FACTORS INFLUENCING SUPPLIER DEVELOPMENT IN PUBLIC ENTITIES IN KENYA: A CASE STUDY OF KENYA POWER

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ABSTRACT

The contribution of suppliers to global economy and the Kenyan economy in particular is recognized and well documented. Given their importance, it is vital that the suppliers are developed so that the buying firms' competitiveness and performance is enhanced. There is documented evidence that supplier development enhances performance of an enterprise. In view to the above, this study aimed at assessing the factors affecting supplier development in public entities in Kenya. The specific objectives of the study were to investigate the role of management in supplier development, to find out the role of communication on supplier development and to establish the role of commitment on supplier development. This study will help various stakeholders to have a better understanding of the relationship between above mentioned variables and supplier development and hopefully, increase usage of business supplier development by organizations. The researcher used qualitative and quantitative research method to achieve the objectives. Descriptive research design was used in the research. The method involved observing and describing the subjects without influencing them in any way. The sample of the study was composed of members of staff at Kenya Power – Electricity House. In total, there were 50 members of staff sampled from two staff levels. Primary and secondary data was used. The research found out that a majority (75%) were procurement professionals. Most of the professionals are diploma holders and have been working in Kenya Power for more than six years. The study found out that an overwhelming majority (90%) agreed that management in the company recognize supplier development. However, most respondents (70 %) indicated that there were no specific committees tasked with supplier development. The researcher recommended that Public Entities with the help of Top Management and Department of Procurement should come with a well defined process of developing their suppliers.

Key Words: *supplier development, stakeholders, public entities, procurement*

Introduction

Suppliers play an increasingly crucial role in contributing to the competitiveness of the buying firm. Moreover, the relationship between buyers and suppliers is of great significance (Narasimhan and Talluri, 2009). Managing supplier relationships to create an efficient supply chain can enhance the buying firm's competitive and performance against other supply chains (Shapiro 1985).

According to Krause & Ellram, supplier development is any effort of a buying firm to increase the performance and capabilities of the supplier and meet the buying firm's supply needs (1997). If suppliers are to be innovative in supplying an exclusive product then the option of supplier development needs to be given consideration.

Due to long term strategic benefits from supplier development, major global entities have implemented supplier development programs to support suppliers. Most of them have resulted in product quality improvement and reduction of cost (Kruse et al, 2007). In view of this fact, the performance of suppliers has significant effect on many production dimensions of the firm such as delivery and quality (Kruse et al, 2007). Manufacturing and service companies are trying to work effectively with suppliers through sharing information, technical knowledge and schedules of production (Vermani, 2003).

Firms within a supply chain should communicate with each other because of competitive business atmosphere. Therefore, information sharing between the buyer and supplier is measured to be an important indicator of the use of Supply Chain Management because there are many current studies that have reported considerable benefit of sharing information (Moinzadeh, 2002).

Among these variables communication methods, information sharing within and between firms, top management commitment, trust between trading partners and support aim of supplier have been frequently identified by authors as major factors of supplier development activities

Supplier development is a crucial element of supply chain management with potential reduction in lead time and inventory reduction. Critical factors such as strategic focus, supplier commitment, effective communication, and supplier recognition and management involvement are important for success of supplier development (Anderson, et al 1992).

Supplier development requires both the supplier and buyer to commit to maximum efforts to achieve the greatest results out of the program.

Management must align supplier development activities within the purchasing strategic plan and for that it is highly desirable to clearly quantify the past performance, measure the current status of supplier development process, identify objectives and previous strategies to recognize the strengths, weaknesses, opportunities and threats. If the past performances are not sufficient then upper management must consider changes in the supplier development strategies and approaches (Berlow, M. 1995).

Moreover, upper management must endow with resources and the involvement at a level which supports in achieving improvements through the implementation of aggressive strategy approaches. Aggressive strategy can include frequent visits to suppliers to evaluate their processes, founding of a system to reward and recognize supplier improvements, providing training to suppliers, alliance with suppliers in improving existing and new materials, and involving the supplier in the company's new product development process. A strong purchasing mission statement reflects and dives strategic emphasis and alignment (Blonska et al, 2008).

Development of world class suppliers' base can also help in attaining the strong purchasing mission and strategic alignment.

To check the progress and whether the factors are implemented properly can be done by following up the meetings and confirming that the supplier development program is equipped with all the resources and management strategies required.

Problem Statement

It is widely accepted that in order to compete and survive, management must seek, build up and maintain relationships with capable suppliers and extract the maximum value through such relationships (Carr & Pearson, 1999; Dyer, 1996). With external spend accounting for up to 60 or even 70 per cent of the budget in many industries (Heberling et al., 1992), management have to work through suppliers to facilitate and realize significant cost savings and can no longer limit such efforts to their firm boundaries.

The specialized competencies residing with suppliers may have a substantial influence on the buying firm's innovativeness and ability to offer high-quality products (Bessant, 2004; Dyer & Nobeoka, 2000). The performance demonstrated by the supplier on a day-to-day basis (e.g. delivery time, delivery reliability, product quality) is influential (Tan et al., 1998).

In today's competitive business climate, buying firms increasingly rely on their suppliers to deliver technologically advanced, defect-free products, in a timely and cost effective manner. Yet too often suppliers lack the ability to perform adequately in one or more of these areas (Morgan, 1993). Supplier non-performance on even the most basic level, and for the simplest commodity, can have direct consequences for the buyer.

In Kenya today, public institutions spend about 60% of their revenues to purchase goods and services (GoK, 2005). This requires selection of suppliers who are reliable to supply the necessary goods and services (Imbuga et al, 2010). This makes entities success dependent on their interactions with suppliers.

Suppliers of critical goods and services can provide major competitive benefits, in the form of lower costs, improved quality, on-time delivery, technological innovation, and customer service.

As firms seek to globalize their businesses, they must also bring with them a capable supply base that can likewise support these global initiatives into new markets and businesses, as well as drive costs out of the supply chain.

This research sought to answer the question 'can the procurement managers of the twenty first century afford to ignore or fail to address the importance of supplier development to master competitive advantage and improved procurement performance?'

General Objective

The overall objective of this study was to investigate factors influencing supplier development in public entities in Kenya.

Specific Objectives

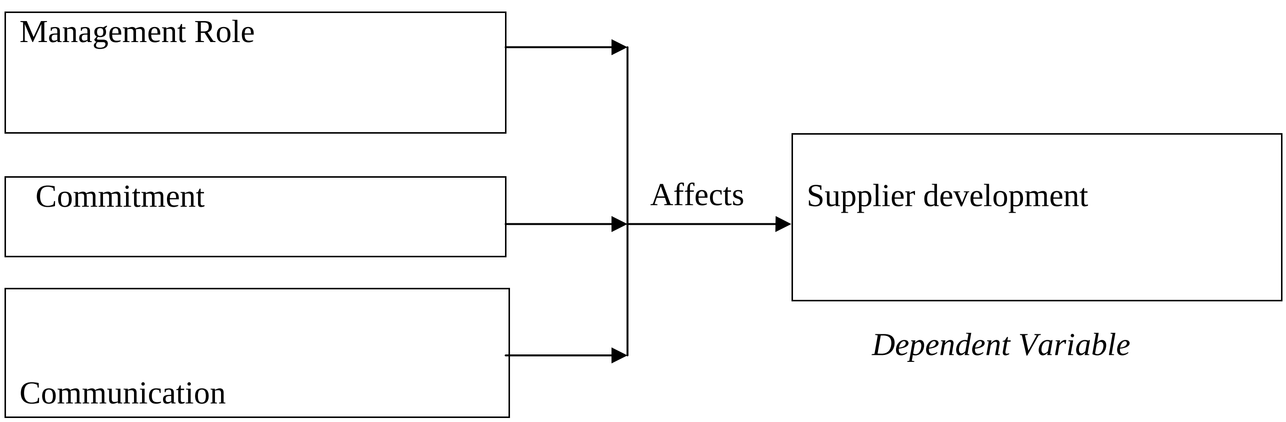
The specific objectives of the study were:

1. To investigate management's role on supplier development.
2. To find out the role of communication in supplier development.
3. To establish the role commitment on supplier development.

Literature Review

Conceptual Framework

Conceptual frame work shows the relationship between two variables; the independent and the dependent variable. According to Mugenda, (2003) an independent variable is a property of phenomenon where their effect influences the other. Dependent variable is the one that is influenced by the independent variable. An effective supplier development process will depend on the following independent variables as illustrated in figure 1.



Independent Variables

Figure 1: Conceptual Framework

Classifications of Supplier Development Programs

A basic classification often applied in the supplier development literature is the distinction between direct and indirect supplier development (Wagner, 2006; Krause, 1999). This difference is based on the role the buying company plays in terms of the resources it commits to the supplier that is being developed (Monczka et al., 1993). Indirect supplier development is defined as the buying firm committing only limited resources to a supplier (Krause et al., 2000; Monczka et al., 1993). Indirect supplier development activities reported in the literature include buying from alternative suppliers to increase the pressure for current suppliers to enhance performance (Wagner, 2006; Krause, 1999; Nishiguchi, 1994; Dyer and Ouchi, 1993), supplier evaluations

(Prahinski and Benton, 2004; Giunipero, 1990), present and future incentives for increased business (Monzcka et al., 1993) and recognition and awards for outstanding suppliers (Galt and Dale, 1991).

Direct supplier development is regularly interpreted as the buying firm playing an active role in the supplier development effort by the dedication of capital and/or human resources (Krause et al., 2000; Monczka etal., 1993). Specific activities included in the direct supplier development classification are the buying firm's training of supplier personnel (Monczka et al., 1993; Galt and Dale, 1991), temporary exchange of personnel between the two firms (Krause, 1997; Hartley and Choi, 1996; Newman and Rhee, 1990) and direct investments by the buying firm in the supplier (Krause et al, 2000; Monczka et al, 1993). The direct investments can be allocated to the supplier as plain financial resources or the buying company can purchase equipment for the supplier, among others.

A second classification of supplier development strategies noted in the literature can be considered an extension of the indirect and direct distinction. For this reason, this second classification implicitly divides supplier development strategies on the basis of resources committed to the supplier being developed (Modi and Mabert, 2007; Krause and Scannell, 2002). This classification identifies four different strategies buying companies can pursue to improve suppliers; competitive pressure, supplier evaluation and certification systems, incentives and direct involvement.

The competitive pressure strategy may be applied in case a buying firm is able and willing to switch suppliers. In such cases buying firms may buy from an alternative supplier to put pressure on its main supplier to improve its performance on any relevant performance dimension (Krause & Scannell, 2002). If a supplier, consequently increases performance it may be rewarded with increased business in the future (Tezuka, 1997).

Supplier evaluation and certification systems refer to systems buying companies employ to evaluate and assess a supplier in terms of quality, delivery, costs and technical and managerial capabilities (Han et al., 1990). The outcomes of such a system are used to benchmark suppliers and to obtain insights into areas future supplier development efforts should be targeted (Krause and Scannell, 2002).

Incentive strategies are used when buying firms use the consideration of increased volumes and future business to motivate suppliers to improve their performance (Monczka et al., 1993; Giunipero, 1990). Other incentives include the sharing of achieved cost savings (Giunipero, 1990) and recognizing best suppliers through awards (Krause et al., 1998).

The last strategy according to this classification, direct involvement, is similar to the direct supplier development dimension within the first classification. It involves a proactive role of the buying company, which is expected to allocate capital and/or human resources to a supplier (Krause et al., 2000; Monczka et al., 1993).

A recently developed classification of supplier development strategies divides supplier development on two dimensions (Sanchez-Rodriguez et al., 2005). This classification separates supplier development activities on the basis of buying firm's involvement and implementation complexity. Here, implementation complexity extends the first two classifications in terms of time and skills, including the necessary resources, needed to implement and execute specific supplier development activities successfully (Sanchez- Rodriguez et al., 2005; Trent and Monczka, 1999). Based on the level of buying firm's involvement and implementation complexity, three types of supplier development activities can be identified; basic, moderate and advanced supplier development.

Basic supplier development activities require limited buying firm's involvement and are likely to hold a low implementation complexity (Sanchez-Rodriguez et al., 2005). Supplier development activities considered to be basic include supplier evaluation and feedback, sourcing from a limited number of suppliers, parts standardization and supplier qualification.

Moderate supplier development activities refer to activities demanding moderate levels of buyer's involvement and encompass medium levels of implementation complexity. Activities considered moderate supplier development activities comprise visiting suppliers to assess their facilities, recognizing and rewarding supplier improvements, collaboration with suppliers in terms of components improvement and supplier certification (Sanchez-Rodriguez et al., 2005).

Advanced supplier development activities call for more resources to be allocated than in case of moderate and basic supplier development activities, which is caused by high levels of buying firm's involvement and implementation complexity (Sanchez-Rodriguez et al., 2005). Supplier development activities believed to be advanced consist of training provided to personnel, supplier's involvement in new product development and sharing of vital data by the supplier, including financial, cost and quality related data.

Krause et al. (2007) claim that supplier development may be composed of such activities from a buying firm as "goal setting, supplier evaluation, performance measurement, supplier training, and other related ones". Previously Krause (1997) claimed that direct involvement as a factor of supplier development consisted of a set of practices such as: formal supplier evaluation, certification, recognition, informal supplier evaluation, supplier site visits, training, and buyer sites and facilities visits, as well as verbal or written demand for performance improvement. This set of practices composing direct involvement indicates a multidimensional nature of supplier development.

Wuyts and Geyskens (2005) investigate the role of detailed contract drafting and close partner selection on the formation of buyer-seller relationships. Gulati and Sytch (2007) focus on dependence asymmetry and joint dependence and the effects of embeddedness on a manufacturer's performance.

The notion of achieving competitive advantage due to investments in supplier development (Likert and Choi, 2004; Wagner, 2006b) is not of complete novelty. Majority of the research in the area of competitive advantage in the context of supply chains and Buyer-Supplier Relationships (BSRs) focuses on the antecedents of BSR such as trust and commitment (Anderson and Weitz, 1992; Doney and Cannon, 1997), communication behavior in terms of communication quality, information sharing and involvement as well as feedback (Mohr and Nevin, 1990; Mohr and Spekman, 1994).

To address the challenges of relational assets assignment that buyers face, they apply a number of strategies to identify, evaluate and select suppliers with the aim of supplier base reduction, selection of key suppliers for consideration for process and product development improvements and investments, and to advance buyer-supplier collaborative relationships (Hahn et al., 1990; Galt and Dale, 1991; Krause et al., 1998, Krause et al., 2000).

Examples of buyers' investments in suppliers, with reference to social capital and resource based view theory, refer to indirect and direct supplier development programs (Wagner, 2006; Kause et al., 2000; Krause et al., 2007). Indirect development programs are in place when a buyer assigns only limited direct resources to a supplier (Krause et al., 2000; Monczka et al., 1993). In that sense they are in line with narrow supplier development (Hahn et al. 1990). Narrow supplier development programs represent passive programs that focus on supplier identification, supplier evaluation and supplier selection with the goal of compliance of a supplier's offer with the buyer's needs and requirements.

Thereafter, the research will refer to indirect supplier development as to supplier evaluation. Supplier evaluation represents a set of indicators that compose improvement requirements that suppliers need to fulfill in order to collaborate with the buyer (e.g., targets, certificates), are measured and that they are recognized for. That definition is consistent with the view of Prahinski and Benton (2004) on supplier evaluation and communication of the results driven by the expectations that the supplier will incorporate changes in order to improve noted deficiencies. On the contrary, broader supplier development programs represent activities undertaken by the buyer towards active supplier development. These activities are carried on with the proprietary aim to improve "supplier capabilities' for long-term mutual benefit of both parties" (Hahn et al., 1990) Sako, 2004). The broader supplier development is aligned with the view of direct supplier development programs that are characterized by committing financial and/ or human capital by a buyer and playing an active role in developing a supplier (Krause et al., 2000; Monczka et al., 1993). Operational supplier development involves direct collaboration investments in terms of working together on the site, standardization of product specifications, and involvement in improvements of production, technology and quality. However, there are also such direct investments in supplier development that are more specific, advanced and time and resources consuming as well as complex to implement by the buyer.

These supplier development efforts represent strategic supplier development. Strategic supplier development embraces early supplier involvement in new product and process development as well as supplier training. In these strategic supplier development investments a buying company is deeply involved in the core processes with a supplier. Here a buyer acts beyond realizing basic operational improvements. We would refer to this kind of supplier development as "strategic supplier development". The first approach that we are aware of to distinguish different levels of supplier development was by Sanchez-Rodriguez et al. (2005). The authors differentiate among basic, moderate and advanced supplier development. However, they mix a bit of each supplier development dimension in every distinguished type. We focus on supplier development as a formative second order construct composed of first order formative concepts as well. Therefore, we create a multidimensional continuum concept of supplier development.

Nevertheless, supplier development executes "a direct and critical role in achieving performance improvement" (Krause et al., 2000, p. 49). Moreover, a company applying an influence strategy such as supplier development programs (Prahinski and Benton, 2004), can be perceived as aiming at affecting the supplier to gain desired actions (Frazier and Summers, 1984). That kind of approach constitutes influence strategy in supply channels and is perceived as aimed at achieving preferential buyer status and supplier adaptation.

Management Role in Supplier Development

Top management's recognition of the importance of the purchasing function is a significant factor leading the buying firm to adopt the supplier development programme (Krause 1999). However, the buyer organization's enthusiasm will lead to nowhere if the supplier does not share the same aspiration; the outcome is even worse if the supplier believes that such efforts will benefit the buyer alone (Leenders and Blenkhorn 1988).

The buying firm's top management must interact with the supplier's top management in order to persuade the supplier to accept the supplier development challenge. It is imperative for the supplier's top management to recognize the need for continuous improvement, as well as the benefits bestowed on both parties (Monczka, Trent & Callahan1993).

Undertaking a supplier development program requires both the buyer and supplier to invest time, personnel and financial resources. The investment required is even greater if the buyer intends to build the supplier's capability through process-oriented supplier development efforts, where measureable results do not come quickly (Hartley & Jones, 1997). Such a long-term investment will only be successful if the supplier's top management supports the supplier development efforts (Monczka et al., 1993).

Each firm must develop their suppliers according to their own requirements. For example, some firms need managerial assistance and some need technical assistance. Thus it is essential to evaluate each supplier individually to create a plan that benefits both supplier and buyer (Daghfous, Campa, & Hamde, 2008). As a result, to face this complex challenge of developing dissimilar suppliers, innovative ideas are required to break down the knowledge barrier between buyers and suppliers, a cross functional team is necessary (Blindenbacj-Driessen, 2009).

Before approaching suppliers and asking for enhanced performance, it is also important that the buyer needs to have established its own cross functional processes and capabilities before expecting commitment from suppliers i.e. to be able to serve as a role model (Monczka et al., 2009). In particular a commitment from the buyer and establishment of a strategic approach is essential for the buildup of a cross functional consensus. The establishment of its supply chain strategies and roles of procurement will facilitate sound business objectives.

Upper management involvement is again involved, but this time it is on supplier's side. The cross functional team must meet with the upper management of the supplier side and establish strategies which will help to align the technology of the supplier and buyer. Jointly the buyer and supplier will establish the means for measuring the capability of the supplier's side; as an example whether suppliers have infrastructure, resources, time and potential to implement the suggestions provided by buyers. Hence, upper management involvement has significant influence on the outcome of this step of supplier development - meeting with supplier top management. The steps adopted here are mainly observed in a strategic approach to supplier development where in a reactive approach; respondents skip this step in the supplier development process (Krause et al., 1998).

Upper management involvement has significant influence on the outcome of identifying critical commodities. Choosing which supplier to develop is a critical task because supplier development involves resources such as money and time. Thus the decision should be strategic not reactive (Gordon, 2008; Handfield R. et al., 2000). To decide which situation needs supplier development is a judgment call. Companies have a formal supplier measurement system which they use to assess a supplier's performance. If any gap is found in measured and expected results, these suppliers are identified for a development process, where in reactive approach the company might skip this step in supplier development activities (Krause et al., 1998). Also buying firms carefully evaluate supplier's quality, volume, delivery, cost performance, launch readiness and potential kaizen opportunities to identify a prospective supplier development program (Novak, 2008).

Evaluation and ranking of potential suppliers involves both tangible and intangible criteria. This is because overall assessment of suppliers should not only consider quantitative performance data but also some other criteria that are critical for successful partnerships and are not directly quantifiable, e.g. trust and commitment (Mohr and Spekman, 1996).

Among all the projects identified after meeting with upper management, supplier development managers must categorize the projects on the basis of return on investment. The main idea is to find the importance and impact of the project in business. After evaluating most important projects, goal is to decide whether they are achievable on not. Additional criteria used to evaluate the key project include willingness of supplier to implement changes. (Handfield R. et al., 2000).

Supply base management is determining the optimum number of suppliers by purchasing for continuous improvement. Thus, organization should maintain right number of suppliers for effective management and development of its supply base. Supply base optimization will contribute in cost, quality, delivery and information sharing improvement between buyer and supplier. Supply base optimization will be a continuous process which identifies the best suppliers in terms of number and quality Monczka *et al.*, (2004).

Supply base optimization process also involves eliminating of non performing suppliers who are not capable of driving and achieving purchasing performance objective. Once buyer organizations have completed the marginal supplier elimination process, they will continue to work on developing the good suppliers to best suppliers. Purchasing responsibility is to ensure supply base should be competent in undertaking additional assignment that contribute to performance improvement and in addition add value to buyer supplier relationship. Supply base optimization is essential part of purchasing strategy which leads in minimizing the production costs and reduce transaction between buyer-supplier (Das & Narasimhan, 2000).

Purchasing should focus on developing close interaction with key group of qualified suppliers to ensure better support to boost operations. It is feasible that selecting and doing business with qualified world class suppliers will lead to advance technology and eventually lower product cost due to close relationship during the product design and development phase. High performing firms give significant priorities on selection, development and involvement of suppliers as they realize the suppliers' roles in determining firm's performance (Kannan & Tan 2003). Supply base management emphasizes on few mechanisms which are directly related with two firms' performance through effective cost management effort (Ittner *et al*., (1999). Effective selection and management of supply base enables minimization of product development cost, poor product quality of supply parts plus efficiency in production through new ideas and innovation.

Commitment

Commitment is generally referred to as an enduring desire to maintain a relationship (DeRuyter et al., 2001; Moorman et al., 1992). However other definitions exist as well. Anderson and Weitz (1992) define commitment as the desire to develop a stable relationship, a willingness to make short-term sacrifices to maintain the relationship and the confidence in the stability of the relationship. Moreover commitment is defined as an exchange partner believing that an ongoing relationship is so important as to warrant maximum efforts at maintaining it (Morgan and Hunt, 1994). It is generally agreed on that commitment should contain an attitudinal, instrumental and temporal component (Coote et al., 2003; Rylander et al., 1997). Moreover, in the context of supplier development activities, commitment is likely to entail all these three elements as well. Therefore this research will adopt the definition put forward by Anderson and Weitz (1992). Hence relationship commitment is defined as "the supplier's desire to develop a stable relationship with a buying company, for which it is willing to make short-term sacrifices to maintain the relationship and has confidence in the stability of the relationship". The dimensions this definition entails will be explained in the next section.

Dimensions of Commitment

There are three types of commitment dimensions play a pivotal role in developing buyer-supplier relationships, which are referred to as instrumental, affective and temporal dimensions Gundlach et al. (1995). Instrumental commitment is considered to be an affirmative action taken by a party that creates a degree of self-interest in the relationship (Gundlach et al., 1995). In the context of relationships characterized by supplier development activities, these actions could include adaptations made by the supplier.

Affective commitment refers to "an affective attachment to the goals and values of an organization, the role one plays in relation to those goals and values, and to the organization for its own sake, which should be considered separately from the relationship's instrumental worth"

(Gundlach et al., 1995). This affective component of commitment is reflected by intentions of future investments in the relationship.

The temporal dimension of commitment is described to be the intention to maintain a valued relationship in the future (Moorman et al., 1992), with two important elements being durability and consistency over time (Dwyer et al., 1987). It should be noted that not all of the above mentioned dimension need to be present in a relationship at any given point in time. Hence, this research will not adopt the identified dimensions separately, but consider relationship commitment as a single concept reflecting the above dimensions at the same time.

The buyer-supplier relationship and supplier's commitment

It was illustrated that supplier's commitment to deliver high quality products increases if the supplier perceives the buyer-supplier relationship as being stable (Lai et al., 2005). Chwen et al. (2006) found that dependence, intensity and trust, measured as one buyer-supplier relationship construct, have a strong impact on determining management's commitment for resource investments. Coote et al. (2003) found that two-way exchange of meaningful and timely information, thus communication, leads to increased commitment expressed by both partners in a buyer supplier relationship. Wu et al. (2004) found that dependence, trust and communication, measured as one buyer-supplier relationship construct, leads to greater commitment expressed towards the partner in the relationship. Moreover, several researchers found that trust by itself leads to commitment as well, because companies try to minimize their vulnerability, arising from committing to exchange partners, by looking for trustworthy partners (Andaleeb, 1996; Morgan & Hunt, 1994). Goodman and Dion (2001) found that buyer-supplier relationships characterized by a high degree of dependence are likely to be typified by commitment, since it is difficult to switch to an alternative partner. The same researchers found that the communication quality increases supplier's commitment to a buying company. Moreover, Prahinski and Benton (2004) found strong support for a positive effect between buyer supplier relationship and commitment from a supplier's perspective.

Supplier Commitment

In the academic literature concerning buyer-supplier relationships, commitment is used as an antecedent for satisfaction (Selnes, 1998). Selnes (1998) research posits that commitment to a relationship creates norms that, when fulfilled, increases the partners' satisfaction with that relationship. Leonidou et al. (2006) found support for this statement. Skarmeas et al. (2003) also found a strong effect of commitment on satisfaction in an importer-exporter setting. They found that in case an importer is committed to a relationship with an exporting supplier, the importer is able to build satisfaction through increased relationship performance. Following this line of reasoning for hypotheses building between commitment and satisfaction, it is still necessary to distinguish between economic and social satisfaction.

It can be argued that a greater commitment to achieve mutual objectives will lead to better coordinated activities, which will in turn enhance the development of economic performance

(Jap & Ganesan, 2000; Siguaw et al., 1998). Del Bosque-Rodriguez et al. (2006) found support for this statement. Besides the economic gains, several researches found evidence for a positive link between commitment and social satisfaction (Del Bosque-Rodriguez et al., 2006; Jap & Ganesan, 2000; Artz, 1999; Siguaw et al., 1998). These authors conclude that commitment to a relationship would result in higher possibilities for the partners to achieve mutual goals, which, in case of achieving those goals, lead to an enforcement of the relationship between the partners.

Supplier commitment is defined as the degree to which the supplier is obligated to continue the supplier development program and make it successful. In early meetings with the supplier's top managers, a buyer's team must clearly delineate potential rewards for the supplier organization; otherwise, the supplier may not be fully committed to the effort (Handfield R. et al., 2000).

Commitment is the existence of beliefs held by exchange partners that an ongoing relationship with another party is so important that maintaining it warrants maximum effort (Morgan & Hunt 1994). Lack of supplier commitment will lead to the failed implementation of improvements related to the supplier development program (Handfield et al. 2000). Supplier development requires commitment from both firms (manufacturer and suppliers) by investing financial and human capital in the various activities .Consequently, these investments create outcome expectations, and appropriate controls need to be in place to ensure that the appropriate benefits are achieved (Krause et al.2007). The outcomes are critical, because the buyer must be convinced that investing in a supplier is worthwhile and vice versa. The supplier must be convinced that the investments are beneficial to him (Handfield et al., 2000). In situations in which suppliers do not receive the associated benefits, they may reject further commitments to the development exercise.

The commitment of the buyer depends on the supplier's commitment (Anderson E. & Weitz, 1992).Thus, lack of commitment on the supplier side leads to failure of the supplier development programs (Lascelles & Dale, 1989). Due to lack of commitment, buyers frequently switch suppliers. Some buyers consider that the use of long-term contracts, of three to five years, effectively demonstrates commitment. While long-term contracts may be evidence of a long-term perspective, commitment may not be sustained without undertaking additional risks. Supplier development involves risks for both the buying and the supplier firms, in that both must be willing to invest resources and time in dedicated assets for pay-offs that may only occur over a relatively long time period (Krause & Ellram, 1997).

Without commitment, there can be no trust. Hacker & Hacker (1999) developed a conceptual model of trust that set for three elements of trust: capability, commitment, and consistency. Lacking top management commitment the resources may prohibit capability, there will be no firm intention to cooperate, and certainly the supplier or the supply manager cannot be counted on to consistently perform. The result is no trust. In a marriage this would lead to dysfunction and perhaps divorce. Zsidisin & Ellram (2001) also identified the need to build organizational trust as a key issue for management.

Successful relationships will usually fail in the absence of top management commitment. The reasons for this are varied, but many are obvious. Successful supply chain relationships are boundary spanning relationships – spanning both corporate boundaries and functions. In a customer organization supply chain management might depend upon purchasing and supply management, manufacturing, design engineering, process engineering, marketing, accounting, and quality control. These functional areas often have conflicting goals when relating to supply (e.g., inventory / service issues). Top management can keep them aligned to maintain appropriate supply chain relationships.

Communication

Inter-Organizational Communication

Communication has been described as the glue that holds together a channel of distribution (Mohrand Nevin, 1990). According to Mohr and Nevin (1990), there are four categories of communication: content, medium, feedback and frequency.

Content refers to the message that is transmitted. Two predominant subcategories are: the type of information exchanged and the type of influence strategy embedded in the exchange, such as direct or indirect influence. Indirect influence strategy is designed to change the recipient's beliefs and attitudes, such as through education and communication of the evaluation, so that the recipients have more complete knowledge for decision-making (Boyle and Dwyer, 1995; Frazier and Sheth, 1985).

Communication medium refers to the method used to transmit information. Two predominant classification schemes include: medium richness and formality. Medium richness is defined as the number of cues that can be used by the receiver to interpret the message and ranges from face-to-face, which is considered the richest medium, to electronic data transfer which is considered the least rich medium (Daft and Lengel, 1986). Formality assesses the structure and routine of the communication (Carr and Pearson, 1999; Mohr and Sohi, 1995). Formality is defined as the degree to which the inter-organizational communication of the supplier evaluation is established through structured rules and fixed procedures.

Communication feedback, also called bi-directionality, refers to two-way communication between two firms (Mohr and Sohi, 1995; Purdy et al., 1994). This research will assess feedback as the supplier attempts to discuss the buying firm's evaluation of the supplier's performance. The focus is on clarifying the expectations and the evaluation process. Mohr and Nevin (1990) proposed that the dimensions of communication would function together in a specific combination based on channel conditions. They coined the phrase "collaborative communication strategy," which was more likely to occur in relational structures, supportive climates and symmetrical power. As in Mohr et al. (1996), collaborative communication is defined in this research as a communication effort that emphasizes indirect influence strategy, formality and feedback in unison.

Research Methodology

Research Design

Research design is a collection of many statistical techniques or methods that are used in testing hypothesis. The researcher used descriptive research design. According to Mugenda and Mugenda (2003), the design is preferred because it is concerned with answering questions such as who, how, what, which, when and how much. This method appropriately enabled the researcher to analyze the objectives tentatively and also the validity and reliability of the result was increased. This type of research design reports things the way they are and attempts to describe such things as possible behavior, attitudes, values and characteristics. The study is aimed at describing the state of affairs as it is and therefore considered the descriptive research design to be the most appropriate for this study.

Target Population

According to Kothari (2001), the target population is that population to which a researcher wants to generalize the results of the study, is also a universal set of the study of all members of real or hypothetical set of people, events or objects to which an investigator wishes to generalize the result. The target population for this study was all public entities in Kenya. The researcher narrowed down to Kenya Power as the case study.

Sample Frame

Sampling involves defining the population and then drawing sample from that population.
Sampling is resorted to because of impossibility to involve the whole population.
Hence if sampling is to be successful with minimum cost and time then defining population becomes very crucial. The sampling frame of the study was derived from staff of Kenya power Company – Electricity House.

Sample and Sampling Technique

According to Kuul, Sampling design is the process of selecting respondents who are identified as the representatives of the target population, in the study; stratified random sampling was used to select respondents (2006). The research only considered two strata: senior management and procurement department staff. This is especially considering that staff in these two categories are the best suited to provide the required information. The lower cadre staff/ the support staff were not considered as they may not have the required information.

Data Collection Instruments

This study used both primary and secondary data to collect the data. Primary data collection includes raw data that was collected from the employees through questionnaires. According to Mugenda & Mugenda (2003), a questionnaire is a series of questions asked to individuals to obtain statistically useful information about a given topic. Usually a questionnaire consists of a number of questions that the respondent has to answer in a set format. The researcher used questionnaires as the basic data collection instrument because it is relatively cheap and easy to administer. Closed-ended questions were used because they are easier to analyze and administer. Open-ended questions were also be used as they permit the interviewee to give depth to their response, as well as give their personal opinion on a given matter.

Data Collection Procedure

The researcher personally administered the instrument to the respondents upon booking appointments with them. During the discussions, the respondents were encouraged to give as much information as possible about their take on the subject matter. Observations made and responses received from the discussions were recorded in a field note book.

Data Analysis Methods

This section explains the methods of data analysis, interpretation and presentation that were used in the study. Data collected was analyzed using quantitative and qualitative method which improves the validity and reliability of the research study. The data was presented using various statistical tools such as tables, percentage and graphs. Data collected through the questionnaires were cleaned and coded for analysis. It was analyzed quantitatively and qualitatively. Quantitative data was analyzed through the use of descriptive statistics. Microsoft Excel package was used in analyzing and presenting the quantitative data. Qualitative data was analyzed through content analysis.

Research Results and Discussion

Background Information

The respondents were asked to indicate their professional qualification and the results was that a majority (75%) were procurement professionals while finance and accountancy professionals were (10%) each while others which included marketing, Information Technology, Entrepreneurs among others had 5%. By the fact that majority of the staff interviewed were procurement professionals it was a clear indication that the staff in Kenya power Procurement Department understood their roles in accordance to the procurement laws and thus the responses were clearly reflective of the true positions.

Most of the staffs are diploma holders (40%), 30% are graduates, 20% have college certificates while 10% are post graduates. Given that all the respondents had at least certificate qualifications, it means that the findings of the study are more reliable as the respondents were able to comprehend the questions asked in relation to the subject matter, supplier development.

A Majority (55%) have been working in Kenya power for more than six years. 45% of the respondents have been working in Kenya power for the between 1-5 years. This shows that majority of the respondent had a good understanding of policies and regulations used by Kenya Power and thus were in a position to answer the question appropriately.

Understanding of Supplier Development

The researcher sought to find out whether the respondents understood what supplier development is. Supplier development was the core of this research and therefore it was crucial to find out whether the respondents were familiar with the aspect. A majority (90%) understood the supplier development while 10% were not sure what supplier development is. Krause et al claim that supplier development may be composed of such activities from a buying firm as "goal setting, supplier evaluation, performance measurement, supplier training, and other related ones" hence most members understands supplier development (2007).

Respondents were requested to provide information on whether the organization had a process through which they develop their suppliers. Majority (85%) indicated that there was no supplier development process while (15%) of the respondents indicated that there was a process of supplier development. Perhaps supplier development has not been seen as a process.

Role of Management

A majority (90%) agreed that management in the company recognize supplier development while (10%) did not agree. The findings are in line with those of (Krause 1999) who found that top management recognition of the importance of the purchasing function is a significant factor leading the buying firm to adopt a supplier development program.

70 % of the respondents indicated that there were no specific committees tasked with supplier collaboration. While 30% indicated that there were specific committee tasked with supplier collaboration.

A Majority (60%) indicated that there was no general meeting between the company Senior management and company suppliers, 30% indicate that the top management have a meeting with their suppliers yearly, 5% indicated that top management hold general meeting with the company supplier after every six months and 5% also indicated that top management a general meeting with their suppliers every three months or less.

A majority (55%) of the respondents indicated that Senior Management staff visit their Key supplier's while (45%) indicated that senior management staffs do not visit their Key supplier's.

An overwhelming 95% said that management are represented in supplier evaluation committees while 5% indicated there were no management representative in supplier evaluation committees.

The research sought to establish the role of management in supplier development. An outright majority (90%) confirmed that Top Management recognizes supplier development. This confirms Top managements have recognized the importance of the purchasing function as a significant factor leading the buying firm to adopt the supplier development program. The research also found out that a majority (70%) of the respondents stated that there are no specific individual or committee tasked with supplier collaboration.

The research also found out that majority (60%) of the respondents agreed that the company's senior management do not hold a general meeting with the company's suppliers. The buying firm's top management must interact with the supplier's top management in order to persuade the supplier to accept the supplier development challenge.

The buyer should select supplier who they have confidence with. This was confirmed by the research as (55%) of the respondents agreed that senior management staff visit key supplier's premises and also (95%) agreed management are represented in supplier evaluation committees.

Communication

35% of the respondents indicated that telephone is the most used channel of communication between Kenya power and its suppliers, 25% indicated face –to – face (office visits), 20% indicated letter postage and other 20 % indicated use of internet (website and emails).

A Majority (95%) indicate that there was no an inter-organizational Enterprise Resource Planning (ERP) computer program that is shared between Kenya power and its key suppliers while 5% agreed.

The research sought to find out role of communication in supplier development. Following emerged. That the company used many channel of communication which includes telephone, letter postage, face –to – face (office visits) and use of internet (website and emails). A (35%) of the respondents indicated that the most used channel of communication is telephone. Supplier development is an interactive processes between the buyer and seller hence the need of various channels of communication. This therefore means that organization understands the need of communication in supplier development.

The research also found out that a majority (95%) indicated that there are wasn't an inter-organizational Enterprise Resource Planning (ERP) computer program that is shared between Kenya Power and its key suppliers .The program is very important in supply chain and very important in Supplier Development as it help easy monitoring and evaluation of supplier development process.

Commitment

Majority (85%) of the respondents indicated that suppliers were not given technical or financial help while (15%) agreed. The research sought to find out if Kenya Power offers any technical or financial help to its suppliers. A Majority 85% indicated the company does not offer technical or financial help to its suppliers while 15% indicated that there are no financial or technical help offered to suppliers. These indicate that both buyer and supplier have not been convinced in mutual investments which are beneficial to the two parties.

Summary

Public entities are major contributors of economic growth, study shows that public entities spend about 60% of their revenues to purchase goods and services (Gok, 2005). These then requires them to develop their suppliers in order to increase the performance and capabilities of supplier to meet the entities supply need in terms of product quality improvement and reduction of cost (Kruse el al, 2007).

This study sought to look into the factors influencing supplier development in public entities in Kenya using a case study of Kenya power. The main factors under consideration were management role, commitment and communication.

Supplier Development is a process commonly used by public entities. This is in line with the requirement of Public Procurement and Disposal Act, 2005. This is a process which is open to all qualified bidders. However, little effort has been taken to find out factors influencing supplier development.

This research undertook to examine factors influencing supplier development in public entities in Kenya in a view to giving recommendations for improvement. The specific objectives of the study were to investigate management's role on supplier development, to find out the role of communication in supplier development and to establish the role commitment on supplier development

The research involved use of qualitative and quantitative research method to achieve the objectives. Descriptive research design was used in the research. Descriptive research design is a scientific method which involves observing and describing the behavior of a subject without influencing it in any way. Both primary and secondary data was used. Primary data were obtained through questionnaire, interviews and observations while secondary data were obtained from internet, journals and books. The data obtained were analyzed by both qualitative and quantitative approaches. The population of the study composed of members of the Procurement Department.

The research established that the supplier development had effects on the following key aspects of procurement: that supplier selects improves the quality of the good supplied within the institution.

Conclusions

From the study, it can be concluded that most staff have diploma as highest level of education, they were procurement professionals and have over six years working experience hence they understood supplier development and recognized that the performance of suppliers has a significant effect on cost reduction, delivery and quality of products and services. However they agreed was no defined process of developing suppliers in public entities.

The research also found out that management role was one of the factors influencing supplier development. Management recognize supplier development, they are involved in supplier selection and also visit key supplier these helps in interacting with the supplier's in order to persuade the supplier to accept the supplier development challenge and also recognize the need for continuous improvement, as well as the benefits bestowed on both parties .Therefore, despite strides made by management to impact the supplier development there is a need for management to be involved more strategically.

The research also found out that communication was another factor influencing supplier development .Communication influence strategy, formality and feedback in unison. The respondent indicated there are more than three channel of communication between the buyer and the suppliers, the two entities have not invested on collaborative communication by use of inter-organization enterprise resource planning (ERP) Computer program.

The research also found out commitment affect supplier development. From the study a majority of respondents indicated there was no financial or technical help from the buyers.

Recommendations

Given the finding of the study and the conclusion made, the researcher recommended the following: Suppliers are very vital in supply chain since they determine the overall performance of the organization with the goods, services and work they supply to the organization. There is a need for all organizations to come up with a well defined process of developing suppliers. For effective supplier development process there should be management support, commitment and good communication channels between the two parties. Use of Enterprise Resource Programs systems should be adopted to shorten the time taken in the supplier development.

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