

**STRATEGIC SUPPLIER PARTNERSHIP AND SUPPLY CHAIN PERFORMANCE
OF FOOD AND BEVERAGES FIRMS IN RIVERS STATE****OBIENU Azubuike Ndubuisi¹****GLADSON-NWOKAH Juliet²**

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Abstract

This study investigated strategic supplier partnership and supply chain performance of food and beverages firms in Rivers State. The study adopted a survey research design and was carried out in a non-contrived environment. The population of the study comprised 25 registered food and beverage companies. Based on the small size of the population, a census was conducted. Procurement/purchasing manager, logistics manager, production manager, customer-service manager and accounts manager of the firms were relied upon for primary data. The data was collected using questionnaire. After cleaning and sorting, data derived from 110 copies of questionnaire were found fit and used in the analysis. Pearson Product Moment Correlation (PPMC) was used to test the hypothesized relationships. The statistical package for the social science (SPSS) version 23.0 aided the test of hypotheses. The results revealed that strategic supplier partnership has positive relationship with supply chain performance of Food and Beverages Firms in Rivers State. The study therefore, concludes that supplier partnership is a key determinant of supply chain performance, and can be exploited to improve a firm's competitive advantage. The study recommends that strategic supplier partnership should be continuously employed by food and beverages firms in Rivers State to enhanced on-time service delivery, improved decision making and operational flexibility, and ultimately improve their supply chain performance.

Keywords: Flexibility, on-time delivery, strategic supplier partnership, supply chain performance

Introduction

The globalized knowledge-based economy has increased interest in sustainable economic development; and has made it crucial for firms to expand their horizons in their search for quality resources and approach to collaboration with suppliers. The flux in the global marketplace has increased the ante of competition and has put organizations under more pressure (Musara & Fatoki, 2011). Also, customers are now open to higher expectations and multiple choices. These developments have caused drastic change the ways companies relate with important stakeholders like suppliers and customers (Phebe & Njoku, 2018).

In relation to suppliers, strategic partnership has become the new mantra among firms. Strategic supplier partnership represents long-term relationship between an organization and its suppliers (Nyamasege & Biraori, 2015). It is a relationship built on mutual interest, and which encourage collaborative planning and problem-solving efforts. Strategic partnerships create shared advantages, even as continued collaboration areas like product products and market development are important. Govindaraju et al. (2017) states that strategic supplier partnership allow firms leverage operational and strategic strengths of partners to achieve substantial competitive advantages. Strategic supplier partnership require organizations to work closely with a few effective and reliable (Thatte, 2007).

The growth of food and beverages firms in Nigeria has resulted in the deployment of new strategies, technologies; equipment and other facilities to enhance operational efficiency. Studies show that strategic supplier relationships result in reduced delivery time, flexibility of operations and reduced costs. In view of these and several other challenges, our interest is to find out if strategic supplier partnership can improve supply chain performance like; delivery time and flexibility. However, Agu et al. (2016) observes that food and beverages companies in Rivers State have not fully exploited the gains of strategic supplier partnership, perhaps due to limited knowledge of impact of supplier relationship on supply chain performance may be

the reason for this phenomenon.

Therefore, this study examined the direction and strength of correlation between strategic supplier partnership and supply chain performance of food and beverages companies in Rivers State. The study is designed to provide actionable insights for food and beverages companies in Rivers State that have challenges with improving their supply chain performance.

Theoretical Foundation of the Study

This study was premised on social exchange theory (Homans, 1958) which holds that relationships are based on the exchange of value between two or more parties. Social exchange theory views interpersonal interactions from a cost-benefit perspective, much akin to an economic exchange except that a social exchange deals with exchange of intangible social costs and benefits (respect, honour, friendship and caring) and is not governed by explicit rules or agreements.

Homans (1961) define social exchange as exchange of tangible or intangible values between at least two parties, and which are rewarding. At the intangible level, carrying on a conversation with someone costs time and energy but can be offset by the rewards gained such as confirmation of values and development of a relationship.

Voluntary actions of individuals are motivated by the returns they are expected to gain (Blau 1964). Social exchange relates well to relationships between buyers and suppliers, which are intended to be mutually beneficial. The theory can thus be used to explain aspects of supplier partnership and supply chain performance as these are exchange relationship which both parties anticipate some reward arising from the relationship.

Concept of Strategic Supplier Partnership

Strategic partnerships with suppliers lead to close working between an organization and a few suppliers, rather than with many suppliers. Strategic supplier partnership represents a long-term relationship between the organization and its suppliers Nyamasege & Biraori (2015).

A strategic partnership allows a company to work more effectively with suppliers willing to share responsibility to ensure success of the product. The partnership begins with the company and the supplier working together to make product design decisions that involve, for example, choosing the best components and technologies and the most effective design, and concludes with an assessment of the product design (Lasi et al., 2018).

Concept of Supply Chain Performance

Supply chain performance is defined as a systematic process of measuring the effectiveness and efficiency of supply chain operations. It refers to the overall output across the supply chain, which is aligned to the objectives of a firm in terms of profitability, stock turnover, market share, investment expenditure and customer satisfaction (Kamau 2017).

According to Tarafdar and Qrunfleh (2017), supply chain performance is the degree to which a supply chain satisfies its customers' with respect to product availability and timely deliveries. Supply chain performance depicts how viable a supply chain is, in reducing costs, inadequacies and fulfilling customers' requirements. It is a systematic process of measuring the effectiveness and efficiency of supply chain activities (Sundram et al., 2015).

Gandhi et al. (2017) view supply chain performance as a set of parameters used to determine the efficiency and effectiveness of existing supply chain systems. According to Whitten et al.

(2012), supply chain performance is conceptualized as an increasing operational measure for each member of the supply chain, as well as for the entire supply chain, because of their participation in the supply chain.

Li et al. (2002) define supply chain performance as the extent to which a supply chain meets end-user requirements of product availability and on-time delivery. Anand and Grover (2015) suggest that flexibility, collaboration, transparency, innovation and relational capabilities are adequate measures of supply chain performance. In this study however, on-time delivery and flexibility are adopted.

On-time delivery is a measure used to determine a firm's supply chain efficiency or inefficiency (Poi & Moko, 2023). Doan (2020) sees on-time delivery as a key performance indicator that shows if a company is fulfilling its supply chain goals regarding delivery time specified, which is crucial for determining performance and guaranteeing customer happiness. In other words, on-time delivery is measured by the level of assurance customers have about receiving goods in full, on agreed date and time. It means that a company fulfils delivery commitment (Ransikarbum & Mason, 2016).

Flexibility

Flexibility in supply chains is the possibility to respond to short term changes in demand or supply situations of other external disruptions together with the adjustment to strategic and structural shifts in the environment of the supply chain (Vickery et al., 2020). It combines agility and adaptability (Lee, 2004). Al-Haddad and Kotnour (2015) aver that flexibility is adaptability of a system to different environments. Flexibility is a tool used by firms to respond to change in the market, and improve their competitive position. Flexibility may be proactive or reactive. Either way however, it offer companies unique advantages and improve business performance (Mishra, 2018).

Strategic Supplier Partnership and Supply Chain Performance

Effective management of supplier relationship confer quantitative and qualitative benefits on firms. Studies show that building and maintaining value-laden relationship with suppliers promotes efficiency of operations and effective goal attainment.

Wangeci (2013) studied supplier relationship management and supply chain performance in the alcoholic beverage industry in Kenya. The study established that supplier relationship management strongly impact supply chain performance. The study concluded that firms in the alcohol beverage industry are moving towards collaborative relationships with their suppliers to improve on their supply chain performance.

Al-Abdallah, et al. (2014) examined the impact of supplier relationship management on competitive performance of manufacturing firms, using supplier quality improvement, trust-based relationships with suppliers, supplier lead time reduction, supplier collaboration in new product development, and supplier partnership/development to represent supplier relationship management; while competitive performance was captured by cost, quality, flexibility, delivery, and on time product launch. The findings of the study showed that supplier partnership/development and supplier lead time reduction affect the competitive performance of the buying firms positively and significantly.

Similarly, Binalla (2019) investigated strategic supplier partnership as a source of competitive advantage. The study found a positive relationship between strategic supplier relationship and competitive advantage. The study concluded that in maintaining a preferred buyer status it

should be noted that new supplier may provide lower cost but the long- term relationships built with strategic partners generate more value than the short-term gains.

Also, Kosgei and Gitau (2016) studied effect of supplier relationship management on organizational performance. The study considered trust, mutual goals, communication, and commitment as elements of supplier relationship management. The study revealed a strong positive link between supplier relationship management and organizational performance. In another study, Ateke and Simeon (2018) revealed that alliance between value chain partners leads to business wellness in the form of customer satisfaction, market share, and profitability.

In view of the foregoing, we hypothesize as that:

Ho₁: There is no significant relationship between strategic supplier partnership and on-time delivery of food and beverages firms in Rivers State.

Ho₂: There is no significant relationship between strategic supplier partnership and flexibility of food and beverages firms in Rivers State.

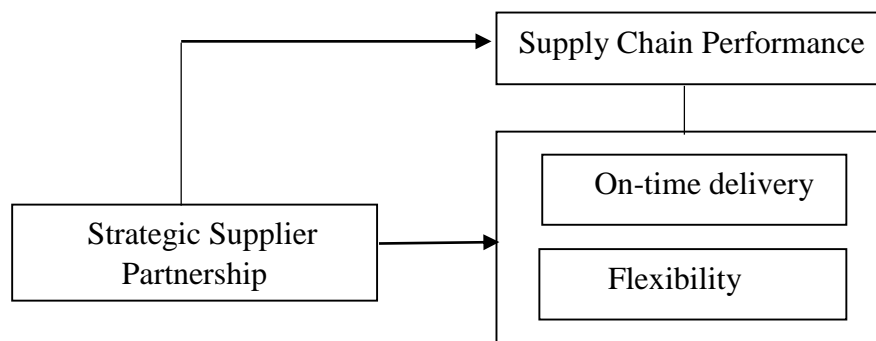


Fig. 1: Conceptual Framework of relationship between strategic supplier partnership and supply chain performance

Methodology

The study adopted a survey research design, and was carried out in a non-contrived environment. The population of the study comprised 25 registered food and beverage companies in Rivers State. In view of the small size of the population, a census was taken. procurement/purchasing manager, logistics manager, production manager, customer-service manager and accounts manager of these firms constitute the respondents. Questionnaire was used to collect primary data. Pearson Product Moment Correlation (PPMC) was used to test the hypothesized relationship. with the aid of statistical package for social science (SPSS) version 23.0.

Analysis and Result

Table 1: Relationship between Strategic Supplier Partnership and On-time Delivery

		Strategic Supplier Partnership	On-time Delivery
Strategic Supplier	Pearson correlation	1	.833**
	Sig. (2-tailed)		.000
	N	110	110
On-time Delivery	Pearson correlation	.833**	1
	Sig. (2-tailed)	.000	
	N	110	110

**. Correlation is significant at the 0.01 level (2-tailed).

From the analysis in Table 1, with a significance level of 0.05, the test indicates a correlation coefficient of 0.833, which shows a very strong and positive relationship between strategic supplier partnership and on-time delivery of food and beverages firms in Rivers State. The relationship between strategic supplier partnership and on-time delivery is significant because the probability value is less than 0.05 ($P < 0.05$, $P = 0.000$). Therefore, the null hypothesis which states that there is no significant relationship strategic supplier partnership and on-time delivery of food and beverages firms in Rivers State is rejected.

Table 2: Relationship between Strategic Supplier Partnership and Flexibility

		Strategic Supplier Partnership	Flexibility
Strategic Supplier	Pearson Correlation	1	.824**
	Sig. (2-tailed)		.000
	N	110	110
Flexibility	Pearson Correlation	.824**	1
	Sig. (2-tailed)	.000	
	N	110	110

**. Correlation is significant at the 0.01 level (2-tailed).

From the analysis in Table 2, with a significance level of 0.05, the test indicates a correlation coefficient of 0.824, which shows a very strong positive relationship between strategic supplier partnership and flexibility of food and beverages firms in Rivers State. The relationship between strategic supplier partnership and flexibility is significant because the probability value is less than 0.05 ($P < 0.05$, $P = 0.000$). Therefore, the null hypothesis which states that there is no significant relationship between strategic supplier partnership and flexibility of food and beverages firms in Rivers State is rejected.

Discussion of Findings

This study examined the relationship between strategic supplier partnership and supply chain performance of food and beverages firms in Rivers State. The study represented supply chain performance with on-time delivery and flexibility. Two null hypotheses were tested to determine the direction and magnitude of the relationship between strategic supplier partnership and supply chain performance among the surveyed population. The results show that strategic supplier partnership relates to on time delivery and flexibility of food and beverages firms in Rivers State with correlation coefficients of 0.833 and 0.824 respectively. More so, the results showed that the relationship between the variables has statistical significance.

These findings affirm the findings of Al-Abdallah, Abdallah and Hamdan (2014) that supplier relationship management in terms of supplier quality improvement, trust-based relationships with suppliers, supplier lead time reduction, supplier collaboration in new product development, and supplier partnership/development has strong impact on competitive performance of manufacturing firms in terms of cost reduction, product quality, operational flexibility, on-time delivery, and early product launch.

Our findings support the report of Binalla (2019) that strategic supplier partnership is a source of competitive advantage among hardware and construction supplies' enterprises. Again, the findings corroborate the report that supplier relationship management improves organizational performance (Kosgei & Gitau, 2016) and business wellness (Ateke & Simeon, 2018).

Conclusion and Recommendations

Strategic supplier partnership implies a long-term relationship between a company and its suppliers. This relationship is destined to influence operational and strategic capabilities of organizations in order to help them achieve effective and efficient supply chain performance. Based on the findings of this study and the large extent to which they support findings of previous studies examined, the study concludes that there is a significant and positive relationship between Strategic supplier partnership and supply chain performance of Food and beverages firms in Rivers State; and recommends that:

1. Food and beverages firms should build and maintain collaborative relationship with suppliers in order to improve supply chain performance.
2. Food and beverages firms should strategically partner with suppliers to increase on-time delivery.
3. Food and beverages firms should strategically partner with suppliers to foster ease and flexibility.

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