



DETERMINANTS OF BUYER-SUPPLIER RELATIONSHIP MANAGEMENT AMONG MANUFACTURING FIRMS IN KENYA: CASE STUDY OF NAIROBI COUNTY

^{1*} **Benard Omondi Otieno**

*Msc Procurement and Logistics,
Jomo Kenyatta University of Agriculture and Technology
omondib33@gmail.com*

^{2**} **Dr. Pamela Getuno**

Jomo Kenyatta University of Agriculture and Technology

Abstract

Private manufacturing firms in Kenya for the past decade have been facing challenges on buyer-supplier adaptation, trust, communication, commitment and relationship management. These challenges have led to inefficiency and ineffectiveness in these organizations. The main purpose of this study was to examine the determinants of buyer-supplier relationship management among private manufacturing firms in Kenya. To achieve this, the study employed a descriptive research design. The study findings indicate that 57.6% of change in buyer-supplier relationship management in manufacturing firms in Kenya can be explained by the four variables namely Adaptation, Trust, Commitment and Communication. Adaptation, Trust, Commitment and Communication were found to be statistically significant with positive impact on buyer-supplier relationship management. The study recommends that it is imperative that that organizations start to view adaptation, trust, communication and commitment to their suppliers as strategic in value in helping them manage relationship. Following the results of the study, it is evident to conclude that there is positive relationship between adaptation, trust, commitment and communication and buyer-supplier relationship management. Through adaptation, trust, commitment and communication, manufacturing firms have continued to be at the heart of Kenya's success story.

Keywords: buyer-supplier relationship, manufacturing firms

I. INTRODUCTION

Some Kenyan private manufacturing firms have attempted to collaborate with their suppliers to ensure relationship management with the major objectives of supplier retention, relationship loyalty, customer satisfaction and meeting future expectations and intentions (Union Consulting ltd, 2009). However, relationship management has not significantly improved since these firms still experience low levels of supplier retention, loss of relationship loyalty, customer dissatisfaction and failure to meet future expectations and intentions (Union Consulting ltd, 2009). This could be escalated by low levels of information sharing, lack of joint decision making and inability to align incentives resulting into low levels of adaptation, trust and commitment. According to Basheka (2007), Ntayi and Eyaa (2010) buyer-supplier collaborations in Kenya is often characterized by late deliveries, lack of concern for end customer, partial supply of items, supply of substandard items, failure or refusal to supply, rejection of products and deferred payments. In addition, Muhwezi (2009) suggests that in Kenya, partners do not devote energy to sustaining the relationship, even when there are inconveniences and costs, relationships often break since every party in a relationship suspects the other of betrayal, dishonesty and trickery. These deviate from the buyer and supplier firms future expectations and intentions, reduced supplier retention, promote relationship disloyalty and customer dissatisfaction which always lead to relationship mismanagement.

There is strong evidence that most enterprises in Kenya have insufficient infrastructure and inconsistent strategies for managing buyer – supplier relations Pelvic (2007). Enterprises that established standard metrics and procedures for measuring buyer - supplier relationship management were able to improve procurement performance by 26.6%, on average, since the program's inception (Veludoet *al.*, 2006; Williamson 2009). Most often, these improvements came in the areas of quality, on-time delivery, price, total cost, contract compliance, lead times, and overall responsiveness (Krapfeletet *al.*, 2009). These improvements manifested themselves in direct hard dollar savings to the enterprise as well as enhancements in responsiveness and service to end customers (Casson, 2013). It is on the basis of such less integrated buyer – supplier relations that this study sought to examine, Kenya inclusive, have successfully embraced and implemented relationships in downstream and upstream supply chain, yet they have been known for promoting bulk purchasing, customers retention and upstream visibility whose concepts are key in enhancing organizational performance (Muriithi, 2012). Manufacturing is an important sector in Kenya and it makes a substantial contribution to the country's economic development. It has the potential to generate foreign exchange earnings through exports and diversify the country's economy. This sector has grown over time both in terms of its contribution to the country's gross domestic product and employment. The average size of this sector for tropical Africa is 8 per cent. Despite the importance and size of this sector in Kenya, it is still very small when compared to that of the industrialized nations United Nations Industrial Development Organization (UNIDO, 2007).

The sector experienced the lowest real GDP growth rates in 2008 to 2009 as 1.7 percent in 2008 and improved to 2.6 percent in 2009 (East African Community Facts and Figures– 2010, March

Issue, 2011). In the financial year 2010, the real GDP growth rate was 5.6 percent, revealing the improvement (East African Community Facts and Figures – 2011, October Issue, 2011). In terms of gross domestic product (GDP), the share of manufacturing sector maintained in the last 10 years from 2000-2001 as 10 percent to 2009-2010. On the other side, investment a “booster” of an economy, according to (East African Community Facts and Figures – 2011, October Issue, 2011) has shown a decreasing trend from 2008 to 2010.

II. STUDY OBJECTIVES

Based on the study’s main objective, the specific objectives were to:

- i. examine the effect of adaptation on buyer-supplier relationship management of manufacturing firms
- ii. establish the effect of trust on buyer-supplier relationship management of manufacturing firms
- iii. establish the effect of commitment on buyer-supplier relationship management of manufacturing firms
- iv. assess the effect of communication on buyer-supplier relationship management of manufacturing firms

III. RESEARCH METHODOLOGY

The target population of the study was 455 and the sample size was 196 that were selected using stratified sampling. The sampling frame was all the purchasing managers or their equivalent of the selected firms. The questionnaires were dropped at the procurement department. The collected data was edited, coded and entered for analysis. Prior to the survey administration, the researcher distributed 20 questionnaires for pre-testing. This was done to determine validity and reliability of the research that was to be carried out to ensure that the scale items are meaningful to the sample and captures the issues that were to be measured. The data was analyzed using descriptive statistics and this was done using a statistical package for analysis (SPSS) version 21. The findings were presented in pie charts, bar graphs, and tables for clarity. Pearson’s correlations coefficients were run to examine the relationship between the independent and dependent study variables that are set out in the objectives of the study.

IV. FINDINGS

Adaptation

The study sought to examine the effect of adaptation on buyer-supplier relationship management. From table 1, majority of the respondents agreed that adaptation affects buyer-supplier relationship. This is whereby only less than 35.0% of the respondents disagreed while more than 40.0% agreed and 28.1% were not sure. When the opinion of the respondent was sought on

suppliers' willingness to adjust packaging styles to meet their need, majority that is more than 50.0% agreed that their suppliers were willing to adjust their packaging styles while only 20.4% disagreed. When the respondents were asked whether their suppliers were willing to change their product lines to meet their need, more that 60.0% of the respondents agreed while only less than 15.0% disagreed. When asked about the willingness of their suppliers to change their advertising budget to meet their need majority of the respondents disagreed that is more than 40.0% as compared to less than 25.0% that agreed while 28.1% were not sure.

When the respondents were asked on their opinion their suppliers were willing to change their sales force structure for their needs majority of the respondents agree that is more that 55% while only less than 15.0% disagreed. On whether the suppliers were willing to adapt personal selling to meet their unique needs more than 50.0% agreed while less than 25.0% percent disagreed. When the opinion of the respondents was sought on whether the suppliers were willing to offer credit sales terms any time they request, more than 45.0% agreed, 20.9 percent disagreed while 34.2% were not sure. When the respondents were asked on whether the their suppliers were willing to change their discount policy in their favor majority that is more than 60.0% agreed, less than 20.0% disagree while only 16.8% were not sure. On whether their suppliers pricing strategies almost half (48.0%) of the respondents agreed while only 10.2% disagree and 40.8% were not sure. Lastly when the respondents were asked whether their suppliers were willing to change their profit margin to meet end customer needs, 3.1% strongly disagreed, 10.2% disagreed, 28.1% were not sure, 28.1% agreed while 30.5% strongly agreed.

Damours *et al.*, (2009) supports the findings of this study by stating that frequent and collaborative adaptation with key to buyer-supplier management as both will in the long run, as it fosters a climate of mutual support, thereby improving customer responsiveness among channel partners. The operational benefits of adaptation on buyer-supplier management are numerous: it can mitigate the bullwhip effect (Chatfield *et al.*, 2006), improve new product design (Brown & Eisenhardt, 2005), improve cost (Choi *et al.*, 2008), and enhance competitiveness in the marketplace on a variety of dimensions, including delivery, quality, and cost (Li *et al.*, 2006). All this studies supports the findings.

Table 1: Frequency and percentages distribution of respondents' perception on adaptation.

Adaptation	Strongly disagree	Disagree	Not Sure	Agree	Strongly agree
Suppliers are willing to customize products features	17.1%	24.0%	28.1%	33.7%	7.1%
Suppliers are willing to adjust packaging styles	3.1%	317.3%	24.0%	45.4%	10.2%

Suppliers are willing to change product lines	3.1%	7.1%	20.9%	37.8%	31.1%
Suppliers are willing to change advertising budget	17.1%	34.2%	28.1%	16.8%	13.8%
Suppliers are willing to change sales force structure	11.2%	4.1%	425.0%	45.9%	13.8%
Suppliers have adapted to personnel selling to meet unique needs	13.8%	210.2%	16.8%	31.1%	28.1%
Suppliers are willing to offer sales credit terms	0.0%	20.9%	34.2%	16.8%	28.1%
Suppliers are willing to offer sales credit terms	0.0%	20.9%	34.2%	16.8%	28.1%
Suppliers are willing to change discount policy	10.2%	7.1%	16.8%	52.1%	13.8%
Suppliers pricing strategies depend on purchasing strategies	0.0%	10.2%	40.8%	20.9%	28.1%
Suppliers are willing to change profit margins	3.1%	10.2%	28.1%	28.1%	30.5%

Trust

The respondents were asked to indicate the extent trust affect buyer-supplier relationship management of manufacturing firms in Kenya. From table 2 majority of the respondents agreed that trust effect on buyer manufacturing firms because a high level of trust play an important role in making the relationship fruitful. This is indicated by 28.1% strongly agreeing while 17.3% agreeing, only less than 21% disagreed while 34.2% were not sure. This implies that the firms are having confidence in their suppliers. When the opinion of the respondents was sought on whether the suppliers they collaborate with are always obliging, majority of the respondents agreed that is 48.0% agreed and 28.1% agreed strongly, only 14.2% disagreed while 23.5% were not sure. When respondents were asked whether the suppliers they collaborate with were competent more than 65.0% agreed while only 3.1% strongly disagreed. Majority of the respondents that is more than 50.0% agreed while less than 10.0% disagreed and 41.3% were not sure that their suppliers were honest in their dealings. When the opinion of the respondents was sought whether the suppliers were friendly in dealing with them, more than 50.0% agreed while only 7.1% strongly disagreed. On reliability of the suppliers, more than 70.0% agreed while less than 15% disagreed and 10.2%

were not sure. When asked whether suppliers are acting favorable majority that is more than 80% agreed while only 3.1% disagreed. Finally, when the opinion of the respondents was sought on whether their suppliers are oriented towards collaborative arrangement with them, majority agreed that is 52.1% strongly agreed, 31.1% agreed but 16.8% where not sure.

The following studies support the findings of this study that trust is a central aspect for relationship management. Buyer-supplier relationship management aspect is identified when a partner has certainty of trustworthiness and integrity of its partners (Morgan & Hunt, 1994). Benton and Prahinski (2004) advance that Companies hesitate to trust in suppliers without first testing them, but when this is done it becomes possible to build an effective relationship that seeks to achieve performance objectives. Geyskens and Steenkamp (2010) suggest that trust reduces uncertainty in a relationship; if an organization trusts another organization, it will attribute co-operative intentions to the trusted organization.

Table 2: Frequency and percentages distribution of respondents' perception on Trust

Trust	Strongly disagree	Disagree	Not Sure	Agree	Strongly agree
Confidence in suppliers	10.2%	10.2%	34.2%	17.3%	28.1%
Suppliers always obliging	0.0%	14.2%	23.5%	48.0%	14.3%
Suppliers very competent	3.1%	0.0%	27.5%	31.1%	38.3%
Suppliers cooperative	3.1%	3.1%	1.3%	31.1%	21.4%
Good response from suppliers	3.1%	7.1%	7.1%	48.0%	34.7%
Suppliers are honest	17.1%	7.1%	15.3%	37.3%	33.2%
Suppliers are friendly	7.1%	0.0%	31.1%	33.7%	28.1%
Suppliers are reliable	7.1%	7.1%	10.2%	37.8%	37.8%
Suppliers acting favorable	0.0%	3.1%	10.2%	48.4%	38.3%
Suppliers are oriented towards	0.0%	0.0%	16.8%	31.1%	52.1%

Commitment

The study asked the respondents to indicate the extent to which commitment affect buyer- supplier relationship management. First, the study sought to know if difference in values with the supplier would affect their attachment to them majority of the respondents agree with 39.3% strongly agreeing, 25.0% agreeing while less than 25.0% disagreeing and only 14.3% were not sure. on whether the objective suppliers stands for are important to them majority of the respondents that is more than 80.0% agreed while only less than 10.0% disagreed and 10.2% were not sure. when the opinion of the respondent was sought on whether the reason they collaborate with their suppliers is because of the values they stand for, majority agree with 31.1% and 42.4% agreeing and strongly agreeing respectively, while less than 15.0% disagreed. On whether over time their values and those of suppliers have come similar, majority of the respondents agreed, that is more than 60.0% while less than 15.0% disagree and 28.6% were not sure.

The opinion of the respondent was sought on whether their collaboration is to avoid cost of leaving their relationship, majority of the respondents agreed that is 21.4% and 32.7% agree and strongly agreed respectively, while 16.8% and 4.1% strongly disagree and disagreed respectively and 25.0% were not sure. On whether they are afraid of what might happen if they leave the relationship even if they want, more than 55.0% agreed while less than 25.0% disagreed. On whether they are willing to in supplier's specific asset so as to keep the current the current relationship, more than 60.0% agreed while only less than 20.0% disagreed and only 21.9% were not sure.

When the opinion of the respondent was sought on whether they take up their collaborative with their suppliers as a great relationship to be connected with, 7.1% strongly disagreed, 23.9% disagreed, 34.3% were not sure while 27.6% and 7.1% agreed and strongly agreed respectively. Lastly when the opinion of the respondents was sought on whether they are proud to tell others that they are proud to be associated with their suppliers, majority that is more than 70.0% agreed while only 3.1% strongly disagreed and 23.9% Of the respondents were not sure.

Rusbult (2013) supports the findings of this study that commitment level has been found to be the strongest predictor of voluntary decisions to remain in a relationship .This perspective is consistent with (Dwyer *et al.*, 2007) who state that commitment refers to an implicit or explicit pledge of relationship management between exchange partners and has a significant effect in reducing cost of sourcing for new supplies. Miller & Rauyruen (2007) also supports the findings that when commitment is present, it promotes efficiency, productivity and effectiveness between buyers and supplier. In this way, buyer's commitment influences positively supplier's commitment, hence continuance of the relationship

Table 3: Frequency and percentages distribution of respondents' perception on commitment.

Commitment	Strongly disagree	Disagree	Not Sure	Agree	Strongly agree
If values different would not be attached	14.3%	7.1%	14.3%	25.0%	39.3%
Suppliers objectives are important	4.1%	4.1%	10.2%	54.1%	27.5%
Collaboration with suppliers is due to values they stand for	4.1%	11.2%	11.2%	31.1%	42.4%
Similar values with suppliers	4.1%	6.6%	28.6%	36.2%	24.5%
Collaboration with suppliers to avoid cost of leaving	17.9%)	4.1%)	25.0%	21.4%	31.6%
Collaboration with suppliers to avoid cost of leaving	16.8%	4.1%	25.0%	21.4%	32.7%
Afraid of leaving relationship	13.7%	7.1%	20.9%	54.2%	4.1%
Willing to invest in suppliers	10.7%	7.1%	21.9%	30.1%	30.1%
Collaboration with suppliers a great relationship	7.1%)	23.9%	34.3%	27.6%	7.1%
Suppliers identify with company	0.0%)	10.2%	31.1%)	33.7%	24.0%
Proud to be associated with suppliers	3.1%)	0.0%	23.9%	41.3%	31.7%

Communication

Respondents were asked to indicate the extent communication affect buyer-supplier relationship management of manufacturing firms in Kenya. From table 4, majority of the respondents agreed that effective communication with their suppliers has a great impact on their relationships. This is indicated by 31.1% that agreed, 31.1% that strongly agree, 21.0% were not sure while less than

20.0% disagreed. On whether they communicate timely with their suppliers, majority that is more than 60.0% agreed while 31.1% were not sure and only 7.1% disagreed. When the opinion of the respondents was sought whether they normally communicate credible information regarding supply disruption with their suppliers, majority that is more than 70.0% agreed, 13.8% were not sure while only 13.8% disagreed. Lastly when the respondents were asked whether they usually communicate information about their inventory policy with their suppliers, majority agreed that is 42.9% agreed and 31.6% strongly agreed, 17.3% were not sure while only less than 10.0% disagreed.

Carr & Pearson, (2009) supports the findings of this study that when buyers and suppliers share important information relating to materials and product design issues, they are likely to improve the quality of their products, reduce customer response time, and increase cost savings through greater product design and operational efficiencies. Some of these cost savings are then passed on to the customers in the form of higher perceived value and lower prices Cannon & Perreault, (2009) also supports the findings of this study by emphasizing those buyers and suppliers communicate about common, routine and operational issues such as logistical matters of order status, delivery information and productions schedules, and innovation issues such as product design, future product development plans and market development.

Table 4: Frequency and percentages distribution of respondents' perception on communication.

Communication	Strongly disagree	Disagree	Not Sure	Agree	Strongly agree
Communicate accurate information	3.1%	213.7%	21.0%	31.1%	31.1%
Communicate timely	0.0%	17.1%	31.1%	48.0%	13.8%
Suppliers communicate about third parties	3.1%	3.1%	24.4%	41.3%	28.1%
Communicate credible information	0.0%	4.1%	420.9%	50.0%	25.0%
Suppliers communicate about inventory	0.0%	13.8%	13.8%	37.8%	34.6%
Suppliers communicate in advance for changes	4.1%	4.1%	17.3%	42.9%	31.6%

Buyer-supplier relationship management

Respondents were asked the extent to which the company has realized business values on their buyer-supplier relationship management as a result of adaptation, trust, commitment and communication. From the findings in the Table 5 below its evident that the firms have realized a wide range of benefits. Among the listed include increased collaboration, cost reduction and

supplier retention. This is because the majority of the respondents (58.1%) agreed that they were satisfied with their relationship with their supplier. Over (50.0%) of the respondents agreed that there was a reduction in procurement costs and increased profitability of the manufacturing firms. Lastly majority of the respondents that is over 50.0% agreed that there were greater expectations and intentions for the future.

Among the listed include benefits included; increased brand loyalty, reduced procurement costs, increased profitability, increased employee satisfaction, quality products, improved customer satisfaction, reliable supply base and finally on time delivery of materials without delay

Table 5: Frequency and percentages distribution of respondents' perception on buyer-supplier relationship management.

Customer satisfaction	Strongly disagree	Disagree	Not Sure	Agree	Strongly agree
Satisfied with level of collaboration	0.0%	13.8%	28.1%	40.8%	17.3%
Major suppliers have been fair	6.6%	3.1%	10.7%	41.3%	38.3%
Satisfied with products and services	4.1%	6.6%	36.2%	42.3%	10.7%
Firm comfortable relating to suppliers	0.0%	7.1%	17.9%	67.9%	7.1%
Collaboration reflects trouble free situation	4.1%)	4.1%	13.3%	53.5%	25.0%
Reduced procurement costs	7.1%)	4.1%	36.2%	31.6%	20.9%
Increased profitability.	0.0%)	4.1%	7.1%	55.6%	33.2%
Reduced inventory holding costs	0.0%)	4.1%	30.1%	18.4%	47.4%
Customer retention	0.0%)	4.1%	18.8%	54.1%	23.0%
Reduced supplier sourcing and evaluation costs.	4.1%)	0.0%)	20.9%)	38.8%	36.2%

Long and difficult process to change major suppliers	0.0%)	11.0%)	25.0%	46.0%	18.0%
Consider current suppliers as selection set	4.1%)	4.1%)	20.9%)	50.0%	20.9%
Continue purchasing arrangements with suppliers	0.0%)	4.1%	33.2%	21.9%	40.8%

Inferential Analysis

Inferential statistics infer from the sample to the population. They determine probability of characteristics of population based on the characteristics of the sample. Inferential statistics help assess strength of the relationship between the independent variables and the dependent variables.

Correlations of the study variables

Table 6 illustrates the correlation matrix among the independent variables. Correlation is often used to explore the relationship among a group of variables (Pallant, 2010), in turn helping in testing for Multicollinearity. If the correlation values are not close to 1 or -1, this is an indication that the factors are sufficiently different measures of separate variables (Farndale, Hope-Hailey & Kelliher, 2010). It is also an indication that the variables are not multicollinear. Absence of Multicollinearity allows the study to utilize all the independent variables.

Table 6: Pearson Correlation

		Buyer-Supplier Relationship management	Adaptation	Trust	Commitment	Communication
Buyer-Supplier Relationship management	Pearson Correlation	1				
	Sig. (1-tailed)	(1-				
Adaptation	Pearson Correlation	.491**	1			

Table 6 indicate that trust has the strongest positive influence on buyer-supplier management as attributed by the correlation coefficient of 0.500 and a p-value of 0.00.in addition, adaptation,

	Sig. (1-tailed)	.000				
	Pearson Correlation	.500**	.501**	1		
Trust	Sig. (1-tailed)	.000	.000			
	Pearson Correlation	.404**	.393**	.699**	1	
Commitment	Sig. (1-tailed)	.000	.000	.000		
	Pearson Correlation	.431**	.529**	.653**	.541**	1
Communication	Sig. (1-tailed)	.000	.000	.000	.000	

Correlation is significant at the 0.01 level (1-tailed).

commitment and communication are positively correlated to buyer-supplier management with Pearson correlation values of 0.491, 0.404 and 0.431 respectively and p-values of 0.000 respectively. This correlation matrix implies that the independent variables: adaptation, trust, commitment and communication are crucial determinants of buyer-supplier relationship management. This is in agreement with the literature review where Brennan *et al.*, (2013) emphasizes that focus on adaptation, trust, commitment and communication is positively correlated with buyer-supplier relationship management. All the independent variables are positively related since their p-values are less than 0.05.

Regression Analysis Results.

A multiple linear regression analysis was done to examine the relationship of the independent variables with the dependent variable. The R^2 is the coefficient of determination. This value explains how buyer-supplier relationship management varied with adaptation, trust, commitment and communication. The model summary table shows that four predictors can explain 58.5% of change buyer-supplier relationship management namely adaptation, trust, commitment and communication an implication that the remaining 41.5% of the variation in buyer-supplier management could be accounted for by other factors not involved in this study. This shows that the variables are very significant therefore need to be considered in any effort to boost buyer-supplier relationship management in manufacturing firms in Kenya.

Table 7: Model Summary

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.765 ^a	0.585	0.576		0.85021

a. Predictors: (Constant), Communication, Commitment, Trust, Adaptation

Analysis of variance (ANOVA) was done to establish the fitness of the model used. The ANOVA table shows that the F-ratio ($F=67.188$, $p=.000$) was statistically significant. This means that the model used was appropriate and the relationship of the variables shown could not have occurred by chance.

Table 8: ANOVA

Model		Sum Squares	of df	Mean Square	F	Sig.
	Regression	194.271	4	48.568	67.188	.000 ^b
	Residual	138.067	191	0.723		
1	Total	332.338	195			

a. Dependent Variable: Buyer Supplier Relationship management

b. Predictors: (Constant), Communication, Commitment, Trust, Adaptation

The estimated coefficients (β s) show the contribution of each independent variable to the change in the dependent variable. The coefficients table results show adaptation ($\beta=.558$, $p=.000$) positively and significantly affected buyer-supplier relationship management of manufacturing firms. The results also show that trust ($\beta=.151$, $p=.002$) positively and significantly affected buyer-supplier relationship of manufacturing firms. Commitment ($\beta= 1.114$, $p=.000$) and communication ($\beta=.057$, $p=.013$) also were found to be positively and significantly affecting buyer-supplier relationship management.

Table 9: Coefficientsof determination

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	4.006	0.225		17.838	0.000
1	Adaptation	0.558	0.087	0.445	6.419	0.000

Trust	0.151	0.049	0.148	3.083	0.002
Commitment	1.114	0.079	-0.939	-14.142	0.000
Communication	0.003	0.057	-0.003	-0.058	0.013

a. Dependent Variable: Relationship management

From the multiple regression results in table 10, the equation.

$Y = \alpha + \beta_2x_2 + \beta_3x_3 + \beta_4x_4 + e$ becomes:

$Y = 4.006 + 0.558x_1 + 0.151x_2 + 1.114x_3 + 0.003x_4 + e$.where:

X^1 =Adaptation

X^2 =Trust

X^3 =Commitment

X^4 =Communication

According to the regression equation established, holding all independent factors a constant then buyer-supplier management will be 4.006. From the regression equation, taking all other independent variables at zero, a unit increase in adaptation will lead to a 0.558 increment in buyer-supplier relationship management. A unit increase in trust will lead to a 0.151 increment in buyer-supplier relationship management. A unit increase in commitment will lead to a 1.114 increment in buyer-supplier relationship management and a unit increase in communication will lead to a 0.003 increment in buyer-supplier relationship management. This insinuates that commitment contribute more to the supply chain performance followed by adaptation. At 5% level of significance and 95% level of confidence, adaptation had a 0.000 level of significance; Trust showed a 0.002 level of significant, Commitment showed a 0.000 level of significant and Communication had a 0.013 level of significant. Hence, the most significant factors are commitment and adaptation.

V. SUMMARY OF FINDINGS

This study sought to ascertain the determinants of buyer-supplier relationship management among of manufacturing firms in Kenya; a case of Nairobi County. The specific objectives that guided that study included to examine the effect of adaptation on buyer-supplier relationship management of manufacturing firms in Kenya; to establish the effect of trust on buyer-supplier relationship management of manufacturing firms in Kenya; to assess the effect of communication on buyer-supplier relationship management in manufacturing firms in Kenya and to establish the effect of commitment on buyer-supplier relationship management. This study employed a cross sectional research design to achieve these objectives.

The study population comprised of 455 procurement managers or their equivalents staff of the 455 licensed manufacturing firms in Nairobi County. These staff members are directly or indirectly

involved in managing buyer-supplier relationships. This study used stratified random sampling technique. The sample size was 196 respondents achieved by use of Nassiuma sampling formula. A semi-structured questionnaire containing both open-ended and close-ended questions was used to collect primary data for this study. The questionnaires were distributed using drop-and-pick later method to the respondents. A pilot study was carried out among 20 manufacturing firms in Nairobi County procurement managers or their equivalents who did not take part in the main study. Data collected was analyzed using descriptive and inferential analysis methods. A multiple linear regression analysis was used to analyze the effects of adaptation, trust, commitment and communication on buyer-supplier relationship management. SPSS version 21 was used to aid in data analysis. Data analysis results were presented using charts and tables. Multiple linear regression results have shown that four predictors can explain 57.6% of buyer-supplier relationship management namely: Adaptation, Trust, Commitment and Communication.

Adaptation of buyer-supplier management

The study evaluated the influence of adaptation on buyer-supplier relationship on manufacturing firms in Kenya. First the study sought to determine the extent to which product adaptation affect buyer-supplier relationship management and according to the findings of the study majority of the respondents agreed that it affects buyer-supplier relationship management. The study also showed that majority of the respondents agreed that promotion adaptation affect buyer-supplier relationship management because they believe that if their suppliers are willing to adapt promotional measures that favour the buyer then the relationship will thrive. Majority of the respondent also agreed that price adaptation also affect buyer-supplier relationship management.

These results have revealed that adaptation positively and significantly affect buyer-supplier relationship management of manufacturing firms in Kenya.

Trust of buyer-supplier management

The study showed the influence of trust on buyer-supplier relationship on manufacturing firms in Kenya. First the study sought to determine the extent to which mutual trust affect buyer-supplier relationship management and according to the findings of the study majority of the respondents agreed that it affects buyer-supplier relationship management. The study also showed that majority of the respondents agreed that interactive trust affect buyer-supplier relationship management because they believe that if their suppliers are willing to trust one another and share information about product honestly in a friendly manner then the relationship will thrive. Majority of the respondent also agreed that confidence trust also affect buyer-supplier relationship management. These results have revealed that trust positively and significantly affect buyer-supplier relationship management of manufacturing firms in Kenya.

Commitment of buyer-supplier management

The study also evaluated the influence of commitment on buyer-supplier relationship on manufacturing firms in Kenya. First the study sought to determine the extent to which instrumental commitment affect buyer-supplier relationship management and according to the findings of the study majority of the respondents agreed that it affects buyer-supplier relationship management, this is because their values and objectives are important in maintaining buyer-supplier relationship. The study also showed that majority of the respondents agreed that instrumental commitment affect buyer-supplier relationship management because they believe that it would be too costly to leave the relationship. . Majority of the respondent also agreed that effective commitment also affect buyer-supplier relationship management.

These results have revealed that commitment positively and significantly affect buyer-supplier relationship management of manufacturing firms in Kenya

Communication of buyer-supplier management

The study establishes that communication between manufacturing firms in Kenya and their suppliers have been achieved to great extent. This is because these firms are working closely with their suppliers by communicating accurate and credible information concerning; delivery schedules, price, supply disruptions and their inventory policies. According to the findings majority of the respondent agreed that communication affect buyer-supplier relationship management.

These results have also revealed that communication positively and significantly affect buyer-supplier relationship management of manufacturing firms in Kenya

Conclusions

Following the results of the study, it is worthwhile to conclude that there is positive relationship between adaptation, trust, commitment and communication and buyer-supplier relationship management of manufacturing firms in Kenya. Through adaptation, trust, commitment and communication, manufacturing firms has continued to be at the heart of Kenya's economic success story. The study also establishes that commitment has the strongest positive influence on buyer-supplier relationship management of manufacturing firms in Kenya. The study also establishes that communication was rated the lowest among the research variables meaning that the manufacturing firms are yet to fully realize the benefits in the firms and their suppliers can get due to good and integrated communication system.

Recommendations

The study recommends that management of manufacturing firms in Kenya should take into account the variables considered since the findings shows that there is significant and relationship between the predictors (adaptation, trust, commitment and communication) and buyer-supplier relationship management in manufacturing firms in Kenya.

Since majority of the respondents agreed that adaptation, trust, commitment and communication leads to positive and significant buyer-supplier relationship, all manufacturing firms in Kenya should be encouraged to put these factors into consideration since it they will greatly help them attain degree of competitiveness apart from achieving good buyer-supplier relationship management.

Areas for further research.

This study was not exhaustive by exhaustive by any means and was limited only limited to adaptation, trust , commitment and communication as factors that affect buyer-supplier relationship of manufacturing firms in Kenya. It is also limited to Nairobi County. It is therefore recommended that another study be replicated in other sectors of the economy, such as retailing, service, government, and health sectors. This is because buyer-supplier relationship management is a rich research field and is still evolving. The analysis was limited to the information disclosed by the respondents. The regression model summary shows that the variables considered do not explain 100% variation in the dependent variables meaning that the study had left out other important variables which should be considered in future studies.

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