficient

|  |  |
| --- | --- |
| **Factors**  | **Cronbach Alpha Coefficient** |
| Supplier training  | 0.750 |
| Supplier financing  | 0.759 |
| Supplier partnership  | 0.745 |
| Procurement performance | 0.810 |

*Source: Pretest Data (2020)*

**Validity** refers to the extent to which the quality of research procedure or instrument is accurate, correct, meaningful and right. Content Validity focuses on the extent to which the content of an instrument corresponds to the content to the theoretical concept it is designed to measure (Ghauri and Gronhaug, (2005). Content validity testing of the self-administered questionnaire, interview guide and checklists for this study was carried out following computation of the content Validity Index (CVI) with an acceptance of CVI > 0.6 and where it falls below, then revisions were made following the advice of the expert and rerun of test done to reach an acceptable index. The content validity formula below was used.

CVI = Number of valid judgment (Item) / Total number of test judgments (items) ×100.

Nevertheless, the CVI were greater than 0.7 as shown in table 3.8. , this means that the instrument content was regarded valid. That is the products of the CVI test were greater than 0.7 as recommended.

Table 3.8: Content Validity Index results

|  |  |
| --- | --- |
| **Factors**  | Content Validity Index |
| Supplier training  | 0.795 |
| Supplier financing  | 0.875 |
| Supplier partnership  | 0.857 |
| Procurement performance | 0.751 |

*Source: Pretest Data (2019)*

## 3.10 Data processing, Analysis and presentation

## 3.10.1 Data processing

The quantitative data collected from respondents coded and edited on a continuous basis to ensure accuracy and completeness. Data collected with the use of interview guide was put into meaningful and exhaustive categories. Data collected at the end of each day was checked to ensure accuracy; this is useful in ensuring that the objectives of the study are being addressed.

**3.10.2 Data Analysis**

According to Gillham, (2000) data analysis procedure includes the act of packaging the collected information putting in order and structuring its main components in a way that the findings can be easily and effectively communicated. Cleaned data was analysed using both statistical and narrative methods. Quantitative data was analyzed with the aid of the SPSS Vision 23 to compute descriptive and inferential statistics. Descriptive statistics enabled in presenting the data in a more meaningful way, which allowed simpler interpretation of the data. Inferential statistics helped to make generalizations about the field data. The relationships between the variables were analyzed. Tables were used to interpret, summarize, justify and conclude the study. Inferential statistics from each objective was analysed using regression analysis. Qualitative data analysis was made using content analysis technique by examining data collected from interviews and questionnaires. The data collected from interviews were summarized. Quotations were interpreted concerning their contents in relation to a particular research question and objectives. In the process of coding and analysis, the content of the same categories were considered and accordingly worked upon.

## 3.10.3 Data presentation

The findings were presented in the form of illustrative tables, and the qualitative data was averaged and collated to establish consistencies and differences; this was presented in narrative form as discussions.

## 3.11 Ethics and data collection procedures

Confidentiality and privacy of respondents were respected in this study. This was done by confidentiality clauses being inserted into research instruments and adheres to corporate and research ethical procedures of both Nkumba University, and Shoprite Supermarket. The researchers followed all the professional guidelines of researchers including acquisition of an introductory letter from School of Business Administration and from the Management of the supermarket asking for permission to conduct research in the organization. At the same time before engaging particular respondents, the researcher requested for an oral consent.

## 3.12 Limitations to the Study

There was delay in submitting back the answered questionnaires by the respondents. This was due to busy schedules of the respondents.

The researcher experienced a problem of low response from respondents who were given the questionnaires to fill. However, the researcher assured the respondents that any information given was treated with maximum confidentiality.

The researcher also faced challenges with the application of the latest software during data analysis such as the SPSS and Epi data. To overcome this, the researcher got a research assistant who is well conversant with the applications of such software.

## CHAPTER FOUR

## SUPPLIER TRAINING AND PERFORMANCE OF SHOPRITE SUPERMARKET

## 4.0. Introduction

The chapter presents findings on the relationships between supplier training and performance of Shoprite supermarket. The results are presented in the Table 4.1-4.10.

## 4.1. Shoprite supermarket organizes the external coaching programs to their key suppliers

## Respondents were asked to indicate whether Shoprite supermarket organizes external coaching programs to key suppliers. The responses are presented in Table 4.1.

**Table 4.1: Shoprite supermarket organizes the external coaching programs to key suppliers**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Frequency** | **Percent** | **Cumulative Percent** |
|  | Strongly Disagree | 13 | 20.6 | 20.6 |
| Disagree | 23 | 36.5 | 57.1 |
| Not Sure | 5 | 7.9 | 65.0 |
| Agree | 13 | 20.6 | 85.7 |
| Strongly Agree | 9 | 14.3 | 100.0 |
| **Total** | **63** | **100.0** |  |

Source: primary data, 2020

Table 4.1, indicates that the majority of the respondents generally disagreed (57.1%) that Shoprite supermarket does not organize external coaching programs to key suppliers. However, 25% agreed and 7.9% were not sure. Despite the divergence in the responses, the study concludes that Shoprite supermarket does not conduct coaching when training their key suppliers on issues that might and/or affect procurement performance since the majority of the respondents disagreed. It is therefore recommended that for Shoprite supermarket to improve on their procurement performance, they should adopt different methods including organization external coaching programs to suppliers. Coaching suppliers helps them to boost their potentials, develop their skills and achieve higher performance regarding quality standards, delivery reliability and cost-effectiveness’s hence improved performance of the supermarket.

## 4.2 The supermarket organizes workshops with suppliers focusing on quality issues

## Respondents were asked to indicate whether supermarket organizes workshops with suppliers focusing on quality issues. The responses are presented in Table 4.2.

**Table 4.2: The supermarket organizes a number of workshops with suppliers focused on product quality improvement**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Frequency** | **Percent** | **Cumulative Percent** |
|  | Strongly Disagree | 11 | 17.5 | 17.5 |
| Disagree | 30 | 47.6 | 65.1 |
| Not Sure | 8 | 12.7 | 77.8 |
| Agree | 7 | 11.1 | 88.9 |
| Strongly Agree | 7 | 11.1 | 100.0 |
| **Total** | **63** | **100.0** |  |

Source: primary data, 2020

## Table 4.2, indicates that the majority of the respondents generally disagreed (65.1%) that Shoprite supermarket does not conduct workshops with suppliers that focus on product quality improvement. However, 22.2% agreed and 12.7% were not sure. Despite the divergence in the responses, the study concludes that Shoprite supermarket does not conduct workshops with suppliers focused on product quality improvement since the majority of the respondents disagreed. It is also recommended that, the supermarket should organize different workshops with key suppliers to discuss procurement issues that may help them boost their potentials, skills and achieve higher quality product standards.

## 4.3 The supermarket arranges seminars with the suppliers

Respondents were asked to indicate whether the Shoprite supermarket arranges seminars with the suppliers focused on improving their procurement performance. The responses are presented in Table 4.3.

**Table 4.3: The supermarket arranges seminars with the suppliers**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Frequency** | **Percent** | **Cumulative Percent** |
|  | Strongly Disagree | 7 | 11.1 | 11.1 |
| Disagree | 8 | 12.7 | 23.8 |
| Not Sure | 5 | 7.9 | 31.7 |
| Agree | 21 | 33.3 | 65.1 |
| Strongly Agree | 22 | 34.9 | 100.0 |
| **Total** | **63** | **100.0** |  |

Source: primary data, 2020

## Results in the Table 4.3 indicate that the majority of the respondents (68.3%) generally agreed that, Shoprite supermarket arranges seminars with suppliers that focus on improving their procurement performance. However, 23.8% disagreed and 7.9% were not sure. Despite the divergence in the responses, the study concludes that, Shoprite supermarket have always conducted seminars with suppliers since the majority of the respondents agreed. This means seminars that the supermarket conducted with suppliers helps them attain open information sharing with suppliers and enhanced high quality standards and meet the procurement requirement needed by the supermarket.

## 4.4 The supermarket organizes special meetings with the suppliers

Respondents were asked to indicate whether the supermarket organizes special meetings with the suppliers every year that focuses on quality and production efficiency. The responses are presented in Table 4.4.

**Table 4.4: The supermarket organizes special meetings with the suppliers**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Frequency** | **Percent** | **Valid Percent** | **Cumulative Percent** |
|  | Strongly Disagree | 6 | 9.5 | 9.7 | 9.7 |
| Disagree | 8 | 12.7 | 12.9 | 22.6 |
| Not Sure | 3 | 4.8 | 4.8 | 27.4 |
| Agree | 24 | 38.1 | 38.7 | 66.1 |
| Strongly Agree | 21 | 33.3 | 33.9 | 100.0 |
| Total | 62 | 98.4 | 100.0 |  |
|  | Missing System | 1 | 1.6 |  |  |
| **Total** | **63** | **100.0** |  |  |

Source: primary data, 2020

Table 4.4, indicates that the majority of the respondents generally agreed (72.6%) that the supermarket organizes special meetings with the suppliers every year that focuses on quality and production efficiency. However, 22.6% disagreed and 4.8% were not sure. Despite the divergence in the responses, the study concludes that the supermarket organizes special meetings with the suppliers every year that focuses on quality and production efficiency since the majority of the respondents agreed.

## 4.5 The supermarket directly interacts with suppliers

Respondents were asked to indicate whether Shoprite supermarket directly interacts with suppliers which make them more receptive to dynamic business world. The responses are presented in Table 4.5.

**Table 4.5: The supermarket directly interacts with suppliers**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Frequency** | **Percent** | **Cumulative Percent** |
|  | Strongly Disagree | 17 | 27.0 | 27.0 |
| Disagree | 6 | 9.5 | 36.5 |
| Not Sure | 6 | 9.5 | 46.0 |
| Agree | 22 | 34.9 | 81.0 |
| Strongly Agree | 12 | 19.0 | 100.0 |
| **Total** | **63** | **100.0** |  |

Source: primary data, 2020

Table 4.5, indicates that the majority of the respondents (54%) generally agreed that the supermarket directly interacts with suppliers which make them more receptive to dynamic business world. However, 36.5% disagreed and 9.5% were not sure. Despite the divergence in the responses, the study concludes that, the supermarket directly interacts with suppliers which make them more receptive to dynamic business world since the majority of the respondents agreed. This means that the supermarket is in good relationships with most of the suppliers to increase quality, reduce inventory, develop just-in-time systems and decrease time to market.

**4.6 The supermarket sends suppliers with removable disk containing notes**

Respondents were asked to indicate whether the supermarket sends notes to suppliers stored on the removable disk which increases access to information by the suppliers. The responses are presented in Table 4.6.

**Table 4.6: The supermarket sends suppliers with removable disk containing notes**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Frequency** | **Percent** | **Valid Percent** | **Cumulative Percent** |
|  | Strongly Disagree | 23 | 36.5 | 39.0 | 39.0 |
| Disagree | 13 | 20.6 | 22.0 | 61.0 |
| Not Sure | 14 | 22.2 | 23.7 | 84.7 |
| Agree | 7 | 11.1 | 11.9 | 96.6 |
| Strongly Agree | 2 | 3.2 | 3.4 | 100.0 |
| Total | 59 | 93.7 | 100.0 |  |
| Missing | System | 4 | 6.3 |  |  |
| **Total** | **63** | **100.0** |  |  |

Source: primary data, 2020

## Table 4.6, indicates that the majority of the respondents (61.0%) generally disagreed that, Shoprite supermarket does not send notes to suppliers stored on the removable disk which increases access to information by the suppliers. However, 23.7% agreed and 15.3% were not sure. Despite the divergence in the responses, the study concludes that Shoprite supermarket does not embrace computer based training that requires storage of the reading notes on the removable disks like CDs, flashes, hard drives among other since the majority of the respondents (61.0%) disagreed. This means that the supermarket failed to adopt the computer based training of which the world is in the fastest moving technology. Therefore, the supermarket is recommended to adapt to the fast moving technology by embracing computer based training that allows trainees to work at their learning pace and style, both of which can be adjusted to match the individual needs of each trainee. Computer-based training is non-threatening and non-judgmental while providing immediate feedback as the training progresses.

## 4.7 The supermarket facilitates suppliers with the short course studies

Respondents were asked to indicate whether the supermarket facilitates suppliers with the short course studies to acquire new expertise. The responses are presented in Table 4.6.

**Table 4.7: The supermarket facilitates suppliers with the short course studies**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Frequency** | **Percent** | **Cumulative Percent** |
|  | Strongly Disagree | 23 | 36.5 | 27.0 |
| Disagree | 22 | 34.9 | 71.4 |
|  | Not sure | 12 | 19.1 | 90.5 |
| Agree | 6 | 9.5 | 100.0 |
| **Total** | **63** | **100.0** |  |

Source: primary data, 2020

Table 4.7, indicates that the majority of the respondents (71.4%) generally disagreed that supermarket does not facilitate suppliers with the short course studies to acquire new expertise. However, 9.5% agreed and 19.1% were not sure. Despite the divergence in the responses, the study concludes that, supermarket does not facilitate suppliers with the short course studies to acquire new expertise since the majority of the respondents disagreed. It is also recommend that the supermarket should start supporting the suppliers with some short-term courses since they are the best medium for initiating and implementing innovative approaches.

## 4.8: Suppliers are always encouraged to conduct on-job

Respondents were asked to indicate whether suppliers are always encouraged to conduct on-job to improve on the required knowledge, skills and application in the production. The responses are presented in Table 4.8.

**Table 4.8: Suppliers are always encouraged to conduct on-job**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Frequency** | **Percent** | **Valid Percent** | **Cumulative Percent** |
|  | Strongly Disagree | 12 | 19.0 | 19.4 | 19.4 |
| Disagree | 8 | 12.7 | 12.9 | 32.3 |
| Not Sure | 19 | 30.2 | 30.6 | 62.9 |
| Agree | 13 | 20.6 | 21.0 | 83.9 |
| Strongly Agree | 10 | 15.9 | 16.1 | 100.0 |
| Total | 62 | 98.4 | 100.0 |  |
| Missing | System | 1 | 1.6 |  |  |
| **Total** | **63** | **100.0** |  |  |

Source: primary data, 2020

Table 4.8, indicates that the majority of the respondents (37.1%) generally agreed that the suppliers are always encouraged to conduct on-job training to improve on the required knowledge, skills, and application in the production. However, 32.3% disagreed and 30.6% were not sure. Despite the divergence in the responses, the study concludes that, to a greater extent the supermarket always encourage suppliers to conduct on-job to improve on the required knowledge, skills, and application in the production since majority of the respondents agreed. This means that through the on-job training that the supermarket encourages the suppliers to provide to their employees facilitates higher understanding of how organization operations should be conducted effectively and efficiently, potential reduction in the cost of production.

## 4.9: The supermarket hires external consultant to train the suppliers

Respondents were asked to indicate whether the supermarket hires external consultant to train suppliers on how to improve quality standards. The responses are presented in Table 4.9.

**Table 4.9: The supermarket hires external consultant to train the suppliers**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Frequency** | **Percent** | **Cumulative Percent** |
|  | Strongly Disagree | 9 | 14.3 | 14.3 |
| Disagree | 26 | 41.3 | 55.6 |
| Not Sure | 10 | 15.9 | 71.4 |
| Agree | 13 | 20.6 | 92.1 |
| Strongly Agree | 5 | 7.9 | 100.0 |
| **Total** | **63** | **100.0** |  |

Source: primary data, 2020

## Table 4.9, indicates that the majority of the respondents (55.6%) generally disagreed that, the supermarket hires an external consultant to train suppliers on how to improve their quality standards. However, 28.6% agreed and 15.9% were not sure. Despite the divergence in the responses, the study concludes that, the supermarket hires an external consultant to train suppliers on how to improve quality standards since the majority of the respondents disagreed.

## 4.10: The supermarket assists supplier in acquiring certification by agencies

Respondents were asked to indicate whether the supermarket assists supplier in acquiring certification by agencies. The responses are presented in Table 4.10.

**Table 4.10: The supermarket assists supplier in acquiring certification by agencies**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Frequency** | **Percent** | **Valid Percent** | **Cumulative Percent** |
|  | Strongly Disagree | 8 | 12.7 | 12.9 | 12.9 |
| Disagree | 11 | 17.5 | 17.7 | 30.6 |
| Not Sure | 11 | 17.5 | 17.7 | 48.4 |
| Agree | 18 | 28.6 | 29.0 | 77.4 |
| Strongly Agree | 14 | 22.2 | 22.6 | 100.0 |
| Total | 62 | 98.4 | 100.0 |  |
| Missing | System | 1 | 1.6 |  |  |
| **Total** | **63** | **100.0** |  |  |

Source: primary data, 2020

Table 4.10, indicates that the majority of the respondents (51.6%) generally agreed that, the supermarket assists supplier in acquiring certification by the agencies. However, 30.6% disagreed and 17.7% were not sure. Despite the divergence in the responses, the study concludes that, the supermarket assists supplier in acquiring certification by the agencies since the majority of the respondents agreed.

## 4.11 Regression analysis

A multiple linear regression analysis was done to examine the relationship of the procurement performance and supplier training.

**Table 4.11.1: ANOVA a Test Result**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Model** | **Sum of Squares** | **df** | **Mean Square** | **F** | **Sig.** |
| 1 | Regression | 15.259 | 1 | 15.259 | 32.549 | .000b |
| Residual | 27.659 | 59 | .469 |  |  |
| Total | 42.918 | 60 |  |  |  |
| a. Dependent Variable: Procurement Performance |
| b. Predictors: (Constant), Supplier Training |

The study used ANOVA to establish the overall significance of study’s regression model at a 95% confidence level (5% significance level). The ANOVA results in table 4.11 revealed a positive significant relationship between supplier training and Training Applica supplier training (F=32.549, P<.000). This implies the supplier training positively contributed to the improved procurement performance of the supermarket.

**Table 4.11.2: Coefficients Test Result**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Model | Unstandardized Coefficients | Standardized Coefficients | t | Sig. |
| B | Std. Error | Beta |
| 1 | (Constant) | 2.154 | .264 |  | 8.167 | .000 |
| Supplier Training  | .380 | .067 | .596 | 5.705 | .000 |

a. Dependent Variable: procurement performance

According to Table 4.11.2, supplier training significantly influences procurement which is established as (beta value=.596, t=8.167, P<.000). This therefore implies that suppliers’ development variables have moderate positive relationship with procurement performance of the supermarket. This is because their p-values (0.000) less than the common alpha level of 0.05.

## CHAPTER FIVE

## SUPPLIER FINANCING AND PERFORMANCE OF SHOPRITE SUPERMARKET

## 5.0. Introduction

The chapter presents findings on the relationships between supplier financing and performance of Shoprite supermarket. The results are presented in the Table 5.1-5.10.

## 5.1. The supermarket makes immediate payment to suppliers

## Respondents were asked to indicate whether the supermarket makes immediate payment suppliers upon delivery of the products. The responses are presented in Table 5.1.

**Table 5.1: The supermarket makes immediate to payment suppliers**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Frequency** | **Percent** | **Cumulative Percent** |
|  | Strongly Disagree | 6 | 9.5 | 9.5 |
| Disagree | 6 | 9.5 | 19.0 |
| Not Sure | 4 | 6.3 | 25.4 |
| Agree | 39 | 61.9 | 87.3 |
| Strongly Agree | 8 | 12.7 | 100.0 |
| **Total** | **63** | **100.0** |  |

Source: primary data, 2020

## Table 5.1, indicates that the majority of the respondents (74.6%) generally agreed that, the supermarket makes immediate payment suppliers. However, 19.0% disagreed and 6.3% were not sure. Despite the divergence in the responses, the study concludes that, the Shoprite supermarket makes immediate payment suppliers upon delivery of the products since majority of the respondents (74.6%) agreed. This means that, immediate or/ timely payment to suppliers facilitates timely meeting of financial obligations, increases supplier competitive edge and leads to continuous supply of goods to the buyer. Therefore, given that, the supermarket makes timely and immediate payment to suppliers, they are able to suppliers meet their financial obligations and increase competitive edge which in turn positively impact on the performance of the supermarket.

## 5.2. The supermarket finance suppliers with equipment

## Respondents were asked to indicate whether supermarket provides suppliers with some equipment required in the production processes. The responses are presented in Table 5.2.

**Table 5.2: The supermarket finance suppliers with equipment**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Frequency** | **Percent** | **Cumulative Percent** |
|  | Strongly Disagree | 29 | 46.0 | 46.0 |
| Disagree | 12 | 19.0 | 65.0 |
| Not Sure | 10 | 15.9 | 80.9 |
| Agree | 3 | 4.8 | 85.7 |
| Strongly Agree | 9 | 14.3 | 100.0 |
| **Total** | **63** | **100.0** |  |

Source: primary data, 2020

## Table 5.2, indicates that the majority of the respondents (65.0%) generally disagreed that; supermarket does not provide suppliers with equipment needed in the production of the products. However, 19.1% agreed and 15.9% were not sure. Despite the divergence in the responses, supermarket does not provide suppliers with equipment needed in the production of the products since majority of the respondents (65.0%) disagreed. In a supply chain, due to capital constraints, the supplier may suffers a capital deficit and fail to acquire high quality equipment that can be used to procure high class products. Therefore, it is recommended that the supermarket should start developing the suppliers through equipment financing.

## 5.3. The supermarket extends credit advice to the esteemed suppliers

Respondents were asked to indicate whether the supermarket extends credit advice to the esteemed suppliers. The responses are presented in Table 5.3.

**5.3: The supermarket extends credit advice to the esteemed suppliers**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Frequency** | **Percent** | **Valid Percent** | **Cumulative Percent** |
|  | Strongly Disagree | 6 | 9.5 | 9.7 | 9.7 |
| Disagree | 18 | 28.6 | 29.0 | 38.7 |
| Not Sure | 2 | 3.2 | 3.2 | 41.9 |
| Agree | 35 | 55.6 | 56.5 | 98.4 |
| Strongly Agree | 1 | 1.6 | 1.6 | 100.0 |
| Total | 62 | 98.4 | 100.0 |  |
| Missing | System | 1 | 1.6 |  |  |
| **Total** | **63** | **100.0** |  |  |

Source: primary data, 2020

Table 5.3, indicates that the majority of the respondents (58.1%) generally agreed that; the supermarket extends credit advice to the esteemed suppliers. However, 38.7% disagreed and 3.2% were not sure. Despite the level of divergence in the responses, the study concludes that, the supermarket extends credit advice to the esteemed suppliers since the majority of the respondents (58.1%) agreed. This means that the supermarket has been able to help supplier improve o their financial discipline. This is because credit advice extended to suppliers sets wise spending policy into the minds of the suppliers, hence suppliers are able save money when and where possible through both cost savings and cost avoidance measures. Another key informant reported that,

*“There are a variety of risks faced during the procurement process and risks in every phase and stage of the process, with certain risks of greater importance during each stage. This therefore, requires sounding credit advice to be extended to people”.*

## 5.4. The supermarket extends advance payments to reliable suppliers

Respondents were asked to indicate whether the supermarket extends advance payments to reliable suppliers. The responses are presented in Table 5.4.

**Table 5.4: The supermarket extends advance payments to reliable suppliers**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Frequency** | **Percent** | **Valid Percent** | **Cumulative Percent** |
|  | Strongly Disagree | 3 | 4.8 | 4.9 | 4.9 |
| Disagree | 29 | 46.0 | 47.5 | 52.5 |
| Not Sure | 15 | 23.8 | 24.6 | 77.0 |
| Agree | 7 | 11.1 | 11.5 | 88.5 |
| Strongly Agree | 7 | 11.1 | 11.5 | 100.0 |
| Total | 61 | 96.8 | 100.0 |  |
| Missing | System | 2 | 3.2 |  |  |
| **Total** | **63** | **100.0** |  |  |

Source: primary data, 2020

Table 5.4, indicates that the majority of the respondents (52.4%) generally disagreed that; the supermarket does not extend advance payments to suppliers. However, 23% agreed and 24.6% were not sure. Despite the divergence in the responses, the supermarket does not extend advance payments to reliable suppliers since the majority of the respondents (52.4%) disagreed. Therefore, to guarantee efficient operations of suppliers, the supermarket should start offering advance payments to suppliers to mitigate the suppliers' capital deficit problems. This can help the supplier to stabilize the supply of the products which in turn help to reduce the rate of stock-out situations, hence effective and efficient operations of the supermarket. This is line with what one key informant reported that,

*“Some companies in Uganda have at least adopted advance payment plans. For example,* *the C.C.L.E Rubber Manufacturing Company in Mukono Mbalala always offer some advance payments to their supplies who supply them with rubber in large quantity. Therefore, the interviewee was of the suggestion that the supermarket should also integrate this in their procurement plans”.*

This is because advance payment has helps companies to attain uninterrupted flow of raw material used in the production of the tubes. In this regard, the supermarket may also gain high chances of improving its procurement performance.

## 5.5. The supermarket extends financial loans to prominent suppliers

Respondents were asked to indicate whether the supermarket extends financial loans to prominent suppliers. The responses are presented in Table 5.5.

**Table 5.5: The supermarket extends financial loans to prominent suppliers**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Frequency** | **Percent** | **Cumulative Percent** |
|  | Strongly Disagree | 2 | 3.2 | 3.2 |
| Disagree | 36 | 57.1 | 60.3 |
| Not Sure | 14 | 22.2 | 82.5 |
| Agree | 8 | 12.7 | 95.2 |
| Strongly Agree | 3 | 4.8 | 100.0 |
| **Total** | **63** | **100.0** |  |

Source: primary data, 2020

Table 5.5, indicates that, the majority of the respondents (60.3%) generally disagreed that; the supermarket does not extend financial loans to prominent suppliers. However, 17.5% agreed and 22.2% were not sure. Despite the divergence in the responses, the supermarket does not extend financial loans to prominent suppliers since the majority of the respondents (60.3%) disagreed. This could one of the presuming causes to the poor procurement performance that the supermarket is exposed to. Therefore, recommended that, the supermarket should willingly be willing to grant some loans to the suppliers. This may help them increase assurance of continuous and timely delivery of the supplies into the supermarket. This was in line with what another key informant reported about,

*“Financial loans have an increasing role for corporate activities. This is because extending financial loans to suppliers help them to increase their capital base and hence improving on their production efficiency”.*

This therefore will in turn, helps to increase assurance levels of the supermarket in supply availability.

## 5.6. The supermarket finances distributors with trade credits

Respondents were asked to indicate whether the supermarket finances distributors with trade credits. The responses are presented in Table 5.6.

**Table 5.6: The supermarket finances distributors with trade credits**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Frequency** | **Percent** | **Valid Percent** | **Cumulative Percent** |
|  | Strongly Disagree | 39 | 61.9 | 62.9 | 61.9 |
| Disagree | 12 | 19.0 | 19.3 | 81.2 |
| Not Sure | 7 | 11.1 | 11.3 | 92.5 |
| Agree | 2 | 3.2 | 3.3 | 95.7 |
| Strongly Agree | 2 | 3.2 | 3.3 | 100 |
| Total | 62 | 98.4 | 100.0 |  |
| Missing | System | 1 | 1.6 |  |  |
| **Total** | **63** | **100.0** |  |  |

Source: primary data, 2020

## Table 5.6, indicates that the majority of the respondents (81.2%) generally disagreed that; the supermarket does not finance distributors with trade credits. However, 6.6% agreed and 11.3% were not sure. Despite the level of divergence in the responses, the study concludes that, the supermarket does not finance distributors with trade credits since the majority of the respondents (81.2%) disagreed.

## 5.7. The supermarket makes batch ordering for the goods from suppliers

Respondents were asked to indicate whether the supermarket always make batch ordering for the goods from suppliers. The responses are presented in Table 5.7.

**Table 5.7: The supermarket makes batch ordering for the goods from suppliers**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Frequency** | **Percent** | **Cumulative Percent** |
|  | Strongly Disagree | 5 | 7.9 | 7.9 |
| Disagree | 3 | 4.8 | 12.7 |
| Not Sure | 17 | 27.0 | 39.7 |
| Agree | 6 | 9.5 | 49.2 |
| Strongly Agree | 32 | 50.8 | 100.0 |
| **Total** | **63** | **100.0** |  |

**Source: primary data, 2020**

Table 5.7, indicates that the majority of the respondents (60.3%) generally agreed that; the supermarket makes batch ordering for the goods from suppliers. However, 12.7% disagreed and 27.0% were not sure. Despite the level of divergence in the responses, the study concludes that, the supermarket makes batch ordering for the goods from suppliers since majority of the respondents (60.3%) agreed. This means that the Shoprite supermarket adopts batch-ordering policy of supplies. In a batch ordering environment, system costs are heavily influenced by the number of batches used for ordering.

## 5.8. Financial leasing is always offered to suppliers by the supermarket

Respondents were asked to indicate whether the supermarket offers financial leasing to suppliers by the supermarket. The responses are presented in Table 5.8.

**Table5.8: Financial leasing is always offered to suppliers by the supermarket**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Frequency** | **Percent** | **Cumulative Percent** |
|  | Strongly Disagree | 27 | 42.9 | 42.9 |
| Disagree | 11 | 17.5 | 60.4 |
| Not Sure | 3 | 4.8 | 65.2 |
| Agree | 18 | 28.6 | 98.7 |
| Strongly Agree | 4 | 6.3 | 100.0 |
| **Total** | **63** | **100.0** |  |

**Source: primary data, 2020**

Table 5.8, indicates that the majority of the respondents (60.4%) generally disagreed that; the supermarket does not offer financial leasing to suppliers by the supermarket. However, 34.9% agreed and 4.8% were not sure. Despite of the level of divergence in the responses, the study concludes that, the supermarket does not offer financial leasing to suppliers by the supermarket since majority of the respondents (60.4%) disagreed. It is therefore recommended that, the supermarket should start considering financial leasing in their financial and procurement plans. This is because financial leasing is a flexible form of financing that allows the use of a product without having to pay for the full face value.

## 5.9. The supermarket offers suppliers with an optimal price discounts

Respondents were asked to indicate whether the supermarket offers suppliers with an optimal price discounts that help them gain competitive pricing of the products. The responses are presented in Table 5.9.

**Table 5.9: The supermarket offers suppliers with an optimal price discounts**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Frequency** | **Percent** | **Cumulative Percent** |
|  | Strongly Disagree | 4 | 6.3 | 6.3 |
| Disagree | 4 | 6.3 | 12.7 |
| Not Sure | 7 | 11.1 | 23.8 |
| Agree | 26 | 41.3 | 65.1 |
| Strongly Agree | 22 | 34.9 | 100.0 |
| **Total** | **63** | **100.0** |  |

**Source: primary data, 2020**

Table 5.9, indicates that the majority of the respondents (76.2%) generally agreed that, the supermarket offers suppliers with optimal price discounts that help them gain competitive pricing of the products. However, 12.7% disagreed and 11.1% were not sure. Despite the level of divergence in the responses, the study concludes that, the Shoprite supermarket offers suppliers with an optimal price discounts that help them gain competitive pricing of the products since majority of the respondents (76.2%) agreed. Optimal price discounts given by the buyer to the supplier facilitates timely meeting of financial obligations, increases supplier competitive edge and leads to continuous supply of goods to the buyer.

## 5.10. The supermarket always support the suppliers with raw-materials

Respondents were asked to indicate whether the supermarket always support the suppliers with raw-materials. The responses are presented in Table 5.10.

**Table 5.10: The supermarket always support the suppliers with raw-materials**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Frequency** | **Percent** | **Cumulative Percent** |
|  | Strongly Disagree | 38 | 60.3 | 60.3 |
| Disagree | 14 | 22.2 | 82.5 |
| Not Sure | 3 | 4.8 | 87.3 |
| Agree | 5 | 7.9 | 95.2 |
| Strongly Agree | 3 | 4.8 | 100.0 |
| **Total** | **63** | **100.0** |  |

**Source: primary data, 2020**

Table 5.10 indicates that the majority of the respondents (82.5%) generally disagreed that; supermarket does not support the suppliers with some of the required production in puts like raw-materials. However, 12.7% agreed and 4.8% were not sure. Despite the level of divergence in the responses, the study concludes that, the Shoprite supermarket does not support the suppliers with some of the required production in puts like raw-materials since majority of the respondents (82.5%) disagreed.

## 5.11 Regression analysis

A multiple linear regression analysis was done to examine the relationship of the procurement performance and supplier financing.

**Table 5.11.1: ANOVA test results**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Model | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 7.699 | 1 | 7.699 | 12.997 | .001b |
| Residual | 35.543 | 60 | .592 |  |  |
| Total | 43.242 | 61 |  |  |  |
| a. Dependent Variable: procurement performance  |
| b. Predictors: (Constant), supplier financing  |

The study used ANOVA to establish the overall significance of the study’s regression model at a 95% confidence level (5% significance level). The study’s regression model was determined to be statistically significant in predicting how supplier financing affects procurement performance at Shoprite Supermarket with (F=12.997, P< .001). This implies the supplier financing weakly contributed to a positive improved procurement performance of the supermarket.

**Table 5.11.2: Coefficients Test Result**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Model | Unstandardized Coefficients | Standardized Coefficients | t | Sig. | 95.0% Confidence Interval for B |
| B | Std. Error | Beta | Lower Bound | Upper Bound |
| 1 | (Constant) | 2.447 | .325 |  | 7.532 | .000 | 1.797 | 3.097 |
| Supplier financing  | .312 | .087 | .422 | 3.605 | .001 | .139 | .485 |
| a. Dependent Variable: procurement performance  |

According to table 5.11.2, supplier financing had a weak positive influences procurement which is established as (beta value=.422, t=7.532, P<.001). This therefore implies that, supplier financing variables have a positive relationship with the procurement performance of the supermarket however; the supermarket does not fully integrate it in the development of the suppliers.

## CHAPTER SIX

## SUPPLIER PARTNERSHIP AND PERFORMANCE OF SHOPRITE SUPERMARKET

## 6.0. Introduction

The chapter presents findings on the relationships between supplier partnership and performance of Shoprite supermarket. The results are presented in the Table 6.1-6.10.

6.1. Shoprite supermarket shares procurement related information with suppliersRespondents were asked to indicate whether Shoprite supermarket shares procurement related information with suppliers. The responses are presented in Table 6.1.

**Table 6.1: Shoprite supermarket always share procurement related information with suppliers**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Frequency** | **Percent** | **Valid Percent** | **Cumulative Percent** |
|  | Strongly Disagree | 4 | 6.3 | 6.8 | 6.8 |
| Disagree | 7 | 11.1 | 11.9 | 18.6 |
| Not Sure | 3 | 4.8 | 5.1 | 23.7 |
| Agree | 17 | 27.0 | 28.8 | 52.5 |
| Strongly Agree | 28 | 44.4 | 47.5 | 100.0 |
| Total | 59 | 93.7 | 100.0 |  |
| Missing | System | 4 | 6.3 |  |  |
| **Total** | **63** | **100.0** |  |  |

**Source: primary data, 2020**

Table 6.1, indicates that the majority of the respondents (76.3%) generally agreed that; Shoprite supermarket shares procurement related information with suppliers. However, 18.6% disagreed and 5.1% were not sure. Despite the level of divergence in the responses, the study concludes that, the Shoprite supermarket always share procurement related information with suppliers since majority of the respondents (76.3%) agreed. Therefore, as it is noted that, procurement takes on increased strategic importance within companies, purchasing professionals are being asked to do even more with their limited time. In achieving this, the supermarket shares procurement related information with suppliers.

6.2. Shoprite supermarket shares procurement related information with suppliersRespondents were asked to indicate whether Shoprite supermarket has platforms for effective information sharing with suppliers. The responses are presented in Table 6.2.

**Table 6.2: The supermarket has platforms for effective information sharing with suppliers**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Frequency** | **Percent** | **Cumulative Percent** |
|  | Strongly Disagree | 9 | 14.3 | 14.3 |
| Disagree | 12 | 19.0 | 33.3 |
| Not Sure | 6 | 9.5 | 42.9 |
| Agree | 24 | 38.1 | 81.0 |
| Strongly Agree | 12 | 19.0 | 100.0 |
| **Total** | **63** | **100.0** |  |

**Source: primary data, 2020**

Table 6.2, indicates that the majority of the respondents (57.1%) generally agreed that; Shoprite supermarket has platforms for effective information sharing with suppliers. However, 33.3% disagreed and 9.5% were not sure. Despite the level of divergence in the responses, the study concludes that, Shoprite supermarket has platforms for effective information sharing with suppliers since majority of the respondents (57.1%) agreed. This implies that, Information sharing help all the supply chain partners to work together. Hence, information sharing is conducive way through which the supermarket adopted to achieve accurate management and reduce costs.

## 6.3. The supermarket makes strong and open communications with the suppliers

Respondents were asked to indicate whether strong and open communications with the suppliers helps the supermarket in reducing misunderstandings and enhances the quality of relationship. The responses are presented in Table 6.3.

**Table 6.3: the supermarket makes strong and open communications with the suppliers**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Frequency** | **Percent** | **Valid Percent** | **Cumulative Percent** |
|  | Strongly Disagree | 6 | 9.5 | 9.7 | 9.7 |
| Disagree | 11 | 17.5 | 17.7 | 27.4 |
| Not Sure | 5 | 7.9 | 8.1 | 35.5 |
| Agree | 19 | 30.2 | 30.6 | 66.1 |
| Strongly Agree | 21 | 33.3 | 33.9 | 100.0 |
| Total | 62 | 98.4 | 100.0 |  |
| Missing | System | 1 | 1.6 |  |  |
| **Total** | **63** | **100.0** |  |  |

**Source: primary data, 2020**

Table 6.3, indicates that the majority of the respondents (64.5%) generally agreed that; strong and open communications with the suppliers helps the supermarket in reducing misunderstandings and enhances the quality of relationship. However, 27.4% disagreed and 8.1% were not sure. Despite the level of divergence in the responses, the study concludes that, strong and open communications with the suppliers helps the supermarket in reducing misunderstandings and enhances the quality of relationship since majority of the respondents (64.5%) agreed. Ensuring open communication facilitates effective sharing of procurement related information, Shoprite supermarket. This is because the supermarket freely interacts with suppliers with suppliers which help them improve their ability to respond to the new demands.

## 6.4. Suppliers inform the management in advance when they expect disruptions in supplies

Respondents were asked to indicate whether suppliers always inform the management in advance when they expect disruptions in supplies. The responses are presented in Table 6.4.

**Table 6.4: Suppliers inform the management in time for any disruption in supplies**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Frequency** | **Percent** | **Cumulative Percent** |
|  | Strongly Disagree | 7 | 11.1 | 11.1 |
| Disagree | 34 | 54.0 | 65.1 |
| Not Sure | 7 | 11.1 | 76.2 |
| Agree | 8 | 12.7 | 88.9 |
| Strongly Agree | 7 | 11.1 | 100.0 |
| **Total** | **63** | **100.0** |  |

**Source: primary data, 2020**

Table 6.4, indicates that the majority of the respondents (65.1%) generally disagreed that; suppliers do not inform the management in advance when they expect disruptions in supplies. However, 23.8% agreed and 11.1% were not sure. Despite the level of divergence in the responses, the study concludes that, suppliers do not inform the management in advance when they expect disruptions in supplies since majority of the respondents (65.1%) disagreed.

## 6.5. The supermarket rewards suppliers who share procurement related information

Respondents were asked to indicate whether supermarket rewards suppliers who share procurement related information. The responses are presented in Table 6.5.

**Table 6.5: The supermarket rewards suppliers who share procurement related information**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Frequency** | **Percent** | **Cumulative Percent** |
|  | Disagree | 11 | 17.5 | 17.5 |
| Not Sure | 5 | 7.9 | 25.4 |
| Agree | 15 | 23.8 | 49.2 |
| Strongly Agree | 32 | 50.8 | 100.0 |
| **Total** | **63** | **100.0** |  |

**Source: primary data, 2020**

Table 6.5, indicates that the majority of the respondents (54.6%) generally agreed that; supermarket rewards suppliers who share procurement related information. However, 17.5% disagreed and 7.9% were not sure. Despite the level of divergence in the responses, the study concludes that, supermarket rewards suppliers who share procurement related information since majority of the respondents (54.6%) agreed. This means that the supermarket rewards suppliers who share procurement related information which act as a motivating factor for improved firm’s ability to respond to the new demands and supply quality products at the right time.

## 6.6. Procurement employees freely interact with suppliers

Respondents were asked to indicate whether at Shoprite supermarket, procurement employees freely interact with suppliers. The responses are presented in Table 6.6.

**Table 6.6: Procurement employees freely interact with suppliers**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Frequency** | **Percent** | **Cumulative Percent** |
|  | Strongly Disagree | 2 | 3.2 | 3.2 |
| Disagree | 13 | 20.6 | 23.8 |
| Agree | 35 | 55.6 | 79.4 |
| Strongly Agree | 13 | 20.6 | 100.0 |
| **Total** | **63** | **100.0** |  |

**Source: primary data, 2020**

Table 6.6, indicates that the majority of the respondents (76.2%) generally agreed that; at Shoprite supermarket, procurement employees freely interact with suppliers. However, 23.8% disagreed. Despite the level of divergence in the responses, the study concludes that, at Shoprite supermarket, procurement employees freely interact with suppliers since majority of the respondents (76.2%) agreed. By freely interacting with suppliers, the supermarket gains a greater position in creating clear understanding of the needs in the eyes of the suppliers. This helps in the provision of quality products and timely delivery of the supplies. Hence reduced costs the supermarket could face in case of poor quality and late deliveries.

## 6.7. Employees frequently communicate to suppliers about performance and client feedback

Respondents were asked to indicate whether employees frequently communicate to suppliers about performance and client feedback. The responses are presented in Table 6.7.

**Table 6.7: Employees frequently communicate to suppliers about performance and client feedback**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Frequency** | **Percent** | **Cumulative Percent** |
|  | Strongly Disagree | 11 | 17.5 | 17.5 |
| Disagree | 5 | 7.9 | 25.4 |
| Not Sure | 14 | 22.2 | 47.6 |
| Agree | 18 | 28.6 | 76.2 |
| Strongly Agree | 15 | 23.8 | 100.0 |
| **Total** | **63** | **100.0** |  |

**Source: primary data, 2020**

Table 6.7, indicates that the majority of the respondents (52.4%) generally disagreed that; employees do communicate to suppliers frequently about performance and client feedback. However, 25.4% agreed and 22.2% were not sure. Despite the level of divergence in the responses, the study concludes that, employees do communicate to suppliers frequently about performance and client feedback since majority of the respondents (52.4%) disagreed. frequently communicating with the suppliers help in ensuring long term relations. This means that Shoprite supermarket frequently communicate with the suppliers to control over dependability of supply which in turn influences supplier quality and delivery schedules.

## 6.8. Shoprite supermarket gives recognition to outstanding supplier performance

Respondents were asked to indicate whether Shoprite supermarket gives recognition to outstanding supplier performance. The responses are presented in Table 6.8.

**Table 6.8: Shoprite supermarket gives recognition to outstanding supplier performance**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Frequency** | **Percent** | **Cumulative Percent** |
|  | Strongly Disagree | 3 | 4.8 | 4.8 |
| Disagree | 15 | 23.8 | 28.6 |
| Not Sure | 30 | 47.6 | 76.2 |
| Agree | 9 | 14.3 | 90.5 |
| Strongly Agree | 6 | 9.5 | 100.0 |
| **Total** | **63** | **100.0** |  |

**Source: primary data, 2020**

Table 6.8, indicates that the majority of the respondents (47.6%) were not aware, 28.6% disagreed that, Shoprite supermarket does not give recognition to outstanding supplier performance and 23.8% agreed. Despite the level of divergence in the responses, the study concludes that, Shoprite supermarket does not give recognition to outstanding supplier performance since majority of the respondents (76.2%) agreed.

## 6.9. Partnership arrangement with the suppliers improve firm’s ability to respond to the new demands

Respondents were asked to indicate whether partnership arrangement with the suppliers improve firm’s ability to respond to the new demands. The responses are presented in Table 6.9.

**Table 6.9: Partnership arrangement with the suppliers improve firm’s ability to respond to the new demands**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Frequency** | **Percent** | **Cumulative Percent** |
|  | Strongly Disagree | 5 | 7.9 | 7.9 |
| Disagree | 13 | 20.6 | 28.6 |
| Agree | 35 | 55.6 | 84.1 |
| Strongly Agree | 10 | 15.9 | 100.0 |
| **Total** | **63** | **100.0** |  |

**Source: primary data, 2020**

Table 6.9, indicates that the majority of the respondents (71.5%) generally agreed that, partnership arrangement with suppliers improve firm’s ability to respond to the new demands. However, 28.6% disagreed. Despite the level of divergence in the responses, the study concludes that, partnership arrangement with suppliers improve firm’s ability to respond to the new demands since majority of the respondents (71.5%) agreed.

## 6.10. Supplier Partnership increases provision of error-free products

Respondents were asked to indicate whether supplier partnership increases provision of error-free products. The responses are presented in Table 6.10.

**Table 6.10: Supplier Partnership increases provision of error-free products**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Frequency** | **Percent** | **Cumulative Percent** |
|  | Strongly Disagree | 1 | 1.6 | 1.6 |
| Disagree | 6 | 9.5 | 11.1 |
| Agree | 30 | 47.6 | 58.7 |
| Strongly Agree | 26 | 41.3 | 100.0 |
| **Total** | **63** | **100.0** |  |

**Source: primary data, 2020**

Table 6.10, indicates that the majority of the respondents (88.9%) generally agreed that, partnership arrangement with suppliers improve firm’s ability to respond to the new demands. However, 11.1% disagreed. Despite the level of divergence in the responses, the study concludes that, partnership arrangement with suppliers improve firm’s ability to respond to the new demands since majority of the respondents (88.9%) agreed.

## 6.11 Regression analysis

A multiple linear regression analysis was done to examine the relationship of the procurement performance and supplier partnership.

**Table 6.11.1 ANOVA Test Result**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Model | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 7.572 | 1 | 7.572 | 12.737 | .001b |
| Residual | 35.670 | 60 | .594 |  |  |
| Total | 43.242 | 61 |  |  |  |
| a. Dependent Variable: procurement performance  |
| b. Predictors: (Constant), supplier partnership  |

The study used ANOVA to establish the overall significance of the study’s regression model at a 95% confidence level (5% significance level). The study’s regression model was determined to moderately significant in predicting how supplier partnership affects procurement performance at Shoprite Supermarket with (F=12.737, P< .001). This implies the supplier partnership moderately contributed to positive procurement performance of the supermarket.

**Table 6.11.2: Coefficients Test Result**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Model | Unstandardized Coefficients | Standardized Coefficients | t | Sig. | 95.0% Confidence Interval for B |
| B | Std. Error | Beta | Lower Bound | Upper Bound |
| 1 | (Constant) | 2.709 | .259 |  | 10.466 | .000 | 2.191 | 3.227 |
| Supplier partnership  | .259 | .072 | .418 | 3.569 | .001 | .114 | .404 |
| a. Dependent Variable: procurement performance  |

According to table 6.11.2, supplier partnership significantly influences procurement which is established as (beta value=.418, t=10.466, P<.001). This therefore implies that, supplier partnership variables have a positive relationship with the procurement performance of the supermarket. This is because their p-values (0.001) which is less than the common alpha level of 0.05.

## CHAPTER SEVEN

## SUPPLIER DEVELOPMENT AND PROCUREMENT PERFORMANCE OF SHOPRITE SUPERMARKET

## 7.0. Introduction

The chapter presents findings on the relationships between Procurement Performance of ShopRite Supermarket. The results are presented in the Table 7.1-7.10.

## 7.1. Suppliers make on-time deliveries for goods

Respondents were asked to indicate whether suppliers always supply Shoprite supermarket on-time whenever an order is placed. The responses are presented in Table 7.1.

**Table 7.1: Suppliers make on-time deliveries for goods**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Frequency** | **Percent** | **Valid Percent** | **Cumulative Percent** |
|  | Strongly Disagree | 3 | 4.8 | 4.8 | 4.8 |
| Disagree | 2 | 3.2 | 3.2 | 8.0 |
| Not Sure | 18 | 28.6 | 29.0 | 37.0 |
| Agree | 8 | 12.7 | 12.9 | 49.9 |
| Strongly Agree | 31 | 49.2 | 50.0 | 100.0 |
| Total | 62 | 98.4 | 100.0 |  |
| Missing | System | 1 | 1.6 |  |  |
| **Total** | **63** | **100.0** |  |  |

**Source: primary data, 2020**

Table 7.1, indicates that the majority of the respondents (62.9%) generally agreed that; suppliers make on-time deliveries for goods. However, 14.3% disagreed and 29.0% were not sure. Despite the level of divergence in the responses, the study concludes that, suppliers always supply Shoprite supermarket on-time whenever an order is placed since majority of the respondents (62.9%) disagreed. This means that, supplier development aspects such as training, enhancing supplier technical capability and supporting suppliers financially greatly improves supplier effectiveness which in turn leads to greater buyer performance via timely deliveries.

## 7.2. Adherence to the practice of Just in time purchasing strategies

Respondents were asked to indicate whether suppliers who supply goods to Shoprite supermarket adhere to Just in Time purchasing strategies. The responses are presented in Table 7.2.

**Table 7.2: Adherence to the practice of Just in time purchasing strategies**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Frequency** | **Percent** | **Cumulative Percent** |
|  | Strongly Disagree | 44 | 69.8 | 69.8 |
| Disagree | 8 | 12.7 | 82.5 |
| Agree | 2 | 3.2 | 85.7 |
| Strongly Agree | 9 | 14.3 | 100.0 |
| **Total** | **63** | **100.0** |  |

**Source: primary data, 2020**

Table 7.2, indicates that the majority of the respondents (82.5%) generally disagreed that; there is less adherence to Just in Time purchasing strategies. However, 14.3% agreed. Despite the level of divergence in the responses, the study concludes that, there are fewer adherences to Just in Time purchasing strategies since majority of the respondents (82.5%) disagreed.

## 7.3. Suppliers are consistent in delivering supplies to the supermarket

Respondents were asked to indicate whether suppliers are consistent in delivering supplies to the supermarket. The responses are presented in Table 7.3.

**Table 7.3: Suppliers are consistent in delivering supplies to the supermarket**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Frequency** | **Percent** | **Cumulative Percent** |
|  | Disagree | 18 | 28.6 | 28.6 |
| Not Sure | 10 | 15.9 | 44.4 |
| Agree | 29 | 46.0 | 90.5 |
| Strongly Agree | 6 | 9.5 | 100.0 |
| **Total** | **63** | **100.0** |  |

**Source: primary data, 2020**

Table 7.3, indicates that the majority of the respondents (55.5%) generally agreed that; suppliers are consistent in delivering supplies to the supermarket. However, 28.6% disagreed and 15.9% were not sure. Despite the level of divergence in the responses, the study concludes that, suppliers are consistent in delivering supplies to the supermarket since majority of the respondents (55.5%) agreed. This is means that the supermarket is in good relationship with the suppliers since inconsistent supply can only result when there is lack of trust between supplier and buyer. Due to the consistence deliveries as noted in the study, the supermarket gained high chances of improving on the performance. Consistence deliveries of the suppliers also reveal higher suppliers’ inflexibility to change.

## 7.4. Suppliers provide supplies at an optimal price

Respondents were asked to indicate whether suppliers provide supplies at an optimal price. The responses are presented in Table 7.4.

**Table 7.4: Suppliers provide supplies at an optimal price**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Frequency** | **Percent** | **Cumulative Percent** |
|  | Strongly Disagree | 12 | 19.0 | 19.0 |
| Disagree | 4 | 6.3 | 25.3 |
| Not Sure | 5 | 7.9 | 33.2 |
| Agree | 10 | 15.9 | 49.2 |
| Strongly Agree | 32 | 50.8 | 100.0 |
| **Total** | **63** | **100.0** |  |

**Source: primary data, 2020**

Table 7.4, indicates that the majority of the respondents (66.7%) generally agreed that; suppliers provide supplies at an optimal price. However, 25.3% disagreed and 7.9% were not sure. Despite the level of divergence in the responses, the study concludes that, suppliers provide supplies at an optimal price since majority of the respondents (66.7%) agreed.

## 7.5. High rate of rush order costs incurred by the supermarket

Respondents were asked to indicate whether the supermarket incurs high rush order costs. The responses are presented in Table 7.5.

**Table 7.5: High rate of rush order costs incurred by the supermarket**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Frequency** | **Percent** | **Valid Percent** | **Cumulative Percent** |
|  | Strongly Disagree | 1 | 1.6 | 1.7 | 1.7 |
| Disagree | 9 | 14.3 | 15.0 | 16.7 |
| Not Sure | 7 | 11.1 | 11.7 | 28.3 |
| Agree | 39 | 61.9 | 65.0 | 93.3 |
| Strongly Agree | 4 | 6.3 | 6.7 | 100.0 |
| Total | 60 | 95.2 | 100.0 |  |
| Missing | System | 3 | 4.8 |  |  |
| **Total** | **63** | **100.0** |  |  |

**Source: primary data, 2020**

Table 7.5, indicates that the majority of the respondents (68.2%) generally agreed that; There is a high rate of rush order costs incurred by the supermarket. However, 15.0% disagreed and 11.1% were not sure. Despite the level of divergence in the responses, the study concludes that, There is a high rate of rush order costs incurred by the supermarket since majority of the respondents (68.2%) agreed.

## 7.6. The supermarket is experiencing low inventory carrying costs

Respondents were asked to indicate whether the supermarket is experiencing low inventory carrying costs. The responses are presented in Table 7.6.

**Table 4.6: The supermarket is experiencing low inventory carrying costs**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Frequency** | **Percent** | **Valid Percent** | **Cumulative Percent** |
|  | Disagree | 33 | 52.4 | 53.2 | 53.2 |
| Not Sure | 21 | 33.3 | 33.9 | 87.1 |
| Agree | 8 | 12.7 | 12.9 | 100.0 |
| Total | 62 | 98.4 | 100.0 |  |
| Missing | System | 1 | 1.6 |  |  |
| **Total** | **63** | **100.0** |  |  |

Source: primary data, 2020

Table 7.6, indicates that the majority of the respondents (53.2%) generally disagreed that; the supermarket is experiencing low inventory carrying costs. However, 12.7% agreed and 33.3% were not sure. Despite the level of divergence in the responses, the study concludes that, the supermarket is experiencing low inventory carrying costs in the supermarket since majority of the respondents (53.2%) disagreed.

## 7.7. Less risks/costs of non-supply in the supermarket

Respondents were asked to indicate whether there are less risks/costs of non-supply in the supermarket. The responses are presented in Table 7.7.

**Table 7.7: Less risks/costs of non-supply in the supermarket**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Frequency** | **Percent** | **Cumulative Percent** |
|  | Strongly Disagree | 11 | 17.5 | 17.5 |
| Disagree | 26 | 41.3 | 58.7 |
| Not Sure | 6 | 9.5 | 68.3 |
| Agree | 13 | 20.6 | 88.9 |
| Strongly Agree | 7 | 11.1 | 100.0 |
| **Total** | **63** | **100.0** |  |

Source: primary data, 2020

Table 7.7, indicates that the majority of the respondents (58.7%) generally disagreed that; there is less risks/costs of non-supply in the supermarket. However, 31.7% agreed and 9.5% were not sure. Despite the level of divergence in the responses, the study concludes that, there is less risks/costs of non-supply in the supermarket since majority of the respondents (58.7%) disagreed.

## 7.8. Suppliers clearly mark on the products with the correct manufactured and expiry dates

Respondents were asked to indicate whether suppliers clearly mark on the products with the correct manufactured and expiry dates. The responses are presented in Table 7.8.

**Table 7.8: Suppliers clearly mark on the products with the correct manufactured and expiry dates**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Frequency** | **Percent** | **Cumulative Percent** |
|  | Strongly Disagree | 5 | 7.9 | 7.9 |
| Disagree | 11 | 17.5 | 25.4 |
| Not Sure | 15 | 23.8 | 49.2 |
| Agree | 32 | 50.8 | 100.0 |
| **Total** | **63** | **100.0** |  |

**Source: primary data, 2020**

Table 7.8, indicates that the majority of the respondents (50.8%) generally agreed that; Suppliers clearly mark on the products with the correct manufactured and expiry dates. However, 25.4% disagreed and 23.8% were not sure. Despite the level of divergence in the responses, the study concludes that, the Suppliers clearly mark on the products with the correct manufactured and expiry dates since majority of the respondents (50.8%) agreed.

## 7.9. Suppliers provide supplies of the desired quality

Respondents were asked to indicate whether suppliers provide supplies of the desired quality. The responses are presented in Table 7.9.

**Table 7.9: Suppliers provide supplies of the desired quality**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Frequency** | **Percent** | **Valid Percent** | **Cumulative Percent** |
|  | Strongly Disagree | 3 | 4.8 | 4.8 | 4.8 |
| Disagree | 5 | 7.9 | 8.1 | 12.9 |
| Not Sure | 8 | 12.9 | 12.9 | 25.8 |
| Agree | 46 | 73.0 | 74.2 | 100.0 |
| Total | 62 | 98.4 | 100.0 |  |
| Missing | System | 1 | 1.6 |  |  |
| **Total** | **63** | **100.0** |  |  |

**Source: primary data, 2020**

Table 7.9, indicates that the majority of the respondents (73.0%) generally agreed that; Suppliersprovide supplies of the desired quality. However, 12.9% disagreed and 12.9% were not sure. Despite the level of divergence in the responses, the study concludes that, the Suppliers provide supplies of the desired quality with suppliers since majority of the respondents (73.0%) agreed.

## CHAPTER EIGHT

## TOWARDS HARMONIZING SUPPLIER DEVELOPMENT AND PROCUREMENT PERFORMANCE OF SHOPRITE SUPERMARKET

## 8.0 Introduction

This chapter links the findings to the literature review and suggests the way forward in the solution to the problem of the study.

## 8.1.1 Supplier Training and performance

From the study, it was noted that, Shoprite supermarket arranges seminars with suppliers that focuses on improving their procurement performance, organizes special meetings with the suppliers every year that focuses on quality and production efficiency, interacts with suppliers which make them more receptive to dynamic business world, suppliers are always encouraged to conduct on-job to improve on the required knowledge, skills and application in the production and the supermarket assists supplier in acquiring certification by agencies. This therefore implies that, training suppliers is very important tool in increasing supplier base since it increases supplier competency. Many scholars have argued in support with these findings for example Musyoki and Ngugi (2017) revealed a positive and significant relationship between supplier training, information sharing, management support, strategic partnership and performance of pharmaceutical suppliers for hospitals in Nairobi City County. Phillip Lasserre (1982) highlighted that training of suppliers is of crucial importance as a mechanism for technology transfer. Singer (1988) considers training of suppliers as one of the mechanisms through which Multinational corporations transfer technology across national borders.

According to Li, Humphreys, Yeung and Cheng, (2012) trained suppliers feel a sense of belonging in the supply organization hence meeting the objectives and goals of the firm. They are mostly likely to stay in the organization hence enhancing winning of bids. Kadir et al. (2011) also confirmed that, providing buyer-support training help to identify factors that suppliers themselves seem important for development of their capabilities. It is claimed that support from buyers for supplier training has been deficient. According to Gunasekaran, Patel, and Tirtiroglu, (2011) trainings and education strengthen the relationship and improve the performance level of both buyer and supplier. He categorized the training into periodic and ad hoc trainings. Periodic trainings enable suppliers to have deeper understanding of customer’s processes and the improvement areas. Ad hoc trainings are more new product development specific and with building long term relationships (Carr & Kaynak, 2017).

On the other hand, the study further identified some aspects that Shoprite supermarket has failed to adhere to as far as supplier training is concerned and has continued to affects its general performance. For example, the supermarket failed to provide coaching programs to key suppliers, failed to conduct workshops with suppliers that focus on product quality improvement, failed to cope up with the moving technology of digitalization through the use of removable disk that could increase the access to information by supplier, has also failed to support suppliers where need be with short course studies that could help in imparting the suppliers with new expertise and does not hire consultant on behalf of the suppliers. This is in support with Li, Humphreys, Yeung and Cheng, (2012) who says that, poorly trained suppliers in an organization is unhealthy since it affects the firms performance, also the suppliers are less likely to remain in the organization hence increasing change of quitting supply of goods and services. Eamon et al, (2008), argues that, the right type of training could then lead to an increase in performance for the supplier. It is therefore recommended that, the supermarket should also conduct coaching as a method of training, conduct workshops and should adopt to the computer based training techniques. This helps to improve their procurement performance.

## 8.1.2 Supplier Financing and performance

The study revealed that, the supermarket makes immediate payment suppliers, the supermarket extends credit advice to the esteemed suppliers, the supermarket makes batch ordering for the goods from suppliers and the supermarket offers suppliers with an optimal price discounts that help them gain competitive pricing of the products. These findings were in support by maby scholars for example, Chen, Deng, 2013) indicated that, demonstrated money related to the suppliers help buyers expand provider rivalry in the worldwide market and possibly diminishes transportation and other calculated expenses of providers. Also Lysons and Farrington (2010) argue that, Supplier Financing alter a supplier’s way of working so as to avoid adverse consequences such as losing the business with the customer. The new way of working leads to an improvement of the quality, cost, service, etc. of the product or service delivered to the customer. Supplier Financing therefore compel the supplier to take additional efforts (time, labor, quality inspection, input material of higher quality, etc.) in order to improve the production and delivery of the product and it is such supplier performance/capability improvements that ultimately improve the buyer firm’s overall performance.

According to Chavhan, Mahajan, & Sarang, (2012), proven financial support provides the buying firm with increased supplier competition in the global market and potentially reduces transportation and other logistical costs of suppliers. Today’s successful buyers can attribute their achievement to their valuable buyer-supplier relationship obtainable through buyers’ initiative to support supplier via technical support, financial support and through supplier training in order to achieve superior performance and mutual gain for both parties. A supplier who is properly and adequately financially supported increases the buying organizations ability to deliver high-quality and innovative products to its customers and thus reduces buyers operational risks. Supplier’s financial support is critical in determining the supplier’s ability to remain financially solvent (Wangner, 2006). Financial support enhances suppliers’ capability and capacity to cope with the buyers’ requirement and therefore strengthens the suppliers’ capacity to meet resource requirements by the buyer.

On the other hand, the study also found out some aspects that the supermarket failed to adhere to in terms of suppliers financing. For example, the supermarket does not provide suppliers with equipment needed in the production of the products and does not extend advance payments to suppliers that could ensure uninterrupted production flow by the suppliers and hence ensuring constant delivery of supplies. The supermarket does not extends financial loans to prominent suppliers and does not offer financial leasing to suppliers by the supermarket and supermarket does not support the suppliers with some of the required production in puts like raw-materials.

## 8.1.3 Supplier partnership and performance

The study further revealed that, Shoprite supermarket shares procurement related information with suppliers, has platforms for effective information sharing with suppliers, strong and open communications with the suppliers helps the supermarket in reducing misunderstandings and enhances the quality of relationship, supermarket rewards suppliers who share procurement related information, Shoprite supermarket, procurement employees freely interact with suppliers, partnership arrangement with suppliers improve firm’s ability to respond to the new demands and partnership arrangement with suppliers improve firm’s ability to respond to the new demands. This means that, Shoprite supermarket has a strategy which is supplier collaboration that maximizes the amount of raw materials from the beer that is sourced locally and the benefits of this, is reducing the exchange rate risk, reducing the exposure to imports, security of supply and lowering costs.

These findings are in support by many scholars for example, Sohal and Rahman (2011) found that, buyer-supplier collaboration leads to increased levels of customer responsiveness and satisfaction. Wachiuri & Waiganjo (2015) who asserts that firms should work closely with their suppliers.. Mikkola and Larsen (2003) notes that, supplier have a significant impact on an organizations performance, through their contributions towards cost reduction, eliminate inconsistency in the designer’s manufacturing processes, minimize high-cost material items, share technical expertise and processes within each other, enabling the constant improvement of quality, share technology capabilities, and increase responsiveness of buying companies. 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. Abdullah, (2017) found out that, suppliers partnership helps to remain more competitive in their partnership they not only share sensitive information on costs and swapping staff but also helps each other out during periods of economic difficulty and such incidents increases their closeness in relationship.

According to Ragatz et al (1997) different issues can arise when working with suppliers for product development like information sharing risk, resistant culture of the company and suppliers resistance of sharing information and technologies. Sharing of information with suppliers may cause future problems as there is risk of sharing that information unintentionally with the competitors or the supplier could also be competitor of the buyer company. The culture of the company can also be a barrier for accepting the ideas from suppliers for improving product design. Schmitz and Platts, (2014) found out 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 (Krause,1998). With strategic information sharing between an organization and its suppliers, innovation is enhanced where suppliers are able to save significant money for an organization and share the cost savings for the benefit of all.

## CHAPTER NINE

## SUMMARY, CONCLUSION AND RECOMMENDATION TO THE STUDY

## 9.0 Introduction

This chapter presents the summary, conclusion and recommendations based on the results the study.

## 9.1 Summary of the findings

## The findings are summarized following the orders of the objects as illustrated below.

## 9.1.1 Supplier Training and performance

The study revealed that, integrates different training methods with the main focus development the suppliers that in turns improve the procurement performance of the supermarket, include; the supermarket arranges seminars with suppliers focused on creating improved procurement performance, organizes special meetings with the suppliers every year that focuses on quality and production efficiency, interacts with suppliers which make them more receptive to dynamic business world, suppliers are always encouraged to conduct on-job to improve on the required knowledge, skills and application in the production and the supermarket assists supplier in acquiring certification by agencies. On the other hand, Shoprite supermarket does not organize external coaching programs to key suppliers, Shoprite supermarket does not conduct workshops with suppliers that focus on product quality improvement, Shoprite supermarket does not send notes to suppliers stored on the removable disk which increases access to information by supplier, supermarket does not facilitate suppliers with the short course studies to acquire new expertise and the supermarket hires external consultant to train suppliers on how to improve their quality standards.

## 9.1.2 Supplier Financing and performance

The study revealed that, the supermarket makes immediate payment suppliers, the supermarket extends credit advice to the esteemed suppliers, the supermarket makes batch ordering for the goods from suppliers and the supermarket offers suppliers with an optimal price discounts that help them gain competitive pricing of the products. However, the supermarket does not provide suppliers with equipment needed in the production of the products, extend advance payments to suppliers, extends financial loans to prominent suppliers, finance distributors with trade credits, and lastly the supermarket does not offer financial leasing to suppliers by the supermarket.

## 9.1.3 Supplier partnership and performance

The study also revealed that, Shoprite supermarket shares procurement related information with suppliers, has platforms for effective information sharing with suppliers, rewards suppliers who share procurement related information, Shoprite supermarket, procurement employees freely interact with suppliers, partnership arrangement with suppliers improve firm’s ability to respond to the new demands and partnership arrangement with suppliers improve firm’s ability to respond to the new demands.

## 9.2 Conclusion

This study concluded that, supplier development positively influences the procurement performance of the supermarkets. For example, multiple linear regression analysis confirmed that supplier training significantly influences procurement performance of the supermarket with a beta value=0.596, Supplier financing positive influenced with beta value=0.422 and supplier partnership with beta value=0.418. Which means that, procurement performance is enhanced by involving supplier thereby training them on the quality standards required, collaborating with them through information sharing, mutual investments and shared technology, integrating the systems with those of the suppliers and financing them through timely payment, advance payment credit payment among others. Integration of supplier training, financing and partnership to a great extent contributed to improved performance in terms of superior quality, reduced lead time and reduced costs. Hence, encouraging buying firms to always support supplier development practices in order to achieve superior performance for the mutual benefit of all the stakeholders. However, a lot is still needed before Shoprite supermarket achieve a superior for example, integrating coaching programs, conduct workshops; adopted to computer based training, support suppliers with key equipment, providing them with advances and failure to adhere and integrate them may continue exposing the supermarket to procurement performance.

## 9.3 Recommendations

Based on the findings of the study and the conclusions drawn, the following recommendations were made:

Shoprite Supermarket should continue setting and communicating challenging goals

Shoprite Supermarket’s Supply Chain team should hold a monthly suppliers’ meeting with suppliers’ representatives to communicate.

The study also recommends that, the supermarket should also start developing suppliers through equipment financing.

It is therefore recommended that, the supermarket should consider financial leasing as one of the ways in financing suppliers. This is because financial leasing is a flexible form of financing that allows the use of a product without having to pay for the full face value.

Shoprite Supermarket should recognize high performing suppliers through a well-publicized annual supplier award ceremony. This may act as motivational tools to enhance improved performance of the suppliers

Shoprite Supermarket should also ensure improved intercompany communication and collaboration between itself and suppliers by requiring them to grant their Supply Chain Division increased access to the internal information.

Shoprite Supermarket should also enhance its Supplier Training to promote information sharing and support its ERP systems.

The study recommends that Shoprite Supermarket should maintain or if possible improve its Supplier collaboration in regards to forecasting, flexibility and having a contingency management system.

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## APPENDIX I

## QUESTIONNAIRE

## This questionnaire comes from Isiife Samuel a student of Nkumba University, conducting an academic research on, supplier development and procurement performance of supply chain stores, focusing on Shoprite supermarket as a requirement for the award of a Masters of Procurement and Logistics Management. I kindly request the assistance in answering the following questions by ticking where applicable. The information will only be used for academic purposes and shall be treated with utmost confidentiality.

## SECTION A: BACKGROUND INFORMATION ABOUT THE RESPONDENT

## Please tick the appropriate box where applicable

## Gender of respondents

## Male

## Female

## Level of Education

## Primary

## O-level

## A-level

## Diploma

## Degree

## Other (specify)……………………

## Marital status

## Single

## Married

## Separated

## Divorced

## Widowed

## Other (specify)……………………..

## Age group

## 20-29

## 30-39

## 40-49

## 50 and above

1. **Period of service or relationship with the supermarket**
2. 1-2 Years

## 2-3 years

## 3-4 years

## 4-5 years

## 5 and above years

## *In the subsequent sections that follow, you are requested to respond to each item in subsequent sections using the following scale by ticking the appropriate option.*

## 5= Strongly Agree, 4 = Agree, 3= Not sure, 2 = Disagree, 1 = Strongly Disagree

**SECTION B: SUPPLIER TRAINING AND PROCUREMENT PERFORMANCE**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Statement** | 1 | 2 | 3 | 4 | 5 |
| 7 | Shoprite supermarket organizes external coaching programs for their key suppliers |  |  |  |  |  |
| 8 | The supermarket organizes a number of workshops with suppliers focused on product quality improvement  |  |  |  |  |  |
| 15 | The supermarket arranges seminars with the suppliers focused on improving their procurement performance |  |  |  |  |  |
| 9 | The supermarket organizes special meetings with the suppliers every year that focuses on quality and production efficiency  |  |  |  |  |  |
| 10 | The supermarket directly interacts with suppliers which make them more receptive to dynamic business world |  |  |  |  |  |
| 11 | The supermarket sends notes to suppliers stored on the removable disk which increases access to information by suppliers |  |  |  |  |  |
| 12 | The supermarket facilitates suppliers with the short course studies to acquire new expertise |  |  |  |  |  |
| 13 | Suppliers are always encouraged to conduct on-job to improve on the required knowledge, skills and application in the production |  |  |  |  |  |
| 14 | The supermarket organizes workshops for the suppliers to increase on their operation efficiency  |  |  |  |  |  |
| 16 | The supermarket assists supplier in acquiring certification by agencies |  |  |  |  |  |

**SECTION C: SUPPLIER FINANCING AND PROCUREMENT PERFORMANCE**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Statement** | 1 | 2 | 3 | 4 | 5 |
| 17 | The supermarket makes immediate payment to suppliers upon delivery of the products |  |  |  |  |  |
| 18 | The supermarket offers the suppliers with some equipment required in the production processes |  |  |  |  |  |
| 19 | The supermarket extends credit advice to the esteemed suppliers  |  |  |  |  |  |
| 20 | The supermarket extends advance payments to reliable suppliers |  |  |  |  |  |
| 21 | The supermarket extends financial loans to prominent suppliers  |  |  |  |  |  |
| 22 | The supermarket finances distributors with trade credits |  |  |  |  |  |
| 23 | The supermarket always make batch ordering for the goods from suppliers  |  |  |  |  |  |
| 24 | Financial leasing is always offered to suppliers by the supermarket |  |  |  |  |  |
| 25 | The supermarket offers suppliers with an optimal price discounts that help them gain competitive pricing of the products |  |  |  |  |  |
| 26 | The supermarket always support the suppliers with some of the required production in puts like raw-materials |  |  |  |  |  |

**SECTION D: SUPPLIER PARTNERSHIP AND PROCUREMENT PERFORMANCE**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Statement**  | 1 | 2 | 3 | 4 | 5 |
| 27 | Shoprite supermarket always share procurement related information with suppliers |  |  |  |  |  |
| 28 | Shoprite supermarket has measures and platforms for effective information sharing with suppliers |  |  |  |  |  |
| 29 | Strong and open communications with the suppliers helps the supermarket in reducing misunderstandings and enhances the quality of relationship |  |  |  |  |  |
| 30 | Suppliers always inform the management in advance when they expect disruptions in supplies |  |  |  |  |  |
| 31 | The supermarket rewards suppliers who share procurement related information. |  |  |  |  |  |
| 32 | At Shoprite supermarket, procurement employees freely interact with suppliers |  |  |  |  |  |
| 33 | Employees frequently communicate to suppliers about performance and client feedback. |  |  |  |  |  |
|  34 | Shoprite supermarket gives recognition to outstanding supplier performance |  |  |  |  |  |
| 35 | Partnership arrangement with the suppliers improve firm’s ability to respond to the new demands |  |  |  |  |  |
| 36 | Supplier Partnership increases provision of error-free products  |  |  |  |  |  |

**SECTION E: PROCUREMENT PERFORMANCE**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Statement** | **1** | **2** | **3** | **4** | **5** |
| 37 | Suppliers make on-time deliveries for goods  |  |  |  |  |  |
| 38 | There is maximum adherence to the practice of Just in time purchasing strategies |  |  |  |  |  |
| 39 | Suppliers are consistent in delivering supplies to the supermarket  |  |  |  |  |  |
| 40 | Suppliers provide supplies at an optimal price |  |  |  |  |  |
| 41 | There is a high rate of rush order costs incurred by the supermarket  |  |  |  |  |  |
| 42 |  The supermarket is experiencing low inventory carrying costs  |  |  |  |  |  |
| 43 | There is less risks/costs of non-supply in the supermarket |  |  |  |  |  |
| 44 | Suppliers clearly mark on the products with the correct manufactured and expiry dates  |  |  |  |  |  |
| 45 | Suppliers provide supplies of the desired quality |  |  |  |  |  |
| 46 | There is high levels of product safety and packaging hence reduced spoilage rate |  |  |  |  |  |

## APPENDIX II

## INTERVIEW GUIDE

**The relationship between supplier training and performance**

1. What training programs/modules does the supermarket offer to suppliers?
2. Why do you think supermarkets should always provide training support to the suppliers?
3. How has the supermarket ensured that, the training module provided offers maximum benefit to the suppliers?
4. How are trained suppliers responding to the training needs that improve performance of the supermarket?

**The relationship between supplier financing and performance**

1. How long does the supermarket take to pay the suppliers after supplies have been delivered?
2. How has supplier financing program impacted on the performance of the supermarket and suppliers?
3. How does Shoprite Supermarket promote supplier financing?
4. How are suppliers using financial support to improve the procurement performance of the supermarket?

**The relationship between supplier partnership and performance**

1. How does the supermarket promote long term relationship with the suppliers?
2. What are some of the contributions that the supermarket gained from partnering with the suppliers?
3. What should the supermarket do, to attain a workable partnership with the suppliers?
4. Why do you think the supermarket should continue forming workable partnership with suppliers?

## APPENDIX III

## TABLE FOR SAMPLE SIZE DETERMINATION

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| N | S | N | S | N | S | N | S | N | S |
| 10 | 10 | 100 | 80 | 280 | 162 | 800 | 260 | 2800 | 338 |
| 15 | 14 | 110 | 86 | 290 | 165 | 850 | 265 | 3000 | 341 |
| 20 | 19 | 120 | 92 | 300 | 169 | 900 | 269 | 3500 | 246 |
| 25 | 24 | 130 | 97 | 320 | 175 | 950 | 274 | 4000 | 351 |
| 30 | 28 | 140 | 103 | 340 | 181 | 1000 | 278 | 4500 | 351 |
| 35 | 32 | 150 | 108 | 360 | 186 | 1100 | 285 | 5000 | 357 |
| 40 | 36 | 160 | 113 | 380 | 191 | 1200 | 291 | 6000 | 361 |
| 45 | 40 | 180 | 118 | 400 | 196 | 1300 | 297 | 7000 | 364 |
| 50 | 44 | 190 | 123 | 420 | 201 | 1400 | 302 | 8000 | 367 |
| 55 | 48 | 200 | 127 | 440 | 205 | 1500 | 306 | 9000 | 368 |
| 60 | 52 | 210 | 132 | 460 | 210 | 1600 | 310 | 10000 | 373 |
| 65 | 56 | 220 | 136 | 480 | 214 | 1700 | 313 | 15000 | 375 |
| 70 | 59 | 230 | 140 | 500 | 217 | 1800 | 317 | 20000 | 377 |
| 75 | 63 | 240 | 144 | 550 | 225 | 1900 | 320 | 30000 | 379 |
| 80 | 66 | 250 | 148 | 600 | 234 | 2000 | 322 | 40000 | 380 |
| 85 | 70 | 260 | 152 | 650 | 242 | 2200 | 327 | 50000 | 381 |
| 90 | 73 | 270 | 155 | 700 | 248 | 2400 | 331 | 75000 | 382 |
| 95 | 76 | 270 | 159 | 750 | 256 | 2600 | 335 | 100000 | 384 |

 Note: “N” is population size

 “S” is sample size.