PERCEIVED BUYER-SUPPLIER RELATIONSHIPS AND PERFORMANCE AMONG LARGE SCALE RETAIL OUTLETS IN KISUMU, KENYA

OMONDI DANIEL ERIC

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (MBA) UNIVERSITY OF NAIROBI

NOVEMBER 2015

DECLARATION

This research project is my original work and has not been submitted for a degree in this University or any other University/College.

é é é é é é é é é é é é é é é ..　　　　é é é é é é é é é é é é ..

OMONDI DANIEL ERIC　　　　**DATE**

D61/61420/2013

This project has been submitted for Examination with my approval as the University Lecturer.

é é é é é é é é é é é é é é é ..　　　　é é é é é é é é é é é é ..

MR GERALD ONDIEK　　　　**DATE**

Department of Management Science,

University of Nairobi.

School of Business

ACKNOWLEDGEMENTS

I wish to thank most sincerely the Almighty God for the gift of life, good health and strength that has enabled me to go through this programme. My late parents Mzee Wilson Mugenya and Mama Roselidah Mugenya deserve special mention for having invested in my academic journey from infancy. May their souls be blessed.

Special thanks go to my supervisor Mr. Gerald Ondiek for his guidance, patience and constructive criticism throughout the study. He devoted a lot of his time and energy to ensure that the project meets the required standards and I am greatly indebted to him.

My dear wife Ruth and kids Joan, Jackson, Emmanuel and Christian gave me the material and moral support that I needed to go through the entire programme. God bless you all.

To my all classmates and the Librarian Mr Owino, thank you so much for your support and encouragement.

God bless you all.

DEDICATION

This research project report is dedicated to my beloved wife Ruth and children Joan, Jackson, Emmanuel and Christian and my late mum Roselidah (Nya Yiro). Their love, prayers, understanding, moral and material support have brought me this far.

ABSTRACT

This study was carried out to establish the effect of perceived buyer-supplier relationships on performance among large scale retail outlets in Kisumu, Kenya. The study had three objectives, namely; to determine the extent to which large scale retail outlets in Kisumu have adopted the concept of buyer-supplier relationships, to determine the impact of buyer-supplier relationships on the performance on large scale retail businesses and to determine the challenges facing buyer-supplier relationships. The research design involved a cross sectional survey of eleven (11) large scale retail outlets in Kisumu, Kenya. Data was collected using a questionnaire that was administered through ñdrop and pickò method. The data collected was sorted and coded then entered into the Statistical Packages for Social Sciences (SPSS) for analysis. Percentages and frequencies were used to analyze objective one and objective three whereas descriptive statistics was used to analyze the relationship between buyerï supplier relationships and performance among large scale retail outlets in Kenya. The findings are presented in tables. The study findings confirmed that most large scale retail outlets in Kisumu have embraced the concept of buyer-supplier relationships. They have incorporated most of the buyer- supplier relationship variables in their operations and this has contributed to an enhanced performance of the organizations to a large extent. The major limitation of the study is that it only focused on the large scale retail outlets in Kisumu. It did not feature other large scale retail outlets in other parts of the country hence problems unique to retail outlets in different geographical locations could not be ascertained. Furthermore, the findings of the study and their application are limited to large scale retail outlets in Kenya and may not be applicable directly to other organizations operating outside the Kenyan retail industry. The researcher therefore recommends further research on other firms that are not located in Kisumu and are not in the retail industry.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF ABBREVIATIONS AND ACRONYMS

AFD ï French Agency for Development

BSC - Balanced Scorecard

GDP ï Gross Domestic Product

KNBS ï Kenya National Bureau of Statistics

PET ï Politcal Economy Theory

RDT ï Resource Dependence Theory

SCM ï Supply Chain Management

SET ï Social Exchange Theory

SPSS - Statistical Packages for Social Sciences

TCA ï Transaction Cost Analysis

TCT ï Transaction Cost Theory

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The ability of an enterprise to compete in a competitive market is strongly associated with its business-to-business relationships and its ability to create a sustainable competitive advantage in that market, Saunders (1997). In such competitive environments, suppliers have mostly been viewed in an adversarial manner by buyers, as the relationship between buyers and suppliers is viewed as a win-lose situation. This is the traditional view of the purchasing role in the supply chain. In the traditional role, the emphasis was on vendor selection and price, keeping relationships at an armôs length, and interactions were transactional in nature.

However, many futuristic firms have found it more effective to work collaboratively with their suppliers to in order to serve the ultimate customer better. Terms such as alliances, partnerships, collaborative relationships, and boundaryless organizations have been used to describe these new buyer-supplier relationships (Crotts, Buhalis, & March, 2000). Supply chain alliance can improve the overall performance of a supply chain and many organizations have adopted alliances as their competitive strategy pillars. According to Dyer (1996), alliances can be considered as an intercrossed governance structure, arranged together to get the benefits of independent ownership and advantages of vertical integration. Alliances in the supply chain are made of several relationships including supplier alliances which provide the buying firm many benefits. The benefits may include better resource utilization, higher coordination, and faster reaction to market dynamics. To the buyer, the benefits may include improved quality of products or services, reduced cost and reduced lead-time or service completion time among others.

According to Kenya National Bureau of Statistics (KNBS) Economic Survey Report (2014), the wholesale and retail sector is the second biggest contributor to the GDP growth accounting for 15.2% of the overall growth. The relationship between the buyers and suppliers in the retail sector is therefore of great concern hence the need to establish the level at which this sector has embraced the concept of buyerï supplier relationships and the impact of such collaboration on the performance of the retail stores. Several large scale retail stores exist in Kisumu hence its choice for the study.

1.1.1 Buyer-Supplier Relationships

The recognition of the potential to be gained through collaborative relationships with suppliers has resulted in a move away from an adversarial buyer-seller relationship to a focus on managing long term relationships to increase supplier contributions to a firmôs success. The shift away from the traditional óarmôs lengthô relationship to closer relationships, alternatively characterized as ópartnershipsô or óalliancesô is a shift from a market based exchange toward bilateral governance. The shift towards bilateral governance is a way of safeguarding against certain risks without incurring the burden of ownership through vertical integration. For instance, if suppliers and buyers depend on and trust one another and rely on their long term commitment to a mutually beneficial relationship, the risks to both parties are reduced.

A decision to pursue a partnership relationship with a supplier is essentially a cost-benefit decision or one that involves a transaction cost analysis (TCA). Thus, the benefits to be derived from the partnership must be weighed against the investment in time and resources required to make the partnership work. Therefore it is important to understand what is required to create and maintain a successful partnership. Graham et.al (1994) identified several critical factors in the successful management of buyer-seller relationships. These include selective matching whereby individual partners have compatible corporate values and cultures; technical and strategic information sharing; role specification, defining ground rules, development of exit provisions and long term commitments.

In modern commerce, buyer-supplier relationships have become strategic and the process of relationship development has gained impetus as firms strive to create relationships to achieve their goals. Firms pursue buyer- seller partnerships for a variety of reasons. The purchasing objectives are to minimize risk and safeguard investment in assets specific to the relationship through building stronger partnerships. Other specific objectives include improving the quality as well as reducing the costs of purchased goods and services. An important emerging trend related to buyer-seller relationships is that many buyers are developing single source suppliers because of the pressure to increase quality, reduce inventory, develop just-in-time systems, and decrease time to market. The ultimate goal in developing these capabilities is to reduce costs. These cost reductions can be achieved through either of the two traditional models; adversarial and collaborative models. The adversarial model, also known as antagonistic model, has hallmarks of short-term contracts, tough negotiation, focus on price, and multiple sourcing. In this model, buyers pit suppliers against each to achieve lower costs. Under the collaborative or cooperative model, buyers do not only prefer a supplier on the basis of price or cost but also on the factors that contribute more to the suppliers' competence in production, distribution, and after sales service. It is also beneficial for suppliers to be able to access the business skill and expertise of their buyer partners (Imrie & Morris, 1992).

Other collaborative strategies currently in use include cross functional team decision making, supply base rationalization and long term contract and relationship. The current trend of relationships is evolving towards a more collaborative form based on cooperation, mutual benefit and trust and relational exchange so that buyers can control the dependability of supply or influence supplier quality and delivery schedules while suppliers seek to secure long-term, reliable markets, or to influence customer quality.

1.1.2 Organizational Performance

Organizational performance may be defined as an analysis of a companyös performance as compared to goals and objectives. Within corporate organizations, there are three primary outcomes analyzed; financial performance, market performance and shareholder value (*www.businessdictionary.com*, 15th June 2015). Performance in organizations takes many forms depending on whom and what the measurement is meant for. Different interest groups require different performance indicators to enable them make informed decisions. Kaplan and Norton introduced the Balanced Scorecard (BSC) in 1992 in a study conducted on performance measurement in companies whose intangible assets played a central role in value creation. The BSC advocated for financial metrics as the ultimate outcome measures for company success, but supplemented these with perspectives from customers, internal business process and learning and growth perspectives. Accounting or financial perspective includes profitability measures such as operating income, return on capital employed, growth in sales, and generation of cash flows. Customer perspective encompasses measures such as customer satisfaction, customer retention, new customer acquisition, customer response time, market share and market profitability. The key measures of internal business processes perspective include product design, product development, after sales service, manufacturing efficiency, etc. The learning and growth perspective measures the ability of employees, information systems and organizational procedures to manage the business and adapt to change.

From the perspectives of Fontenot, Vlosky, Wilson and David, (1997), organizational performance encompasses three specific areas of firm outcomes: product market performance (sales, market share, etc.); financial performance (profits, return on investment, return on assets, etc.); and shareholder return (total shareholder return, economic value added, etc.)

According to Thompson (2007), what enables a company to achieve or deliver better financial results from its operations is the achievement of strategic objectives that improve its competitiveness and market strength and not financial measures alone. Non financial measures include innovativeness and market standing. Performance is therefore measured by both financial and non-financial measures.

Several studies have examined and demonstrated the linkages between relationships and performance. Existing literature on supplier alliances also provides empirical evidence of their benefits in terms of cycle time and new product development time, delivery performance, flexibility, product availability and customer satisfaction. According to Johnston, McCutcheon, Stuart, and Kerwood (2004), the benefits include financial gains, lead time performance, improved responsiveness, customer loyalty, innovation, quality products, reduction in inventory and improvements in product or process design. The literature on supplier alliances also provides empirical evidence of their benefits in terms of flexibility, delivery performance, cycle time and new product development time, product availability and customer satisfaction (Stank, Keller, and Daugherty, 2001). For the purpose of this study, performance would be measured in the financial perspective and customer perspective from the buyerǿs viewpoint using part of Kaplan and Nortonǿs BSC Model.

1.1.3 Large Scale Retail Outlets in Kisumu

Large scale retail outlets majorly comprise of supermarkets and other single product line national or multinational chain stores. Reardon et al. (2003) contend that supermarkets are spreading quickly in urban areas and supermarket chains are modernizing their product procurement systems hence differentiating them from those used by traditional retailers and wholesalers.
Kisumu is a town in Kisumu County in Kenya with a population of 409,928 according to the 2009 population census report. However, according to a report by the county governor presented to the French Agency for Development (AFD) on 27th June 2015, the current population for the town is estimated at 600,000 people with an estimated growth rate of 3% per annum. These statistics provide evidence of a strong market for goods and services that potential investors can take advantage of and initiate different ventures to supply goods and services to the population. Kisumu is the third largest city in Kenya and the principal city of Western Kenya that serves neighbouring counties of Siaya, and Kakamega.

The Kenya Vision 2030 envisions developing the country to a middle income country by 2030. According to the Kenya National Bureau of Statistics (KNBS) Economic Survey Report of 2014, Kenya had a GDP growth of 4.7% for the year 2013. The vision calls for a series of five-year plans, between 2008-2030 targeting six key sectors with investment in twenty flagship projects one of which is a better and more inclusive wholesale and retail trade sector. The 2030 vision for wholesale and retail trade is to move towards greater efficiency in the countryǿs marketing system. According to KNBS Economic Survey Report (2014), the wholesale and retail sector is showing great promise as a key economic driver after recording good performance in 2013. It is now the second biggest contributor to the Gross Domestic Product growth accounting for 15.2% of the overall growth after agriculture and ahead of transport and communication.

New York Stock Exchange-listed research firm Nielsen has ranked Kenya Africaǿs second biggest formalised retail economy after South Africa, in a consumer report that studied five sub-Saharan Africa economies (Business Daily, 25th June, 2015). Data from the survey shows that 30% of Kenyans do their shopping in formal retail outlets. The formal retail market in Kenya has grown exponentially in the past three years especially in the major urban centres. There are several large scale retail outlets in Kenya including Nakumatt Supermarket, Ukwala Supermarket, Tuskys Supermarket, Tumaini Supermarket, Uchumi Supermarket, Naivas Supermarket, Yatin Supermarket, Kibuye Mart Ltd, Chandarana Supermarkets, G-Mart Supermarkets, Jaharis Supermarkets, Quickmart Supermarkets, Rikana Supermarkets, PakMatt Supermarket, Selfridges Supermarkets and StageMatt Supermarket among others.

In Kisumu where the study will be based, there are eleven registered large scale supermarkets most of which have more than one branch in the same town. The retail outlets above rely on supplies from manufacturers, farmers, and other contracted individuals who regularly supply them with materials meant for resale to the final consumers.

1.2 Research Problem

Mentzer et al (2001) observe that modern organizational competition stems from the external activities taking place outside the walls of an organization and does not only lie within the organization. For an organization to survive this competition there is need to effectively link various operations with suppliers such as wholesalers, retailers and end customers. Hence the objective of supply chain management is to improve the performance of the entire supply chain and not an individual organization. According to Saunders (1997), there has been a paradigm shift in the purchasing and/or marketing function from focusing on the activity of sourcing suppliers and attracting customers to activities which concern having suppliers and customers and taking care of them, that is, relationship purchasing/marketing. The core of this relationship is relations, maintenance of relations between the suppliers and purchasers, the public and the final customers. The main idea is to create supplier/buyer loyalty so that a stable, mutually benefitting and long-term relationship is enhanced.

Several studies have been carried out on buyer supplier relationships in the past. A study conducted by Cousins, Lawson, and Squire (2008) on performance measurement in strategic buyer-supplier relationships established that superior performance outcomes cannot be generated by supplier performance measures only. Instead, the influence of performance measures on relationship outcomes is influenced by the extent of a firmȏs buyer-supplier socialization mechanisms. The study focused on the performance of suppliers and not the performance of the buying organization. Hsiao (2002) established that that trust, communication, cooperation and power dependence with supply contracts had a positive relationship on supply chain performance in retail outlets in Taiwan. This study focused on the supply chain performance as a whole and not on specific aspects of the performance. A study done by Mukhwana (2010), concentrated on supply chain management practices on performance. The study was too general on supply chain practices and not a specific supply chain management practice hence the effect on performance could not be attributed to a specific practice. A study by Wachira (2013) on supplier relationship management and supply chain performance in alcoholic beverage industry in Kenya concluded that firms in the alcohol beverage industry were embracing collaborative relationships with their suppliers to improve on their supply chain performance. The study focused on supplier relationship management and supply chain performance in the alcohol beverage industry only.

The majority of the studies discussed above on buyer-seller relationships and their effects on performance measurement concentrated on the performance of manufacturing firms and not retail outlets yet suppliers also play a major role on the performance of retail outlets. Therefore a study on the level at which the retail sector has embraced the concept of buyer-supplier relationships and how these relationships affect organizational performance is important. To the best knowledge of the researcher, no such study has been documented to have been conducted in the recent past to establish any effects of buyer supplier relationships on the performance of large scale retail outlets hence the need for this study. This study therefore seeks to bridge this gap by investigating how buyer-supplier relationships impact on the performance of large scale retail organizations. The study seeks to answer the following question: What is the effect of buyer-supplier relationships on the performance of large scale retail outlets?

1.3 Objectives of the Study

The study has three major objectives, namely;

i. To establish the extent to which large scale retail outlets have adopted the buyer-supplier relationships concept in Kisumu;
ii. To determine the impact of buyer-supplier relationships on the performance on large scale retail businesses; and
iii. To determine the challenges facing buyer-supplier relationships.

1.4 Value of the Study

This study will be important to the managements of retail outlets in Kenya in general especially the supply chain managers and other procurement staff, as they would understand better the significance of good supplier relationships to the retail businesses. This is because the results of this study will show the extent to which retail outlets have embraced the alliance concept in procurement of supplies from the suppliers and explain the reason(s) for the current adoption levels. In addition, the results will also explain the benefits of maintaining buyer-supplier relationships to business organizations in general and retail outlets in particular hence motivate firms to design and implement strategies aimed at encouraging buyer-supplier relationships.

To the government, the research findings would be useful in formulating policies that can promote and nurture peaceful co-existence between buyers and suppliers in the retail sector in particular and in other exchange sectors in general. This would promote industrial peace and accelerate economic growth and development in Kenya.

The study will also be of significance to scholars, researchers and students of supply chain management and marketing as they will gain insight into the concept of buyer-supplier relationships and use suggestions by the researcher on areas for future research to conduct further research and expand knowledge in their disciplines.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents the past studies as well as theories related to buyer-supplier relationships. It includes a review of the various studies that have been conducted by other researchers and scholars on buyer-supplier relationships in general.

2.2 Theories underpinning the Study

The study of buyer-seller relationships is anchored in some well-established frameworks such as transaction cost theory, political economy theory, social exchange theory and resource dependence theory (Robicheaux *et al.*, 1994). The transaction cost approach to the study of economic organization regards the transaction as the basic unit of analysis and holds that an understanding of transaction cost economizing is central to the study of organization activities. Transaction Cost Theory (TCT) explains why companies exist and why companies expand or source out activities to the external environment. The theory supposes that companies try to minimize the costs of exchanging resources with the environment while simultaneously trying to minimize the bureaucratic costs of exchanges within the company. Companies therefore weigh the costs of exchanging resources with the environment against the bureaucratic costs of performing activities in-house. According to Williamson (1981), every company will expand as long as the companyộs activities can be performed cheaper within the company than by, for instance, outsourcing the activities to external market providers. A transaction cost occurs when a good or service is transferred across a technologically separable interface. Managers must therefore weigh the internal transaction costs vis-a-vis the external transaction costs before the company decides whether or not to keep some activity in-house or to outsource the activity to the environment. The study of buyer-seller relationships is anchored on the TCT in that a decision to pursue a partnership relationship with a supplier is essentially a cost- benefit decision or one that involves a transaction cost analysis (TCA). Thus, the benefits to be derived from the partnership must be weighed against the investment in time and resources required to make the partnership work since the major objective of buyer-seller alliances is to reduce transaction costs between the buyer and the supplier.

Political Economy Theory (PET) relies on the concepts of utility, wealth, value, commodity, labour, land and capital. Political economy can be described as the study of the social relations, particularly the power relations that mutually constitute the production, distribution, and consumption of resources. The PET theory aids the study of buyer-seller relationships in that its core concepts of utility, value and wealth are widely applicable in buyer-seller relationships whose ultimate goal is value addition to both the buyer and seller through exchange of goods and services, information and technology resulting in wealth creation for both parties.

Social Exchange Theory (SET) evolved from Thorndike's (1932, 1935) work on the development of reinforcement theory and Mill's (1923) marginal utility theory. The theoryφs fundamental principle is that in social situations, humans choose behaviors that maximize their likelihood of meeting self interests in those situations. In taking such a view of human social interactions, social exchange theory operates on several key assumptions. The assumptions are that individuals are generally rational and engage in calculations of costs and benefits in social exchanges; those engaged in interactions are rationally seeking to maximize the profits or benefits to be gained from those situations, especially in terms of meeting basic individual needs; exchange processes that produce payoffs or rewards for individuals lead to patterning of social interactions; and that individuals are goal-oriented in a freely competitive social system. The

SET therefore largely attends to decision making issues at the individual level with the aim of meeting individual needs and maximizing benefits to the individuals.

Resource Dependence Theory (RDT) was first advanced in 1978 by J. Pfeffer and G. Salancik and is concerned with how external resources an organization uses such as raw materials affect organizational behavior. The theory is important because an organizationôs ability to gather, alter and exploit such resources faster than competitors can be fundamental to success. RDT is rooted in the idea that resources are key to organizational success and that access and control over resources is a basis of power. Strategies must be carefully considered in order to maintain open access to resources because resources are often controlled by organizations not in the control of the organization needing them. This calls for alliances with the resource providers (suppliers) hence the need for the study on buyer-seller relationships.

2.3 Buyer-Supplier Relationships

In order to survive and grow in the fiercely competitive business environment, firms searching for any source of competitive advantage have focused on the supply chain and, more specifically, on the buyer-supplier relationship. According to Harland (1996), management of buyer-supplier relationships is central to the success of supply chain management in firms. In order to maximize the value creation in the supply chain, strategic relationships with critical suppliers must be understood. Studies have shown that successful management of these relationships contributes to firm performance (Tan et al., 1999). Dimensions such as trust and commitment play an important role in high-value strategic relationships, where specific investments are high, and contractual governance alone is not adequate. In such high-value strategic relationships, the relationship will only continue and be considered a success if both parties perceive that they are gaining value from the relationship.

According to Monczka, Trent, and Handfield (2000), supply chain management has become widely recognized as an important contributor to strategic success, helping firms meet the challenges of an increasingly competitive and dynamic environment. The challenges have driven companies toward forming closer relationships with a smaller number of suppliers who have become increasingly involved in many aspects of strategy making and day-to-day operations (Cousins, 1999).

An effective supply chain is therefore built upon relationships. Closer and stronger relationships enable the channel members to achieve cost reductions and revenue growth, quality improvements besides providing the capability to deal with uncertainties in demand and supply. The buyer and supplier must work together as a team in order to win and retain the business. According to Saunders (1997), the continued contact between buyer and supplier organizations in a long term relationship creates an enabling mechanism through which they can work together and develop arrangements for the supply of requirements tailored to the needs of the purchaser. For there to be a successful relationship, there should be a sincere desire to win, mutual sharing of risks and rewards, high level of commitment and trust, clear understanding of each otherôs roles and responsibilities, long-term orientation, mutual information sharing, and responsiveness towards each otherôs and end customerôs needs (Lemke, Goffin, and Szwejczewski, 2002).

Whereas various researchers have proposed different variables as being the fundamental variables that ensure good buyer-seller relationships, according to Wilson and Moller (1991), it can be concluded that a relational paradigm has emerged from the various research streams resulting in a number of constructs that are shared in the different models. The empirical models of buyer-supplier relationships complement one another in terms of the relationship dimensions considered and most concur that for successful relationships to exist, there need to be trust, adaptation, satisfaction, communication, commitment and mutual goals between the buyer and the supplier. The above variables form the theoretical framework for this study.

According to Anderson et al., (1990), trust may be defined as "the firm's belief that that another company will perform actions that will result in positive actions for the firm, as well as not take unexpected actions that would result in negative outcomes for the firm". Trust plays an important role in shaping interaction and building long-term relationships. Moorman (1992) defines trust as the extent to which a firm believes that its exchange partner is honest and/or benevolent. Thus the two components of trust are credibility and benevolence.

Adaptation occurs when suppliers adapt to the needs of specific important customers and customers adapt to the capabilities of specific suppliers, that is, one party in a relationship alters its processes or the item exchanged to accommodate the other party, Moorman (1992). Such adaptation often occurs through investing in transaction specific assets such as product/process technology and human resources.

Satisfaction is a positive affective evaluation of the appraisal of all aspects of the working relationship between buyers and sellers. According to Wilson et al., (1991) it is the positive feeling that results from an evaluation of all aspects of an exchange relationship. Satisfaction includes all of the characteristics of the relationship that a firm considers to be rewarding, profitable and of value, in addition to those characteristics it considers costly, unfair or frustrating (Rukert et al., 1984).

Anderson et al., (1990) define communication as "the formal as well as informal sharing of meaningful and timely information between firms". Frequent and timely communication between collaborating firms is important because it assists in resolving emerging issues and aligning perceptions and expectations. Effective communication is therefore essential for successful collaboration. Communication processes underlie most aspects of organizational behavior and are critical to organizational success.

Commitment can be defined as an implicit or explicit pledge of relational continuity between exchange partners (Dwyer et al., 1987). It refers to the willingness of trading partners to exert effort on behalf of the relationship and suggests a future orientation in which firms attempt to build a relationship that can remain intact in the face of unforeseen problems. Commitment includes both explicit and implicit promises made by firm.

According to Rukert et al., (1984), mutual goals are common targets that partners in a supply chain desire and aspire to achieve for the benefit of all chain members either in the short run and/or long run periods. The goals must be such that they can only be accomplished through joint action and the maintenance of the relationship. These mutual goals provide the justification for the relationship continuance and encourage both mutuality of interest and stewardship behavior that will lead to achieving the goals.

2.4 A Review of Key Relationship Models

The study of buyer-seller relationships is anchored in some well-established frameworks such as social exchange theory, transaction cost theory, political economy theory, and resource dependence theory (Robicheaux et al., 1994). Besides, empirical models, drawing on numerous management disciplines have been proposed. These include the Industrial Marketing and

Purchasing (IMP) interaction model, network models, channel models (Heide et al., 1992) and partnership models (Helper et al., 1995).

The IMP Group conceptualized buyer-seller interaction as dyadic interaction at both the firm and individual levels with the interaction influenced by the atmosphere, a multidimensional construct, involving power/dependence, cooperation, expectations and closeness and the environment of the interaction. The IMP Group believes that interaction is a series of short-term social interactions which are influenced by the long term business process that bind the firms together. Both the individual buyers and sellers are influenced by traditional firm and individual variables such as, organizational structure, technology levels of the firm and available resources. The individualôs attitudes, goals and experience influence their behavior within the interchange episodes. The atmosphere of the relationship can be thought of as hybrid culture that develops between the buying and selling firms and reflects elements of both firmsô cultures but is different from either firmôs culture.

The Partnership Model, on which this study is basically anchored, has been advanced by several authors and scholars/authors. Mohr and Spekman (1994) made an important distinction in their definition of partnerships as the need of partners to óstrive for mutual benefitô. According to their study results, predicting the success of partnerships depended on the variables of trust, commitment, and communication, among other variables. There was a corresponding higher likelihood of success in terms of either satisfaction or sales. In partnerships that had higher degrees of the above variables. How well expectations are met by the partnership defines the satisfaction level in the partnership as based on the partnersô perception.

According to Wilson (1997), buyer-seller relationships advance through various phases of development. In each phase, different relationship variables have varying levels of importance. Wilson proposed that trust, satisfaction, power and comparison level of alternatives are important during partner selection and defining purpose of the relationship. When the goal is to create value and maintain the relationship, commitment is important to the relationship. There were other constructs that were also proposed that have varying degrees of importance throughout the relationship life cycle.

Burt, Dobler and Starling (2006) identify three types of buyer-supplier relationships as transactional, collaborative and alliance relationships. The three types of relationships provide a continuum of the levels buyer-seller relationships from the simplest or lowest level to the most complex or highest level. The transactional relationship is the most common and most basic type of relationship wherein neither the buyer nor the supplier is especially concerned with the well-being of the other. What one party wins, the other loses. Collaborative relationships arise from the awareness of the interdependence and necessity of cooperation between the buyer and supplier(s). Both parties can only gain if their supply chainӧs end products are cost competitive. The fundamental difference between collaborative relationships and supply alliances is the presence of institutional trust in alliances. Supply alliances aim to achieve the twin objectives of continuous improvements and cost reduction. Supply alliances benefits include improved market share and better profit margins; creation of synergies that result in reductions of direct and indirect costs of labour, machinery, materials and overheads; improved quality and enhanced technology flow from suppliers.

In a more recent study, Mburu (2012) emphasized that it is buyersô duty to select the best suppliers for any given job. He also he reiterated that successful relationships with suppliers will naturally result into buyersô success that can be sustained for a longer period. According to Narain and Singh (2012), trust and communication is what can make or destroy relationships between buyers and suppliers. They also argued that politeness works in managing relationships with suppliers. They also stated that ñsupplier relationship management is a formidable tool in global competitionò.

2.5 Performance Measurement

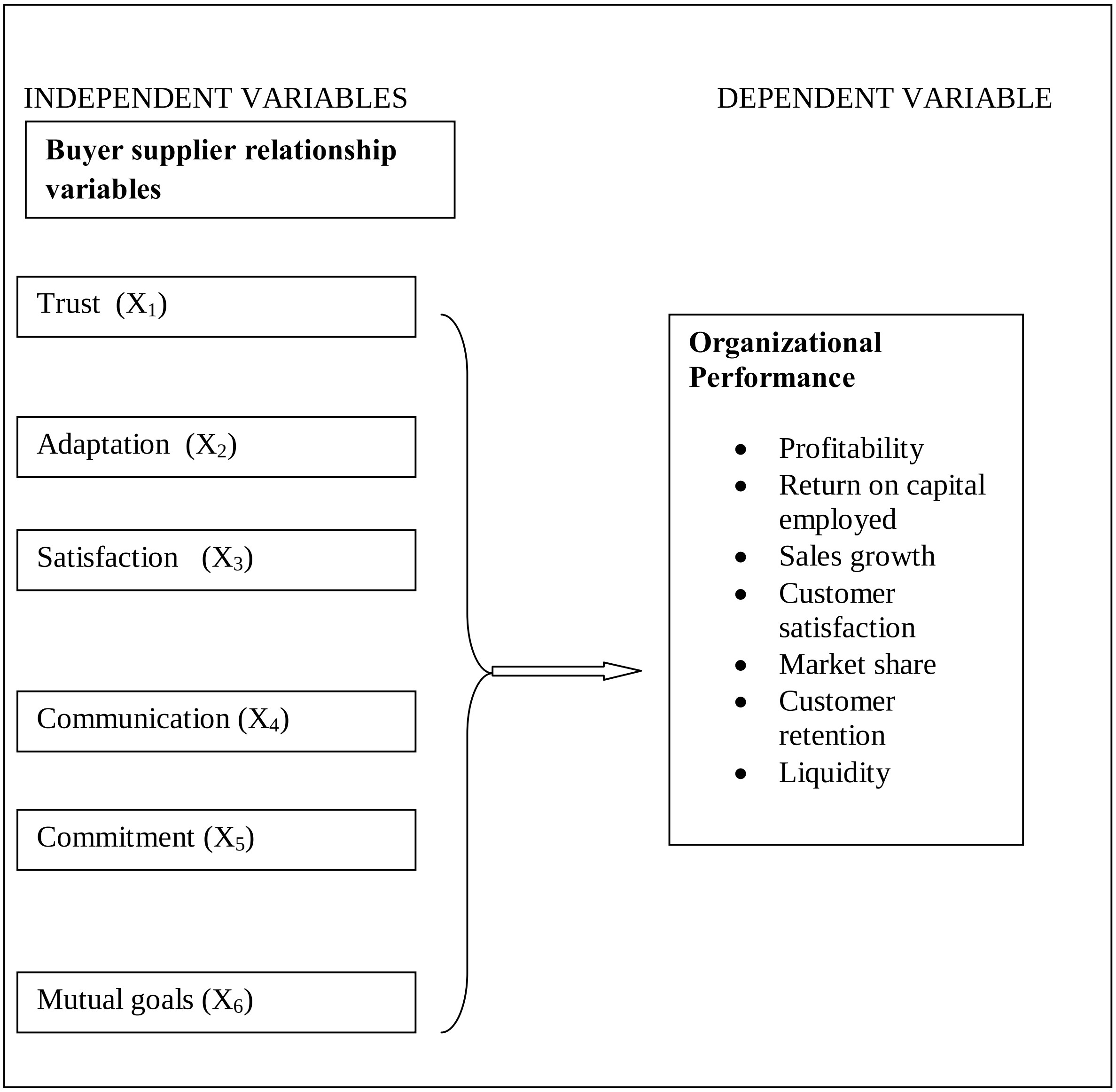
Performance in organizations takes many forms depending on whom and what the measurement is meant for. Organizational performance may be defined as an analysis of a companyôs performance as compared to its goals and objectives. Within corporate organizations, there are three primary outcomes analyzed; financial performance, market performance and shareholder value (*www.businessdictionary.com,* accessed on June 15, 2015). According to Chase et al. (2001), there are three common measures of performance used when evaluating performance. These include efficiency, responsiveness and effectiveness. Efficiency implies minimization of total system wide costs ranging from transportation and distribution to inventories of raw materials, work in progress and finished goods. To be efficient, firms should utilize strategies geared towards creating highest cost efficiency such as eliminating non-value adding activities, pursuit of economies of scale and deployment of optimization techniques so as to get the best utilization capacity. To be responsive means ensuring that customersô needs or demands are attended to at the right time without delays. To achieve responsiveness, the firms should be flexible to the changing and diverse needs of the customers and also build to order and mass customization processes as a means of meeting the specific requirements of the customers. Effectiveness on the other hand means doing the right thing at the right time.

Organizational performance can therefore be best measured through diverse approaches since different interest groups require different performance indicators to enable them make informed decisions. For the purpose of this study, performance would be measured in the financial perspective and customer perspective from the buyerøs viewpoint using part of Kaplan and Nortonøs BSC Model. Financial perspective includes profitability measures such as operating income, return on capital employed, growth in sales, and generation of cash flows. Customer perspective encompasses measures such as customer satisfaction, customer retention, new customer acquisition, customer response time, market share and market profitability.

2.6 Research Gaps

Wilsonøs study was conducted within one industry, wood products. Replication of the study in other industries was therefore considered necessary by the researcher to determine if the construct "firm performance" has general applicability especially in the retail industry. Other researches on buyer - supplier relationship by Wachira (2013), Mburu (2012), and Narain and Singh (2012) concentrated more on supplier relationship management. They dwelt more on factors contributing to successful buyer supplier relationship and did little on the effect of the relationship on the performance of the buying firms. Moreover, the studies were in the manufacturing industry and not in the retail sector. It is for this reason that the researcher felt the need for exploring the possible impact of buyer supplier relationship on the performance of the buying firm in the large scale retail industry.

2.7 Conceptual Framework



Source; (Author, 2015)

The independent variables in the study are trust, adaptation, satisfaction, communication, power and interdependence, cooperation and mutual trust (buyer supplier relationship variables) while the dependent variable is organizational performance; measured in terms of profitability, return on capital employed, customer satisfaction and liquidity.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research methodology that was applied in conducting the study. It discusses the research design, target population, data collection procedures and instruments, as well as data analysis techniques.

3.2 Research Design

This study adopted a descriptive survey research design (cross sectional study) to achieve the objectives of establishing the extent to which large scale retail outlets in Kisumu adopt the buyer-supplier relationships concept; determining the impact of buyerï supplier relationships on the performance of large scale retail businesses in addition to establishing the challenges facing buyer supplier relationships. According to Kothari and Garg (2014), descriptive design involves fact finding enquiries of different kinds, where the researcher has no control of the variables and can only report what has happened or what is happening. Descriptive research design was therefore appropriate for this study because it enabled the study to describe the situation and also establish the relationship, if any, between the variables.

3.3 The Population

The population of interest in this study consisted of managers and/or high ranking procurement officers of large scale retail outlets (supermarket chains) in Kisumu City. From a pilot study conducted by the researcher to determine the number of registered large scale retail stores (supermarkets) in Kisumu, it was established that there are eleven such retail stores. The main reason for the choice of the target population was that these firms were likely to exhibit an elaborate SCM philosophy and use buyer-supplier relationships. The study involved all the eleven registered large scale supermarkets within Kisumu given that they are located within a radius of about 4km of one another and could easily be accessed by the researcher.

3.4 Data Collection

Two respondents at the management level were picked from each of the retail outlets to participate in the study to provide the primary data. These managers or their equivalents were considered appropriate because they were likely to understand better the effect of buyer- supplier relationships on the performance of their organizations. The data was collected by use of a structured questionnaire that was administered by ñdrop and pickò method. The questionnaire was in the form of Likert scale where respondents were required to indicate their views on a scale of 1 to 5. The questionnaire contained five sections: Section A contained data on the company profile; section B had data measuring the extent to which large scale retail outlets had embraced buyer-supplier relationships; Section C contained data on the effect of buyer ï supplier relationships on the performance among large scale retail outlets and section D contained data on the challenges facing large scale retail outlets in the implementation of buyer supplier relationships. The researcher also used secondary data from the print and electronic media on retail outlets in Kenya.

3.5 Data Analysis and Presentation

Descriptive statistics such as mean, standard deviation and frequency distribution have been used to analyze data in sections A, B and C and the findings tabulated. Quantitative technique been used to analyze the closed-ended questions while open ended questions have been analyzed using qualitative technique. Statistical Packages for Social Sciences (SPSS) has been used to analyze the data.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

In this chapter, analyses of results have been presented based on three major objectives namely; to establish the extent to which large scale retail outlets have adopted the buyer-supplier relationships concept; to determine the impact of buyer-supplier relationships on the performance on large scale retail businesses; and to determine the challenges facing buyer-supplier relationships.

4.2 Response Rate

A total of twenty two (24) questionnaires were distributed to large scale retail outlets in Kisumu. Out of these questionnaires, twenty (22) were returned to the researcher representing a ninety two per cent (92%) response rate. This percentage was considered sufficient for this study. One of the two respondents who never returned the questionnaire cited a busy schedule as the main reason for lacking time to fill it while the other cited bureaucracies in his organization that hindered the response process.

4.3 General Information

The study included designation of the respondents; duration the company has been in existence; duration of stay in the company, and the respondentsô gender. The findings were as shown in the tables below.

Table 1: Designation of Respondents

The table below shows the frequencies and percentages of the various positions held by the respondents that took part in the study.

	Frequencies	Percentages
	n	%
Procurement officers	14	63.6
Supplies Officers	4	18.2
Directors	2	9.1
Managers	2	9.1
Total	**22**	**100.0**

Source: Research Data, 2015

The table shows that 22 respondents participated in the study out of which 63.6% were procurement officers, 18.2% were supplies officers, 9.1% were directors while 9.1% were managers. The study revealed that the majority of the respondents (close to two thirds) were procurement officers who are directly concerned with the acquisition of goods for the companies hence were better placed to understand the relationship their organizations have with suppliers. This enhanced the credibility of the data collected from the respondents.

Table 2: Duration of Operation

The table below shows the frequencies and percentages regarding information on the duration which the respondent firms have been in operation.

	Frequency	Percent
Less than 10 Years	0	0
10 or more Years	11	100
Total	11	100

Source: Research Data, 2015

Study findings also revealed that all the companies in the study had been in operation for ten or more years. This implies that the companies had been in existence long enough to know the trend of business and movement of goods and services in the area besides understanding their suppliers well.

Table 3: Respondents' Designation by Gender

		Gender				Total	
		Male		Female			
		f	%	F	%	f	%
Designation of Respondent	Procurement Officers	11	50.0	3	13.6	14	63.6
	Supplies Officer	3	13.6	1	4.5	4	18.2
	Director	2	9.1	0	0	2	9.1
	Manager	2	9.1	0	0	2	9.1
	Total	**18**	**81.8**	**4**	**18.2**	**22**	**100.0**

Source: Research Data, 2015

The above table displays the designation of the respondents by gender. The study shows that of all the respondents in the study, 18.2% were women while 81.8% were males. Regarding the designation of the respondents, findings showed that 63.6% of the respondents were procurement officers out of which 50% were male while 13.6% were female. It also showed that 18.2% of the respondents were supplies officers out of which 13.6% were male while 4.5% were female. The respondents who were directors and the managers of the companies were all men each accounting for 9.1% of all the respondents. Study findings revealed that the majority of the respondents were designated as procurement officers in their respective companies.

Table 4: Respondents' duration of stay in current position by Gender

		Male		Female		Total	
		f	%	f	%	f	%
Duration in current position	Less than 5 years	3	13.6	2	9.1	5	22.7
	5 to 10 years	11	50.0	2	9.1	13	59.1
	11 to 15 years	2	9.1	0	0	2	9.1
	Above 15 years	2	9.1	0	0	2	9.1
	Total	**18**	**81.8**	**4**	**18.2**	**22**	**100.0**

Source: Research Data, 2015

Regarding the duration in which the respondents had stayed in their current positions in the company, findings show that 22.7% had worked for less than 5 years out of which 13.6% were men while 9.1% were females. It also showed that 59.1% had worked in the companies for between 5 to 10 years out of which 50.0% of them were males and 9.1% were females. Those who had worked for their companies for between 11 to 15 years and over 15 years were 9.1% respectively and they were all men. Findings revealed that majority of the respondents had worked for their companies for between 5 to 10 years with men pre-dominating the positions. Majority of the respondents were therefore experienced enough to understand the operations of their organizations and could be relied upon to credible information on their organizations relationships with suppliers.

4.4 Extent to which large scale retail outlets have embraced Buyer–Supplier Relationship concept

The study sought to establish the extent to which large scale retail outlets have embraced buyer-supplier relationships. A number of questions were fronted to the respondents who gave their responses on a scale of 1 to 5 where 1 represented "to a very large extent" and 5 represented "I don't agree". Table 5 shows the mean and standard deviation of factors that were used by the researcher to show the extent to which large scale retail outlets in Kisumu had embraced buyer - supplier relationships. A mean of between 1 and 2 shows the responding organizations that have adopted the factor in question to a large extent while a mean of between 4 and 5 shows the organizations that have adopted that factor to a small extent.

Table 5: Extent to which large scale retail outlets have embraced Buyer–Supplier Relationships concept

The Extent to which organizations have adopted Buyer- Supplier Relationships	Mean	Standard Deviation
Existence of mutual goals between company and suppliers	1.45	.510
Clear understanding of each other's roles and responsibilities	1.41	.590
Commitment between company and suppliers	1.41	.503
Meeting of orders as per buyer specifications	1.73	.550

Maintenance of long term relationships	1.55	.800
Trust between company and suppliers	1.68	.477
Mutual information sharing between company and suppliers	1.91	.868
Responsiveness to each otherôs needs	1.64	.902
Communication between company and suppliers	1.36	.492
Overall mean scores	**1.57**	**.632**

Source: Research Data, 2015

Key: 1= I agree to a very large extent; 2= I agree to a large extent; 3= I agree to a moderate extent; 4= I agree to a small extent and 5= I donôt agree

Table 5 shows that all the factors that enhance buyer supplier relationships had been adopted by all the large scale retail outlets to a large extent. Existence of mutual goals between company and suppliers, clear understanding of each otherôs roles and responsibilities, communication between company and suppliers, trust between the company and suppliers, maintenance of long term relationships, commitment between company and suppliers, mutual information sharing between company and suppliers, among other factors had a mean of between 1 and 2 and a standard deviation of between 0.492 and 0.902; meaning they have adapted to these factors to a large extent. Table 5 therefore shows that all large scale retail outlets in Kisumu have embraced the concept of buyer-supplier relationships as they have incorporated most buyer-supplier relationship variables in their operations to a large extent. This is demonstrated by the average mean score of 1.57 (that lies between 1 and 2) and an overall standard deviation of 0.63 for all the factors that enhance buyer-supplier relationships and improve the performance of the organizations. The results show that the performance of the firms studied have improved to large extent because the firms have incorporated most buyer-supplier relationship variables in their operations. Of all the variables studied, communication between the company and its suppliers, with a mean of 1.36 plays the most important role in enhancing buyer-supplier relationships hence resulting in better performance.

4.5 Perceived buyer-supplier relationships and performance of large scale retail outlets

In trying to find out the perceived relationship and performance between the buyer and supplier, opinion of the respondents was sought. This was then rated on a Likert scale of 1= Very large extent; 2= Large extent; 3= Moderate extent; 4= Small extent; 5=Minimal extent and the findings shown in table 6 below. Table 6 shows the mean and standard deviation of factors that were used by the researcher to show the extent to which the performance of large scale retail outlets was affected by buyer-supplier relationships. A mean of between 1 and 2 shows the responding organizations whose performance has been positively affected to a large extent while a mean of between 2 and 3 shows the organizations whose performance has been moderately affected while a mean of between 4 and 5 shows those that have been affected to a small extent.

Table 6: Perceived buyer-supplier relationships and performance of large scale retail outlets

Perceived buyer-supplier relationships and performance of large scale retail outlets	Mean	Standard Deviation
Having mutual goals with suppliers results in better performance	1.10	.307
Commitment in buyer - supplier relationship results in better performance	1.35	.587
Trust in buyer - supplier relationships results in better performance	1.35	.671

Co-operation in buyer - supplier relationships results in better performance	1.25	.550
Communication in buyer - supplier relationships results in better performance	1.25	.550
In general, buyer - supplier relationships have helped improve performance	1.20	.523
Overall mean scores	**1.25**	**.531**

Source: Research data, 2015

Key: 1= Very large extent 2= Large extent 3= Moderate extent 4= Small extent 5=Minimal extent

The findings yielded an overall mean score of 1.25 implying that 75% were in agreement to a large extent that mutual goals with the suppliers, general buyer supplier relationship, communication, commitment, cooperation and trust result in better performance in the organizations. The study also revealed that of all the variables, having mutual goals with suppliers result in better organizational performance to a very large extent. This is demonstrated by a mean of 1.10 which is very close to 1 on the Likert scale used in the study. The overall standard deviation stood at 0.531 hence was not significantly dispersed from the mean. This implies that there is concurrence among the respondents about the factors leading to better organizational performance. The findings of the study therefore reinforce the findings in Wilsonœ study (1997) which concluded that a good buyer-supplier relationship enhances organizational performance. The study also confirms an earlier study carried out by Renee et al (1997) that good buyer-supplier relationships positively affect firm performance.

4.6 Challenges facing Buyer-Supplier Relationships

The study sought the opinion of the respondents on the challenges facing buyer-supplier relationship. The findings were rated on a Likert scale of 1= strongly agree; 2= Agree; 3= Not sure; 4= Disagree; 5= strongly disagree and the findings were as shown in table 8 below.

Table 7: Challenges facing Buyer - Supplier Relationships

	Mean	**Standard Deviation**
Lack of communication leads to poor buyer-supplier relationship	1.36	.658
Lack of commitment creates failure of buyer - supplier relationship	1.41	.590
Lack of trust between buyers and suppliers leads to failure of buyer - supplier relationship	1.36	.581
Lack of mutual goals between the supplier and the buyer leads to failure of buyer - supplier relationships	1.41	.666
Lack of co-operation between buyers and suppliers leads to failure of buyer - supplier relationship	1.41	.796
Poor performance of suppliers leads to poor buyer - supplier relationship	1.45	.671
Overall mean scores	**1.40**	**0.660**

Source: Research data, 2015

Key: 1= strongly agree; 2= Agree; 3= Not sure; 4= Disagree; 5= strongly disagree

The study revealed that the majority of the respondents were in agreement with an overall mean of 1.40 and a standard deviation of 0.66 that lack of communication, lack of cooperation, lack of mutual goals, lack of trust, poor performance of suppliers and lack of commitment led to failure of buyer-supplier relationship and created poor buyer-supplier relationships thus negatively affecting performance of organizations. These findings corroborate the findings in a study by Wachira (2013).

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

In this chapter, summary of the findings have been presented for the research document and conclusion drawn from the study as well as recommendations based on the study findings and suggestions for further studies.

5.2 Summary

The study established that most large scale retail outlets that operate in Kenya have been in existence for more than ten years and the majority of the respondents were designated as procurement officers in their respective companies. Majority of the respondents had worked for their companies for between 5 to 10 years with men pre-dominating the positions.

There is a good communication, clear understanding of each othersô roles and responsibilities, high level of commitment, responsiveness towards each othersô needs, and maintenance of long term relationship between the company and the suppliers. Lack of communication, co operation, mutual goals, trust, commitment and supplier poor performance led to poor performance of the organizations and created poor buyer- supplier relationships.

The research also looked into the challenges facing buyer-supplier relationships among large retail outlets in Kenya. The research confirmed that lack of communication, lack of commitment, lack of trust, lack of co-operation and poor performance were some of the challenges that were facing buyer-supplier relationships. This is an indication, that for buyer- supplier relationships to be successful, companies have to ensure good communication, trust needs to be developed, there needs to co-operation, both parties need to be committed and suppliers need to perform their duties well. This study confirms an earlier study carried out by Renee et al (1997) that buyer - supplier relationships actually affect firm performance.

5.3 Conclusions

Whereas a previous study on buyer-supplier relationshipsô effect on performance by Wilson (1997) was conducted in wood productsô industry, this study sought to determine if the construct firm performance can be applied in the retail industry. The study has confirmed that performance measurement is applicable not only in the wood industry but also in the retail industry. The study has also established that most large scale retail outlets have embraced the concept of buyer-supplier relationships. They have incorporated most of the buyer- supplier relationship variables in their operations. The findings of the study therefore reinforce the findings in Wilsonôs study even though the two studies were carried out in different industries.

Other researches on buyer-supplier relationship by Wachira (2013), Mburu (2012), and Narain and Singh (2012) concentrated more on supplier relationship management. They dwelt more on factors contributing to successful buyer-supplier relationship and did little on the effect of the relationship on the performance of the buying firms. Moreover, the studies were in the manufacturing industry and not in the retail sector. This study has not only looked at the factors contributing to successful buyer-supplier relationships but has also established a link between the relationships and performance of firms in the retail sector and can safely conclude that good buyer-supplier relationships enhance organizational performance.

5.4 Recommendations

The study has confirmed that buyer-supplier relationships are very significant in enhancing the performance of organizations. All retail outlets (large or small) and other organizations should be advised to embrace the concept so that they can be able to reap the benefits of developing rich buyer-supplier relationships. To enhance their performance, trading organizations should have mutual goals with their suppliers; commitment, trust, cooperation and communication between the firms so as to create and maintain good relationships. By maintaining good relationships with their suppliers, retail outlets ensure that they perform well besides helping the suppliers themselves to perform well and also achieve their goals.

5.5 Limitations of the Study

The findings of this study and application therefore are limited to large scale retail outlets in Kenya. They may not be applicable directly to other organizations operating outside the Kenyan retail industry hence can only be used for comparative purposes and not any direct application in another industry or country.

Due to financial and time constraints on the part of the researcher, the study only focused on the large scale retail outlets in Kisumu. It did not feature other large scale retail outlets in other parts of the country hence problems unique to retail outlets in different geographical locations could not be ascertained.

It was also difficult for the researcher to convince some of the respondents to participate in the study. Most large scale retail outlets are very busy organizations and the targeted respondents cited busy schedules for their reluctance to participate in the study. A few respondents could not participate in the study due to bureaucracies in their organizations that barred them from participating in any study without express authority from their superiors in other locations outside Kisumu. Such authority could not be got in time hence no data could be collected from the affected organizations.

5.6 Suggestions for Further Research

The researcher recommends further research on the same topic but in other organizations other than large scale retail outlets, both within the country and outside the country. This will help to establish whether the same effects will be found when the research is done on different organizations other than large scale retail organizations. This will assist in providing concrete facts upon which reliable conclusions can be made.

REFERENCES

Anderson, James and Narus, J., (1990); A Model of Distributor Firm and Manufacturer Firm Working Partnerships, *Journal of Marketing,* Vol. 54 (January), pg 42-58.

Business Daily, 25th June, 2015; pg 23

Burt, D. N., Dobler, W.D., and Starling, S.L. (2006); *World Class Supply Management;* New Delhi; Tata McGraw-Hill

Chase, R.B. Aquilano, N.J. and Jacobs, F.R. (2001); *Operations Management for Competitive Advantage*; Boston, McGraw-Hill

Cousins, P.D. (1999); Supply base rationalization: myth or reality*; European Journal of Purchasing & Supply Management,* Vol. 5 No. 1, pp. 15-25.

Cousins, P. D., Lawson, B., & Squire, B. (2008). Performance Measurement in strategic buyer-supplier relationships. *International Journal of Opeations & Production Management*, pp 238-258.

Crotts, J., Buhalis, D., & March, R., (2000); *Managing relationships in the global hospitality and tourism industry*. New York: Haworth

Dyer, J.H., (1996), Does Governance Matter? Keiretsu Alliances and Assets Specificity as Source of Japanese Competitive Advantage., *Organization Science*, Vol. 3, No. 6, pp.649-66.

Dwyer, R.F., Schurr, P.H. and Oh, S. (1987), ñDeveloping buyer-seller relationshipsò, *Journal of Marketing,* Vol. 51, pp. 11-27.

Ganesan, Shankar, (1994); Determinants of Long-Term Orientation in Buyer-Seller Relationships, *Journal of Marketing,* Vol. 5 8 (April), pg 1-19.

Heide, J.B., John, G. (1992), ñAlliances in industrial purchasing: the determinants of joint action in buyer-supplier relationshipsò, *Journal of Marketing Research*, Vol. 27 pp.24-36.

http//*www.businessdictionary.com*, accessed on June 15, 2015

Hsiao, M.J., (2002); *The impact of buyer-supplier relationship and purchasing process on the supply chain performance: a conceptual framework.* University of Sidney

Imrie, R., & Morris, J. (1992); A review of recent changes in buyer-supplier relationships; *Omega, International Journal of Management Science*, *20*(5/6), 641-652.

Inayatullah, Narain, R. and Singh, A. (2012); Role of buyer-supplier relationship and trust on organizational performance, *Delhi Business Review* Vol 13, No 2

Johnston, D.A., McCutcheon, D.M., Stuart, F.I., Kerwood, H. (2004); Effects of supplier trust on performance of cooperative supplier relationships; *Journal of Operations Management*, Vol. 22 pp.23-38.

Kaplan, R., & Norton, D.(1992); T*he Balanced Score Card-measures that drive performance*; Harvad Business Review; Jan-Feb, 71-79

Kenya National Bureau of Statistics, Kenya Economic Survey 2014

Kenya National Bureau of Statistics, Census Report 2009

Lemke, F., Goffin, K., and Szwejczewski, M. (2002); Investigating the Meaning of Supplier-Manufacturer Partnerships: An Exploratory Study., *International Journal of Physical Distribution and Logistics Management*, Vol. 33, No. 1, pp.12-35.

Kothari, C. R. and Garg, G.(2014); *Research Methodology: Methods and Techniques*; New Delhi; New Age International

MacNeil, Ian R. (1981); *The New Social Contract, An Inquiry into Modem Contractual Relations*, New Haven, CT: Yale University Press

Mburu, D. K. (2012); *Analyzing the Buyer Supplier Relationship Engagement on the Performance Benefits and Its Impact on Business Performance*.

Mohr, Jakki and Robert Spekman (1994); Characteristics of Partnership Success: Partnership Attributes, Communication Behavior, and Conflict Resolution Techniques; *Strategic Management Journal,* Vol. 15, 135-152.

Monczka, R.M., Trent, R.J. and Handfield, R.B. (2000); *Purchasing and Supply Chain Management;* New Delhi; Prentice Hall

Moorman, C., Zaltman, G. and Deshpande, R. (1992); Relationships between providers and users of market research: the dynamics of trust within and between organizations; *Journal of Marketing Research*, Vol. 29 No. 3, pp. 314-29.

Mukhwana, M. V., *Supply chain management practices on performance: case study of Safaricom Ltd;* Unpublished MBA project, University of Nairobi (2010)

Murithi.K. (2011). *The Influence of Supplier Relationship Management on Procurement Performance* .Msc Project, Jomo Kenyatta University of Agriculture and technology.

Pfeffer, J., and Salancik (1978); http://www.amazon.co.uk/*The External Control of Organizations: A Resource Dependence Perspective, accessed on July 15, 2015*

Reardon T. et al. (2003); *Kenyan Supermarkets and Horticultural Farm Sector Development*; Michigan State University

Renee, F., Vlosky,R.P., Wilson, E., and Wilson D. T., (1997); Effect of Buyer-Seller Relationship Structure On Firm Performance, *ISBM Report 6-1997*; The Pennsylvania State University

Robicheaux, R. & El-Ansary, A. (1976); A General Model For Understanding Channel Member Behaviour*, Journal Of Retailing, Vol.52 (4),* pp.13-30

Rukert, R. and Churchill, G. (1984); Reliability and Validity of Alternative Measures of Channel Management Satisfaction, *Journal of Marketing Research,* Vol. 21, pp. 226-233

Saunders, M (1997); *Strategic Purchasing and Supply Chain Management*; London; FT Prentice Hall

Stank, T., Keller, S.B., Daugherty, P.J. (2001), Supply chain collaboration and logistical service performance; *Journal of Business Logistics*, Vol. 22 No.1, pp.29-48.

Tan, K.-C., Kannan, V.R., Handfield, R.B. and Ghosh, S. (1999); Supply chain management: an empirical study of its impact on performance, *International Journal of Operations & Production Management*, Vol. 19 No. 10, pg 1034-52.

Wachira, R.W., *Supplier Relationship Management and Supply Chain Performance in Alcoholic Beverage Industry in Kenya;* Unpublished MBA project, University of Nairobi (2013)

Webster, Fredrick E., Jr. (1992); The Changing Role of Marketing in the Corporation, *Journal of Marketing,* Vol. 56 (October), 1-17.

Wilson, D., (1997); An Integrated Model of Buyer-Seller Relationships, *Journal of the Academy of Marketing Science,* Vol. 23 (Fall), 335-346.

Williamson, O.E. (1981); *Markets and Hierarchies: Analysis and Antitrust Implications*; The New York; Free Press

APPENDICES

Appendix I:Introduction Letter

Omondi Daniel Eric

P.O. Box 19303-40123

Kisumu

August 2015

Dear Sir/Madam,

RE: Request for academic information

I Omondi Daniel Eric, am an MBA student at the University of Nairobi, Adm. No. D61/61420/2013 and in my final year of study. As part of the requirements for the award of the degree of Master of Business Administration, I am undertaking a research on **"Perceived Buyer-supplier relationships and performance among large scale retail outlets"**. In this regard, I am kindly requesting for your support by responding to the attached questionnaire. Your accuracy and candid response will be critical in ensuring an objective research.

This is an academic research and confidentiality is guaranteed. All the information that you provide will be treated with the strictest confidence and will be used for academic purposes only. Kindly spare time to complete the questionnaire attached.

Thank you.

Yours Sincerely,

Omondi E. Daniel

D61/61420/2013

Appendix II: Research Questionnaire

This questionnaire has been designed for the sole purpose of collecting data on the effect of buyer-supplier relationships on organizational performance for the large scale retail outlets. The collected data will be treated with a high degree of confidentiality and will be used for academic purposes only.

You are kindly asked to fill out this questionnaire by putting an ñXò in front of the applicable answer or in the applicable cell.

Name of companyé .

Designation of respondenté é

Section A: General Information

1. Duration company has been in operation ☐ Less than 10 years ☐ 10 or More years
2. How long have you been in your current position?
   a) Less than 5 years ☐
   b) 5 to 10 years ☐
   c) 11 to 15 years ☐
   d) Above 15 years ☐
3. Gender
   a) Male ☐
   b) Female ☐

Section B: Extent to which large scale retail outlets have embraced Buyer – Supplier Relationship concept

On a scale of 1 to 5, please indicate the extent to which you agree with the following statements on the extent to which large scale retail outlets in Kenya have embraced buyer ï supplier relationships; where

1= I agree to a very large extent; 2= I agree to a large extent; 3= I agree to a moderate extent;

4= I agree to a small extent; 5=I donôt agree.

No	Statement	1	2	3	4	5
1	There exist mutual goals between our company and our suppliers					
2	There exists clear understanding of each otherôs roles and responsibilities between our company and our suppliers					
3	There is a high level of commitment between our company and that of our suppliers					
4	Our suppliers strive to meet our orders as per the specifications					
5	We maintain long-term relationships between our company and our suppliers					
6	There is a high level of trust between our company and that of our suppliers.					

7	There is mutual information sharing between our company and our suppliers					
8	There is responsiveness towards each otherðs needs between our company and our suppliers					
9	There is good communication between our company and that of our suppliers					

Any other comment?é é

é é

Section C: Perceived Relationship between Buyer–Supplier Relationships and the performance of the organization

Please indicate the extent to which you agree with the following statements concerning the listed variables and buyer ï seller relationships. The scale below will be applicable:

1= Very large extent 2= Large extent 3= Moderate extent 4= Small extent 5=Minimal extent.

No	**Statement**	**1**	**2**	**3**	**4**	**5**
1	Having mutual goals with our suppliers result in better performance in our organization.					
2	Commitment in buyer-supplier relationships results to better performance in our organization.					
3	Trust in buyer ï supplier relationships results in better performance in our organization.					

4	Co-operation in buyer ï supplier relationships results to better performance in our organization.					
5	Communication in buyer ï supplier relationships results to better performance in our organization.					
6	In general, buyer-supplier relationships have helped improve performance in our organization					

Any other comment?

é é

é é

Section D: Challenges facing Buyer - Supplier Relationships

Please indicate the extent to which you concur with the following statements concerning challenges facing buyer supplier relationships.Use the scale of: 1= strongly agree 2= Agree 3= Not sure 4= Disagree 5= strongly disagree

No	Statement	1	2	3	4	5
1	Lack of communication leads to poor buyer-supplier relationships					
2	Lack of commitment causes failure of buyer- supplier relationships					
3	Lack of trust between buyers and suppliers leads to failure of buyer ï supplier relationships					

4	Lack of mutual goals between the supplier and the buyer leads to failure of buyer supplier relationships					
5	Lack of co-operation between buyers and suppliers leads to failure of buyer- supplier relationships					
6	Poor performance of suppliers leads to poor buyer supplier relationships					

Any other challenge(s)?

é é

é é

Thank you for participating

Appendix III: Large scale retail outlets in Kisumu, Kenya

	NAME	LOCATION
1	Nakumatt Supermarket	Nairobi Road, Town centre
2	Ukwala Supermarket	Swan Centre, Oginga Odinga Street, Nyamasaria
3	Yatin Supermarket	Jomo Kenyatta Highway
4	Tumaini Supermarket	Kondele, Jomo Kenyatta Highway
5	Uchumi Supermarket	Milimani Road
6	Khetiaôs Supermarket	Next to Kisumu Social Centre
7	Sojpar Enterprise Ltd	Kibuye
8	Tuskys Supermarket	United Mall-Kakamega Road
9	Pramukh Supermarket	Kondele
10	Kibuye Matt	Kibuye
11	Indcom Supermarket	Angawa Street

Source: Author (2015)