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Effect of Strategic Material Sourcing on Operational Performance of Manufacturing Firms: A Case of East African Breweries Ltd, Kenya

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Abstract: ***The objective of the study was to determine the effect of strategic Material Sourcing on operational performance of manufacturing firms, a case of East African Breweries Limited in Nairobi, Kenya. The study adopted descriptive research design to generate findings and made conclusions Strategic Material Sourcing and operational performance. Stratified sampling technique was adopted besides using closed ended questions to obtain data. Data was analyzed using SPSS version 21 where findings were presented in both descriptive and inferential analysis format. Descriptive analysis was presented using mean and standard deviation while inferential analysis utilized Karl Pearson correlation co-efficient to establish the relationships that exist between the independent and dependent variables. The study findings showed that strategic material sourcing entails developing sourcing strategy and that it involved improving and re-evaluating the purchasing activities at EABL. Findings also indicated that effective supplier relationship management helps in reducing monitoring costs and that it helped in conflict resolution and better communication between the company and the supplier thereby promoting operational performance. Recommendations were made based on the findings of the study including; that communication to be shared among supply chain partners should be commonly agreed upon majorly to enhance trust and understanding between the buyer and the supplier. Further, the study recommended that alternative strategies should be formulated to facilitate attempts by companies to promote their buyer supplier relationships with regard to enhanced operational performance.***

Keywords: Operational Performance, Strategic Sourcing, Strategic Management, Supplier Relationship Management, Supply Chain

1. Introduction

Globalization and intensive world-wide competition along with the technological advancements create an entirely new business environment for the manufacturing organizations. Initially, manufacturing companies have accomplished massive productivity gains through the implementation of lean production in response to this intensifying competition. The "waste" has eliminated from many different local operations for the sake of better productivity. Currently such type of massive productivity improvements for many manufacturing organizations is very limited. Instead, there is a huge improvement potential to reduce the inefficiencies caused by the poor performance of the suppliers, unpredictable customer demands, and uncertain business environment. An integrated supply chain has a clear advantage on the competitiveness of the individual companies. As a result, the chain-chain competition has started to take over the enterprise-enterprise competition, although many enterprise-enterprise competitions do exist particularly in the less developed economies (Koh et al., 2006).

In today's competitive market, companies must focus scarce resources on the strategies most likely to yield success to their organization. Supplier relationships have become increasingly important in assuring this success. Outsourcing has become a common and profitable phenomenon and therefore, necessitates a more critical and comprehensive understanding of the buyer / supplier relationship (Berkowitz, 2004). SCM and related strategies are crucially important to the success of a manufacturing firm. This is because the cost and quality of goods and services sold are directly related to the cost and quality of goods and services purchased. Therefore, supply chain policies such as procurement and supplier selection have an important role in the SCM (Hartley and Choi, 1996; Degraeve et al., 2000). Lean practices to improve the internal processes of an organization in line with the principles of just in time (JIT) supply are other highly recognized practices in SCM (Burgess et al., 2006; Cigolini et al., 2004).

Supplier relationship management is the process that defines how a company interacts with its suppliers. As the name suggests, this is a mirror image of customer relationship management (CRM). Just as a company needs to develop relationships with its customers, it also needs to foster relationships with its suppliers. The desired outcome is a win-win relationship where both parties benefit." (Supply Chain Management Institute, 2008, July) "SRM is understood as the sourcing policy-based design of strategic and operational procurement processes as well as the configuration of the supplier management." (Appelfeller, & Buchholz, 2005). Integration of internal processes of the organization with the suppliers and customers forms the essence of the whole idea behind SCM. With the widespread use of internet, web-based systems enable organizations to form strong customer and supplier integration for inventory management, demand forecasting, customer and supplier relationship management (Frohlich & Westbrook, 2002). Strategic suppliers/vendors are defined as those that provide high value, high complexity goods or services. The nature of managing successful strategic supplier relationships requires both client and supplier staff to collaborate on developing ideas that will ultimately grow into innovation and proactivity. It's not simply about the supplier delivering hard tangibles to the requirements of the client. By disregarding measurement of the qualitative component in the relationship, buyers lose the ability to gain a meaningful competitive advantage.

The descriptions of relationships are relatively abstract and vary with the discipline from which they are being researched (e.g. strategy, economics or psychology). As soon as two or more parties (i.e. organizations) associate themselves in order to ful- fill a mutual business purpose a relationship is established (Szwejczewski, M., et al, 2005). Such an association leads to various joint activities, which are dependent on the specific business objective. Buyer-supplier relationships are classified as- adversarial arm's-length approach and partnerships approach (Ellram, 1991). The difference between, traditional arm's-length relationships and partner- ships is clear partnerships are closer than other types of relationship. Relationships are seen as having positive links to performance but little is known about the nature of this performance. Relationships themselves can be seen as generic; applying to all buyer-supplier exchanges. Relationships are viewed as mutual, two-way, involved exchanges between buyers and suppliers. It is apposite, therefore, to bring a relationship performance viewpoint to this key nexus of a firm's operation.

For more than a decade, there has been a large and growing interest, among academics and practitioners alike, in the value of effective supply chain management (SCM) practices. The literature suggests that a move towards to a close relationship between suppliers and customers is mutually beneficial for both parties. This notion has been widely accepted among original equipment manufacturers (OEMs) in the U.S. As a result, the leading OEMs have reduced their supplier base in recent years and reportedly developed closer relationships with a selected few in the form of strategic alliances or partnerships (McCutcheon & Stuart 2000; Johnston et al. 2004; Narayandas & Rangan 2004; The Economist 2006). Buyer supplier relationships are commonly evaluated as supply base reduction, communication and long-term relationship (Buvil & Haugland, 2005; van Denlu & Verder Vaart, 2004). Supplier relationship management (SRM), a subset of supply chain management, is concerned with understanding who your most important suppliers are and how you can focus your time and energy on creating and maintaining more effective strategic relationships with them.

An effective SRM solution contains essential components such as ranking, rating and optimization that allow a firm to reduce its supply base and overall costs. Ultimately, an effective SRM solution gives an organization a complete edge by allowing it to; reduce direct and indirect costs and improve bottom line profitability, understand what is being bought and from whom, minimize the risk of supply chain disruption, select the best supplies to again advantage over competitors, streamline the supply chain management process by collaborating with business units across the enterprise and assuring that the organization's Resources are prioritized on the most critical suppliers (Berkowitz, 2004). Performance on the other hand is how efficient and effective supplier relationship management solution help in achieving organizational objectives (Lawer, 2001).

Performance is conceptualized as buyer's purchasing cost, innovation and financial performance , supplier's operational and strategic performance and dynamic quality performance (Costen & Felder, 2005; Humpreys, Li & chan, 2004; Poutray & Ohen, 2005; Benton, 2004; Pressey & Tzokasi, 2004; Sanders, 2005). In the recent study by (Lahiri, Kedia & Mukherjee, 2011) identified that higher partnership quality between the buyer and the supplier leads to increased performance benefit and management capability of the firms. Close relationship means risks and rewards should be share by the channel members. They also should be willing to sustain the relationship for a long period of time (Shin, Collier, & Wilson, 2000). Hence, when we managing a supply chain network, it is essential to recognize who are the partners of the supply chain for resulting smooth information flow, inventory control and operation performance. Firms that rely on high quality partnerships with suppliers are better prepared to adapt to unforeseen changes, identify and produce better solutions to organizational problems. Besides, it will help to reduce monitoring costs which results improvement in the economic outcomes (Ryu, Park, & Soonhong, 2007).

To leverage the purchasing function into a more strategic level the external initiatives, such as supply base optimization and buyer-supplier relationships, may have to be complemented with more internally oriented activities (Narasimhan & Das, 2001). As the purchasing function has moved away from being a truly cost-saving function (Cousins & Spekman, 2003) a greater focus has been put on how the purchasing strategy fits into the rest of the company's strategy and activities. This has been referred to as purchasing integration and can be defined as "the integration and alignment of strategic purchasing and goals with that of the firm" (Narasimhan & Das, 2001). This requires that purchasing participates in the strategic planning process, that purchasing has access to strategic information and that important purchasing decisions are coordinated with other strategic decisions of the firm (Narasimhan & Das, 2001).

This will make it possible for the purchasing manager to regularly ensure that the current activities are aligned with the company's strategic plans. East African Breweries Limited (EABL) is East Africa's leading branded alcohol beverage business with an outstanding collection of brands that range from beer, spirits and adult non alcoholic drinks (ANADs) reaffirming our standing as a total adult beverage (TAB) company. With breweries, distilleries, support industries and a distribution network across the region, the group's diversity is an important factor in delivering the highest quality brands to East African consumers and long-term value to East African investors. As a consumer driven business EABL takes time to study the market and understand consumer needs and wants as well as how best to satisfy them. EABL's diversity as a robust regional company is revealed in its subsidiaries: Kenya Breweries Limited, Uganda Breweries Limited, Serengeti Breweries Limited, United Distillers Vintners, Central Glass Industries, East African Maltings Limited and East African Breweries International. With this vast distribution of markets, knowledge and manpower 'celebrating life every day, everywhere' is EABL's way of life.

KBL has been a leading brewer in Kenya since it began operations in 1922. The KBL Brewery is located in Ruaraka, near the capital Nairobi. This state-of-the-art facility has generated major savings in cost of production as well as improving quality. Key brands include: Tusker Lager which is the flagship brand, Tusker Malt Lager, Pilsner, White Cap, White Cap Light, Senator, Guinness, Allsopps and President Lager. The company deals with a fairly large number of suppliers. In attempts to cut costs and enhance efficiency in its operations, the Company recognizes the need for affective supplier relationship management.

Monczka et al, (2009) opine that the main idea of the relationship between buyer and supplier is to create a win-win situation for both the buyer and supplier, compared to the traditional approach where the buyer had the power and could play the suppliers against each other just to minimize cost. The collaboration should enable for example mutual cost sharing, joint improvement efforts, conflict-resolution and better communication. It is against this background that the study focused on the effect of strategic supplier relationship management on operational performance at the East African Breweries Limited.

2. Statement of the Problem

Delayed deliveries, poor quality outputs due to faulty specifications, duplication of raw materials and continued threats of litigation by the suppliers due to delayed payments, is a common scenario among firms which experience poor relationship with their suppliers. Supplier relationship management provides the holistic approach needed to maximize the supplier's value to the enterprise. It is a critical shift from managing supplies to managing suppliers. It succeeds through a focus on partnering with industry and leveraging commercial capabilities. The main idea of the relationship between buyer and supplier is to create a win-win situation for both the buyer and supplier, compared to the traditional approach where the buyer had the power and could play the suppliers against each other just to minimize cost. The collaboration should enable for example mutual cost sharing, joint improvement efforts, conflict-resolution and better communication. An effective SRM solution contains essential components such as ranking, rating and optimization that allow a firm to reduce its supply base and overall costs.

3. Objective of the Study

To determine the effect of Strategic Material Sourcing on Operational Performance of Manufacturing Firms

4. Research Hypothesis

H_0: Strategic material sourcing does not affect operational performance of manufacturing firms
H_a: Strategic material sourcing does affect operational performance of manufacturing firms

5. Conceptual Framework

The conceptual framework illustrates how the independent variable relates to the dependent variable. The dependent variable of the study is Operational performance while the independent variable is Strategic Material Sourcing.

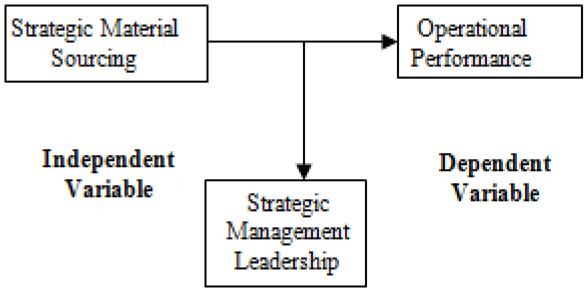

Figure 1: Conceptual Framework

6. Literature Review

This chapter presents a review of both the theoretical and empirical literature on Operational Performance with a specific interest in Strategic Material Sourcing. The theoretical framework encapsulates the reviewed theories which will form the basis of the study. The empirical studies were reviewed in line with the study objectives and were conceptualized into a framework

6.1 Theoretical Literature

In this section, the researcher reviewed the theories relevant to Strategic Material Sourcing and Operational Performance. The Major theory discussed is the Resource Dependency Theory

6.1.2 Resource Dependency Theory

Resource dependence theory takes the view that a business relationship is a social exchange of critical resources with mutual dependency among the exchange partners. Thus, the survival and growth of organizations largely depend on the ability to secure critical resources from the external environment (Emerson 1962; Pfeffer & Salancik 1978; Casciaro & Piskorski 2005). But a relationship between organizations is not free. Transaction cost analysis (TCA) suggests that every transaction has a cost. These costs are incurred for adaptation, performance evaluation and safeguarding, and are associated with uncertainty, opportunism, and transaction specific assets (TSAs) invested in the relationship (Williamson, 1996; Rindfleisch & Heide 1997). Transaction specific assets refer to the assets specialized to service the particular needs of the exchange parties (Williamson 1996). Firms invest in TSAs in order to create additional value from an exchange above what standard product and service offerings can do (Ghosh and John,1999). Examples of TSAs include the development of idiosyncratic knowledge, the provision of dedicated human resources and training, and capital investment in specialized equipment and facility improvement (Williamson, 1996)

Although resource dependence theory and transaction cost analysis depart from different points of view (sociology and new institutional economics, respectively), they have something in common. While resource dependence theory focuses on *ex ante* mutual dependence between exchange partners due to critical resources, transaction cost analysis assumes that two parties are initially independent but develop bilateral dependence *ex post* due to relationship-specific assets invested over the course of the relationship (Heide 1994 ; Casciaro & Piskorski 2005). Despite these different views, however, both theories recognize the existence of interdependency between exchange partners and the importance of securing valued resources from environmental and behavioral uncertainty (Heide, 1994).

Specifically, based on utilitarian assumptions of self-interested behaviors of exchange partners, transaction cost analysis argues that TSAs raise the cost of safeguarding against a behavioral uncertainty of an exchange partner such as an opportunistic behavior where one party may exploit the other for unilateral benefits (Heide & John 1990; Heide 1994; Rindfleisch & Heide 1997; Bensaou & Anderson 1999; Ghosh & John 1999, 2005). Being unique to a relationship, and possessing little or no value upon the relationship termination, TSAs are often viewed as "valuable but vulnerable" investments (Ghosh & John 1999; Wathne & Heide 2004; Ghosh & John 2005).

Combining the resource and transaction cost perspectives into a strategic point of view, Ghosh & John (1999) proposed a governance value analysis (GVA) framework that links resources, positioning strategy, TSAs and governance. They argue that a firm creates potential market value through a unique positioning and can claim those values through a competitive advantage based on firm-specific resources. In an effort to achieve competitive advantage in the market, firms align themselves with exchange partners (i.e., customers and suppliers) and create joint values, such as cost reduction and/or value addition, through investments in TSAs.

While creating maximum values from the market, (Ghosh & John 2005) argue that firms should safeguard their share of values jointly created as well as their investments in TSAs against opportunism through strategic selection of relationship governance. For example, the authors found, in a later study on industrial alliances, that OEMs – given a high level of specific investments – achieve a high level of cost reduction from less flexible contracts with their suppliers while achieving a high level of end-product enhancement from more flexible contracts (Ghosh & John 2005). Based on these findings, they suggest that OEMs take different "governance value engineering" approaches to supplier relationship management depending on their primary pursuit of strategic outcomes (i.e., cost reduction vs. product enhancement).

6.2 Empirical Literature

In this section, the researcher reviewed empirical studies touching on Strategic Material Sourcing and Operational Performance. The studies were reviewed in tandem with the study variable which captures the study objective

6.2.1 Strategic Material Sourcing and Operational Performance

Strategic sourcing is a process where several purchasing activities are streamlined to support a total supply chain vision focusing on the ultimate customer. The following sections provided a review of purchasing literature in terms of the main elements of strategic sourcing: a) strategic elevation of the Purchasing function, b) internal coordination with other functions, c) supply-base optimization and buyer-seller relationships, and integration and early involvement of suppliers in planning and design processes. Internal Coordination between supplier and purchasing. The inter-dependence between Purchasing and other functions is becoming stronger. Purchasing increasingly takes part in activities that have been traditionally assumed to be other functions‟ responsibilities, such as product design and development. In return, the traditional purchasing decision of which vendor to select is expanding to involve departments other than procurement, especially when long-term relationships and outsourcing are utilized (Cavinato, 1991).

According to (Nichiguchi, 1994), strategic material souricng comprises of the following processes; Assessment of the company's current spending (what is bought where), Assessment of the supply market (who offers what?), Total cost analysis (how much does it cost to provide those goods or services), Identification of suitable suppliers, Development of a sourcing strategy (where to buy what considering demand and supply situation, while minimizing risk and costs), Negotiation with suppliers (products, service levels, price geographic coverage), Implementation of new supply structure, and track results and restart assessment (continuous cycle). Strategic material sourcing was initiated by general motors' in the 1980's, strategic sourcing was later formalized into a methodology and implemented at other large scale blue chip companies with support of consulting companies like A.T Kearney, Price water house Coopers, KPMG, and many others. This methodology become a norm for procurement departments and is today considered to be a standard working process (Nichiguchi, 1994).

It is an institutional procurement process that continuously improves and re-evaluates the purchasing activities of a company? According to (Nichiguchi, 1994), it comprises of the following processes; Assessment of the company's current spending (what is bought where), Assessment of the supply market (who offers what?), Total cost analysis (how much does it cost to provide those goods or services), Identification of suitable suppliers, Development of a sourcing strategy (where to buy what considering demand and supply situation, while minimizing risk and costs), Negotiation with suppliers (products, service levels, price geographic coverage), Implementation of new supply structure, and track results and restart assessment (continuous cycle)

7. Research Methodology

The study adopted descriptive case study research design**.** The design has been selected for this study because it provides numeric descriptions of the population and describes events as they are, as they were or as they will be.

The target population for the study comprised of 54 employees in the procurement department of East African Breweries Ltd. The target population was considered appropriate since they were perceived to be conversant with supplier relationship matters as a result of their professional qualification and experience in their respective positions. A census approach was used since the sample was equal to the target population. The study used questionnaire to obtain primary data. The questionnaire contained closed ended questions for the purpose of giving the respondents an easy time to provide more accurate information. A 5 point Linkert scale where 1 represents the least important response and 5 represents the most important response was employed. In order to minimize on errors, delays and bias, there was a few open ended questions allowing respondents to express personal opinion. The study also utilized secondary data from other publications where it was considered necessary. Prior to embarking on the main study, the researcher carried out a pilot study with the aim of verifying both the reliability and validity of the research instruments. The pilot study involved collecting data from 10% (5 respondents) who were randomly selected from the Population comprising Keroche Breweries Limited, Naivasha. These respondents were not part of the main study. Reliability of the instrument was determined by use of Cronbach alpha. In the event the instrument attained alpha 0.7 ($\alpha \geq 0.7$) it was to be deemed reliable.

7.1 Data Processing and Analysis

Data screening was conducted to ensure the data was properly recorded and that the distribution of variables used in the analysis were normal. The statistical method for this study was descriptive and inferential statistics. Data analysis was done using Statistical Package for Social Sciences computer software (SPSS) version 21. Descriptive statistics such as mean and standard deviation were used to present the various characteristics for data sets. For this kind of study, descriptive analysis is the best and has been supported by such scholars as Cooper and Schindler (2003). Inferential statistics such as Karl Pearson Correlation were used to apply a one-on-one relationship between the independent variables and the dependent variable, while holding all other factors constant. This formed the basis for rejecting or accepting the null hypothesis.

7.2 Research Findings

Majority of the respondents at 57% were male indicating that majority of employees at EABL were male. Majority of employees in the company was reported to be between ages 20-25 years old as indicated by 41%. This showed that a major population of the respondents was comprised of junior officers probably in their entry level positions into the organization. It was also established that majority of the respondents at EABL had worked for a period of 1-5 years which was reported at 39%. Respondents were also assessed in terms of their sections of responsibility within the procurement department. It was reported that majority at 35% were attached to the actual procurement function and this confirmed the relevancy of the population to the study.

The study findings showed that majority of the respondents strongly agreed that strategic material sourcing involved assessment of the company's current spending; assessment of the company's supply market and that total cost analysis was conducted. It was also reported that there was strategic identification of suitable suppliers. Further, majority of the respondents strongly agreed that information sharing promotes trust and mutual understanding between the buyer and the supplier. It was also revealed that negotiation was also effectively conducted to enhance strategic material sourcing as strongly agreed upon by majority of the respondents. The study also revealed that strategic material sourcing entails developing sourcing strategy and that it involves improving and re-evaluating the purchasing activities of a company.

The study further established that effective supplier relationship management ensures smooth information flow and better adaption to unforeseen changes. In addition, the findings showed that effective supplier relationship management helps in identifying and production of better solutions to organizational problems thereby enhancing operational performance. It was also revealed that effective supplier relationship management helps in reducing monitoring costs and that effective supplier relationship management helps in conflict resolution and better communication between the buyer and the supplier.

7.2.1 Effect of strategic material sourcing on operational Performance

Strategic material sourcing was also assessed in terms of its effect on operational performance. Respondents reported the level of their agreement with variables pertaining strategic material sourcing and operational performance as shown below;

Table 1: Strategic Material Sourcing and Operational Performance.

	N	*Min*	*Max*	*Mean*	*Std. Deviation*
Assessment of the company's current spending	51	3	5	4.65	.522
Assessment of the company's supply market	51	1	5	4.49	.834
Total Cost analysis	51	3	5	4.53	.703
Identification of suitable suppliers	51	1	5	4.37	.799
information sharing promotes trust and mutual understanding	51	3	5	5.00	.100
Development of sourcing strategy	51	2	5	4.43	.781
Negotiation with suppliers	51	2	5	4.55	.673
Improves and re-evaluates the purchasing activities of a company	51	2	5	4.33	.841
Valid N (list wise)	51				

According to table 1 Majority of the respondents strongly agreed that strategic material sourcing involved assessment of the company's current spending (mean=4.65), assessment of the company's supply market (mean=4.49) and that total cost analysis was conducted (mean=4.53). On the other hand, it was agreed upon (mean=4.37) that there was strategic identification of suitable suppliers. Further, majority of the respondents strongly agreed that information sharing promotes trust and mutual understanding between the buyer and the supplier (mean=5.00). It was also revealed that negotiation was also effectively conducted to enhance strategic material sourcing as strongly agreed upon by majority of the respondents (mean= 4.55). The study also revealed that strategic material sourcing entails developing sourcing strategy and that it involves improving and re-evaluating the purchasing activities of a company. These were indicated by the means of 4.43 and 4.33 respectively.

7.2.2 Relationship between Strategic Material Sourcing and Operational Performance

Inferential analysis was conducted to test hypothesis. In this regard, Karl Pearson Correlation was used to establish the nature of relationship between the independent variables and the dependent variable. Consequently, the p-values obtained formed the basis for either accepting or rejecting the Null Hypotheses. The results were as follows;

Table 2: Correlation Matrix

			Strategic material sourcing		*Operational Performance*
Strategic material sourcing	Pearson Correlation	.389**	1	-.199	.894**
	Sig. (2-tailed)	.005		.161	.000
	N	51	51	51	51
Operational Performance	Pearson Correlation	.357*	.894**	.304*	1
	Sig. (2-tailed)	.010	.000	.026	
	N	51	51	51	51
**. Correlation is significant at the 0.01 level (2-tailed).					
*. Correlation is significant at the 0.05 level (2-tailed).					

Strategic material sourcing had an r-value of .894 indicating a significant relationship between strategic material sourcing and operational performance. This was satisfactory to the second objective of the study. In addition, the relationship between strategic material sourcing at EABL and operational performance was positive. Therefore buyer strategic material sourcing is positively correlated with operational performance at the Company. This objective analyzed under the hypothesis **$H_{02:}$ Strategic material sourcing does not affect operational performance of manufacturing firms.** The results in table 2 indicated a p-value of $0.000<0.05$ leading to the rejection of the null hypothesis and accepting that strategic material sourcing significantly affects operational performance of manufacturing firms.

8. Summary, Conclusions and Recommendations

8.1 Summary

The study findings showed that majority of the respondents strongly agreed that strategic material sourcing involved assessment of the company's current spending; assessment of the company's supply market and that total cost analysis was conducted. It was also reported that there was strategic identification of suitable suppliers. Further, majority of the respondents strongly agreed that information sharing promotes trust and mutual understanding between the buyer and the supplier. It was also revealed that negotiation was also effectively conducted to enhance strategic material sourcing as strongly agreed upon by majority of the respondents. The study also revealed that strategic material sourcing entails developing sourcing strategy and that it involves improving and re-evaluating the purchasing activities of a company.

8.2 Conclusions

The study concluded that strategic material sourcing involved assessment of the company's current spending, assessment of the company's supply market and analysis of total cost. Further it was concluded that EABL engaged in strategic identification of suitable suppliers. Further, it was concluded that information sharing promotes trust and mutual understanding between the buyer and the supplier. Conclusions were also made that negotiation was also effectively conducted to enhance strategic material sourcing. Consequently, it was concluded that strategic material sourcing entails developing sourcing strategy and that it involved improving and re-evaluating the purchasing activities of the company.

8.3 Recommendations

The study recommends that employees should be trained on strategic sourcing techniques and approaches to enhance operational performance through effective supplier relationship management. As a result alternative sourcing strategies should be formulated to facilitate attempts by companies to promote their buyer supplier relationships

8.3.1 Recommendation for further studies

The study recommends that more studies should be conducted to in other sectors apart from the manufacturing sector. This may include studying the role of supplier relationship management on operational performance in sectors such as education and or service industry. For example banks. In addition, more studies can be conducted on the effect quality characteristics of a firm's supply chain on operational performance.

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