

**SUPPLIER DEVELOPMENT ON ORGANISATIONAL PERFORMANCE: A CASE
OF CENTURY BOTTLING COMPANY (COCA COLA)**

BY

NYAKWERA JOVIA

1161-05084-04243

**A RESEARCH REPORT SUBMITTED TO THE COLLEGE OF ECONOMICS AND
MANAGEMENT IN PARTIAL FULFILMENT OF THE REQUIREMENTS
FOR THE AWARD OF A BACHELORS DEGREE IN SUPPLY AND
PROCUREMENT MANAGEMENT OF KAMPALA
INTERNATIONAL UNIVERSITY**


MARCH 2019

DECLARATION

I, **NYAKWERA JOVIA** declare that this is my effort and original work and it has never been submitted for any other academic purpose, to any higher institution or University for any award.

NYAKWERA JOVIA

1161-05084-04243

Signature:  Date: ... 23/03/2019.

APPROVAL

This research report has been submitted for examination with my approval as the University Supervisor.

SIGNATURE:.....

DATE: 23/3/2019.....

MR. AYASI ASADI (RESEARCH SUPERVISOR)

DEDICATION

I dedicate this report to the Almighty God who has provided for me and supported me throughout my academics.

I also dedicate this research to my beloved father Mr. Editor Mutooro, my mother Mrs. Ngonzi Rose and Mrs. Kaliba Jolly for their continuous love and support .May God bless them abundantly. Also my lovely sister Kakwanzi Sylvia who has given me support both morally and materially .May God bless you.

Finally I dedicate this research work to my friends, course mates and lecturers who have supported me to ensure that I complete this research .I would not have made it through without their support, may God bless you all abundantly.

ACKNOWLEDGEMENT

First and foremost, I thank the Almighty God for giving me the strength to go through this demanding and rewarding exercise.

In a remarkable way, I extend my sincere gratitude to my supervisor, Mr. Ayasi Asadi for his continuous support and guidance throughout this study. Above all, he deserves my appreciation for his encouragement, moral and technical support. As a matter of fact, he has improved and shaped my academic knowledge.

I am very obliged to all respondents from Century Botlling Company Limited who participated in this study for their invaluable cooperation during data collection.

Lastly and not least, am also indebted to my colleagues and friends such as Kasana Julius who assisted me in one way or another throughout this period of study and though I may not name each one of you individually, your contribution is recognized and appreciated immensely. I owe you my gratitude.

LIST OF TABLES

Table 3. 1: Selection of Subjects.	20
Table 4. 1: Showing respondents by gender.....	24
Table 4. 2: showing the level of education of the respondents.....	25
Table 4. 3: Showing respondents by duration	25
Table 4. 4: Showing respondents by position.....	26
Table 4. 5: Descriptive Statistics on supplier development programs practiced at century bottling company.	27
Table 4. 6: indicates the challenges to supplier development programs at century bottling company.....	28
Table 4. 7: Shows the relationship between supplier development and performance.....	30
Table 4. 8: Model Summary (b)	30
Table 4. 9: Coefficients (a).....	31

LIST OF FIGURE

Figure 1. 1: Conceptual frame work..... 5

TABLE OF CONTENTS

DECLARATION	i
APPROVAL	ii
DEDICATION	iii
ACKNOWLEDGEMENT	iv
LIST OF TABLES.....	v
LIST OF FIGURE.....	vi
TABLE OF CONTENTS	vii
ABSTRACT	xii
CHAPTER ONE.....	1
INTRODUCTION	1
1.0 Introduction	1
1.1 Background to the study.....	1
1.2 Statement of the Problem.....	2
1.3 General Objective.....	2
1.3.1 Specific Objective.....	3
1.4 Research questions	3
1.5 Scope of the Study.....	3
1.5.1 Content Scope.....	3
1.5.2 Geographical Scope.....	3
1.5.3 Time Scope.....	4
1.6 Significances of the Study.....	4
1.7 Operational Definition.....	4
1.8 Conceptual frame work	5

CHAPTER TWO	6
LITERATURE REVIEW	6
2.0 Introduction	6
2.1 Key concepts.....	6
2.1.1 Supplier development.....	6
2.1.2 Organizational performance	7
2.2 Supplier development programs in organizations	7
2.2.1 Supplier Incentives	8
2.2.2 Supplier Partnership	8
2.2.3 Supplier Evaluation	10
2.2.4 Buyer-Supplier Communication.....	10
2.2.5 Supplier Management Support	11
2.2.6 Supplier Capabilities.....	12
2.3 Challenges to supplier development.....	13
2.3.1 Lack of trust and social relations.....	13
2.3.2 Absence of management buy-in	13
2.3.3 Lack of Commitment.....	13
2.3.4 Insecurity of information.....	13
2.3.5 Limited buyer- supplier interface	14
2.3.6 Power imbalance.....	14
2.4 Relationship between supplier and organization performance.....	14
2.4.1 Reliability of delivery	15
2.4.2 Quality improvement.....	15
2.4.3 Manufacturing flexibility.....	15
2.4.4 Achieves sustainability.....	16
2.4.5 Reduced costs	16
2.4.6 Quick introduction of new products	16

2.5 Related Studies	17
2.6 Summary of Literature Review	18
CHAPTER THREE.....	19
RESEARCH METHODOLOGY.....	19
3.0 Introduction	19
3.1 Research Design	19
3.2 Study Area.....	19
3.3 Study Population.....	19
3.4 Sample Size and Techniques.....	19
3.4.1 Sample Size.....	19
3.5 Sampling Technique.....	20
3.5.1 Random Sampling Technique.....	20
3.5.2 Purposive Sampling technique.....	20
3.6 Data collection methods and instruments.....	20
3.6.1 Questionnaires	21
3.6.2 Interview Guide.....	21
3.7 Data sources.....	21
3.7.1 Primary Data.....	21
3.7.2 Secondary Data.....	21
3.8 Reliability and Validity.....	22
3.8.1 Reliability of Data	22
3.8.2 Validity of Data	22
3.9 Data Analysis.....	22
3.10 Ethical Considerations.....	22
3.11 Limitations to the Study.....	23

CHAPTER FOUR	24
DATA PRESENTATION ANALYSIS AND INTERPRETATION OF FINDINGS	24
4.0 Introduction	24
4.1 Bio Data of the Respondents	24
4.1.1 Respondents by Gender.....	24
4.1.2 Level of Education.....	25
4.1.3 Respondents by Education Level.	25
4.1.4 Respondents by Duration.....	25
4.1.5 Position of Respondents	26
4.3 supplier development programs practiced at century bottling company.....	26
4.4 Challenges to supplier development programs at century bottling company.....	28
4.5 Relationship between supplier development and performance of Century Bottling Company.....	29
4.5.1 Correlation analysis	30
4.5.2 Regression Analysis	30
 CHAPTER FIVE	 33
SUMMARY, DISCUSSION, CONCLUSION AND RECOMMENDATIONS.....	33
5.0 Introduction	33
5.1 Summary of Findings.	33
5.1.1 Supplier development programs and organizational performance.	33
5.1.2 Challenges to supplier development programs at century bottling company.....	35
5.1.3 Relationship between supplier development and organizations.....	35
5.2 Conclusion	35
5.3 Recommendations	36
5.4 Areas for Further Study	37

REFERENCES 38

APPENDICES 40

APPENDIX ONE: QUESTIONNAIRE 40

APPENDIX TWO: INTERVIEW GUIDE 43

ABSTRACT

This study sought to establish the effects of supplier development on organizational performance. The target population of the study was century bottling company while the study population was the management staff in this firm . A sample size of 5 of the respondents was targeted in each department contributing to 30 respondents. Quantitative data was coded and entered into Statistical Packages for Social Scientists Version 21 and analyzed using descriptive statistics. The study established that the company considered supplier development as a strategy for organization development. The study further established that supplier development is incapacitated by lack of top management support, insecurity of information among others . The study further established the relationship between supplier development and organizational performance. The study concluded that supplier development helps to improve performance in the organizations to great extent. Based on the findings the study recommends that organizations should select their suppliers carefully and evaluate them regularly in order to sustain effective and reliable sources of supplies. The study also recommends that the organizations should adopt an open and frequent communication between their personnel and their suppliers so as to increase both parties understanding and encourage conflict resolution between both parties.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter presents the background to the study, statement of the problem, purpose of the study, objective of the study, research questions, scope of the study, significance of the study, definition of terms and the conceptual frame work.

1.1 Background to the study.

Globally in the advent of intense business competitive environment, business organizations are relying more on their supply chain as a source of competitive advantage. Suppliers play strategic roles in organizations and are significantly engaged in creating a competitive advantage with their actions having a positive impact on the organizations' performance (Jabbour, 2009). Krause & Ellram (2007) suggest a number of activities that are carried out by companies that are more successful at developing their suppliers. These companies are proactively involved in suppliers' problems and continuous improvement efforts, often anticipating supplier performance issues and fixing them before they occur. The first documented application of supplier development comes from Toyota company in Europe, Toyota discussed the need of working together with suppliers to improve collective performance (Monczka 2009). Thereafter, in 1963, Nissan implemented their first supplier development project, Honda joined the club in 1973 (Monczka, Handfield, Glunipero, & Patterson, 2009). Regionally supplier development has also been adopted although at a slow rate.

There are various objectives which buying organizations seek to accomplish in their supplier development undertaking. These may include; improving supplier performance, reducing product costs, reducing lead-times, resolving serious quality issues, developing new routes to supply, developing new product in the market among others.

In Africa, supplier development has begun to receive increased attention only recently and even then mostly within the manufacturing sector subsidiaries of multi-national firms such as Libyan Cement Company, Flotek Angola Factory (plastic fabrication company in Angola) among others, (Diageo PLC) (Wachiuri, Waiganjo & Oballah, 2015). Today, as more and more manufacturing companies have realized the importance of supplier performance in establishing and maintaining their competitive advantage, purchasing research has tended to focus on supplier development programs and explore how these initiatives impact on buyer

and supplier performance (Humphreys,2001) which eventually leads to organizational improvement.

In Uganda, the level of supplier development has not been clear on partnership and collaborative basis. Misoi and Nyoro (2005) observed that this has been because the supply chain system in Uganda has always been haphazardly done. Every member of the supply chain pursues their own cost reduction and profit motives at the expense of each other. This has seen the unending shortages of products, spiraling prices , poor inventory handling and management leading to poor quality products and high costs along the supply chain. The concept of supplier development has not been fully embraced in Uganda for example century bottling company, the level of supplier development has been concentrated only on supplier buyer relationship and has ignored other elements of supplier development. For firms in Uganda to compete favorably on the national and international level , they need to enhance supplier development in terms of capability building , communication management among others. It is upon this back ground that informs the researcher to do research on the role of supplier development on organizational performance.

1.2 Statement of the Problem.

Suppliers play a very vital role in the production value chain of East Africa Breweries Ltd. As part of the coca cola company's commitment to diversity , it has established a robust supplier development program so as to improve the effectiveness of the diverse suppliers to meet the needs of coca cola company and to create conditions for them to competitively seek contracts and business opportunities in the global market place .Statistics show that the sales of Coca cola Company has not grown by more than 2-3% over the last three years, net revenue has declined for the last three years. Much of this has been attributed to the company's failure to properly understand and align supplier development programs, for example direct involvement in new product development, (2019 Forbes Media). It's upon this background that has prompted the researcher to investigate the effect of supplier development on organizational performance.

1.3 General Objective

This study seeks to investigate the role of supplier development on improving the performance of Century Bottling Company.

1.3.1 Specific Objective

- 1) To find out supplier development programs that are carried out at Century Bottling Company.
- 2) To identify challenges to supplier development programs at Century Bottling Company.
- 3) To examine relationship between supplier development and organizational performance.

1.4 Research questions

- 1) What are the supplier development programs that are carried out at Century Bottling Company?
- 2) What are the challenges to supplier development programs?
- 3) What is the relationship between supplier development and organizational performance?

1.5 Scope of the Study.

1.5.1 Content Scope.

The study is confined at finding out supplier development programs that are carried out at Century Bottling Company, identifying challenges to supplier development programs at century bottling company and examining the relationship between supplier development and organizational performance.

1.5.2 Geographical Scope

The study will be conducted at Century Bottling Company located in Namanve which lies in Bweyogerere Ward, in Southeastern Kira Municipality, in Wakiso District , Central Uganda. It is located approximately 15 kilometers, by road, east of downtown Kampala , Uganda's capital and largest city . Namanve is bordered by Seeta to the east, Namilyango to the southeast, Lake victoria to the south , Kirinnya to the southwest and Bweyogerere to the west and northwest.

1.5.3 Time Scope.

The study is to be conducted within a duration of four months that is, January 2019 to April 2019 because during this period there has been stiff competition on the internal market which has led to the emphasis on supplier development so as to improve on the quality of the products and hence increase profitability and improve on the performance of Century Bottling Company. Therefore data collected during this period will provide clear information for the research.

1.6 Significances of the Study.

The findings of this study are expected to benefit the following categories of stakeholders;

To Policymakers, it is expected that the study findings may be useful to the government and its policymakers such as Ministry of Finance, Public procurement bodies to enable the government through its regulatory bodies to design an effective mechanism for improving organizational performance.

Practitioners, it is also expected that the findings may inform practitioners and consultants about the urgency of supplier development on enhancing organizational performance.

Managers, basing on the findings and recommendations, the study findings are expected to help managers of Century Bottling Company and other companies to recognize the role of supplier development on organizational performance.

Scholars, further still, the study is expected to provide additional knowledge or current literature to scholars so as to improve on the data quality in relation to supplier development and organizational performance.

Researcher, the findings of this study are expected to serve as a point of reference to researchers more so, students who may wish to conduct further related studies.

1.7 Operational Definition

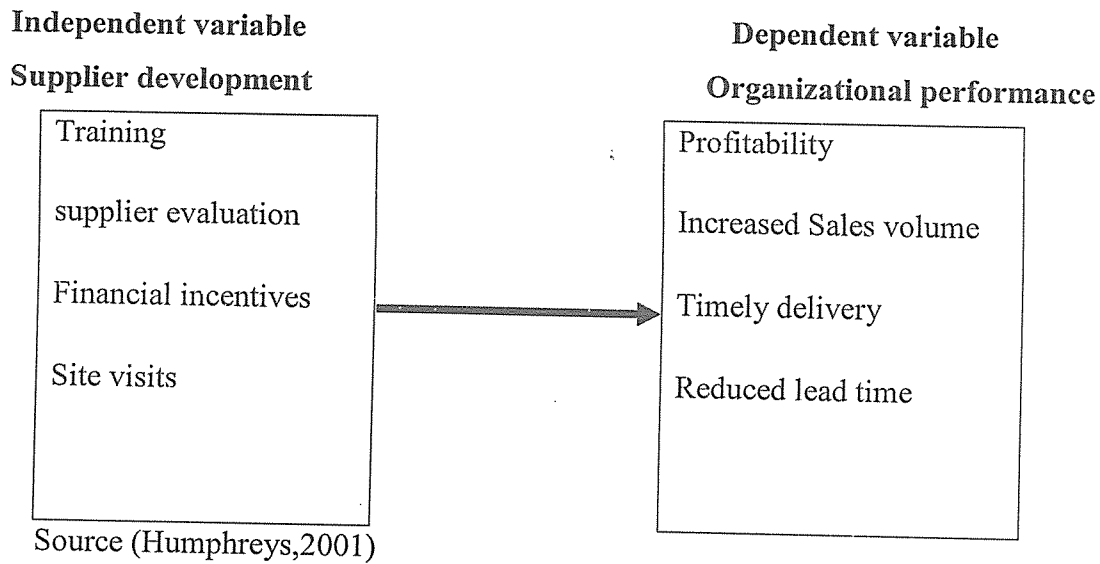
Supplier development, is the process of working together with certain suppliers on a one – one basis to improve their performance for the benefit of the buying organization.

Organizational performance, refers to how well an organization achieves its objectives. Common organizational objectives include shareholder wealth maximization, profit maximization, increased market share and customer satisfaction.

1.8 Conceptual frame work

In this section the identified variables to be examined for interrelationship are indicted. the study seeks to establish how the embracing of supplier development (independent variable) can result into the success of the dependent variable (organizational performance)

Figure 1. 1: Conceptual frame work



CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviews the available literature written on the effect of market orientation on the business performance of financial institutions and on other related topics. This was made possible by the identification, collection and review of these literatures from various sources such as text books, journals, reports and the internet.

2.1 Key concepts

2.1.1 Supplier development

Supplier development is defined as any effort by a buying firm to increase the performance and capabilities of their supplier. It is the process of working collaboratively with suppliers to improve or expand their capabilities (Dominick, 2014). It is a bilateral effort by both the buying and supplying organization to jointly improve the supplier's performance or capabilities in one or more of the following areas: cost, quality, delivery lead time, technological advancement, safety and environmental responsibility, managerial capability and financial viability (Krause & Handfield, 2011). It is the process of having the buying organization work directly with certain suppliers to improve their performance for the benefit of the buying organization. There are various objectives which buying organizations seek to accomplish in their supplier development undertaking. These may include; improving supplier performance, reducing product costs, reducing lead-times, resolving serious quality issues, developing new routes to supply, developing new product in the market etc. Before undertaking supplier development on any supplier, the purchasing professionals responsible for the project must select the ideal supplier for development based on their current capacity compared to ideal capability, their cooperation with buying organization, product or service supplied, nature and scope of development required, etc.

Gonzalez and Quesada (2014) rightly pointed out that supplier development is the most influential management process for achieving product quality and customer satisfaction. To achieve this objective, firms should put more emphasis on their ability to create and enhance its own capability in a strategically important aspect such as supplier development. The success of any company today lies not only in the management of its relationships with its customers, but also bearing in mind a wider reference group in the supply chain including its suppliers.

2.1.2 Organizational performance

Organizational performance refers to how well an organization achieves its objectives. Common organizational objectives include shareholder wealth maximization, profit maximization, increased market share and customer satisfaction (Brigham & Houston, 2014; Armstrong, 2009). Any organizational initiative, including supplier development, should ultimately lead to enhanced organizational performance. Instructively, numerous empirical studies carried out mostly in manufacturing contexts have found the nature and intensity of a buyer firm's supplier development efforts on its key suppliers to be a key determinant of overall buyer-firm performance. Ideally, organizational performance is evaluated on the basis of the market's valuation of the firm's securities. This is because the market price per share represents the focal judgment of all financial market participants as to the value of a particular firm (Brigham & Houston, 2014). However, since future cash flows of the business entity cannot be observed, business performance is typically evaluated using accounting data (Tan, Kannan, Handfield, & Ghosh, 2009).

A number of prior studies have measured organizational performance using the following metrics: market share; ROI; average annual market share growth; average annual sales growth; average annual growth in ROI; average production cost; overall customer service levels; overall product quality; profit margin on sales; and overall competitive position (Li, Nathan, Nathan & Rao, 2010; Tan, Kannan, Handfield & Ghosh, 2009)

2.2 Supplier development programs in organizations

In recent years, many organizations have come to realize the crucial role key suppliers play in determining overall corporate performance. Consequently greater emphasis has been accorded to activities aimed at increasing the performance and capabilities of key suppliers as a strategy of improving the buying firm's overall cost position, innovative capabilities and customer service (Weele, 2010). Wagner (2010) describes supplier development as a practice, reactively to deal with poor supplier performance, or strategically to enhance the long-term capability of the supply base. In addition, according to Krause (2008), supplier development programs vary from entity to entity among which may include supplier evolution, financial support site visits supplier partnerships among others and all these are to meet the buying firm's short- and/or long-term organizational needs. (Gonzalez and Quesada 2014)

2.2.1 Supplier Incentives

Supplier incentives positively influence the buying firm's overall performance by way of motivating suppliers to improve their performance and/or capabilities. Supplier incentives include recognition of the best suppliers in the form of ceremonial awards; the promise of current and future business to high-performing suppliers; and employing competitive bidding to promote competition within the supply base. Supplier incentives, when awarded based on supplier performance may incite competition among suppliers and motivate suppliers to improve (Lysons & Farrington, 2010). According to Krause, Scannell and Calantone (2012), employing competitive bidding involves the solicitation of competitive bids from alternative suppliers using fully developed bidding specifications and short-term contracts to achieve a low purchase price. Notably however, such competitive pressure is only applicable when a buying firm is willing and able to switch to an alternate supplier.

In this case the willingness of the buying firm to occasionally test the market may keep present suppliers more competitive in terms of quality, delivery, service, or any other relevant dimension of supplier performance with the increased supplier competitiveness ultimately improving the buyer firm's overall performance (Krause, Scannell & Calantone, 2012).

According to Wagner (2010), supplier incentives revolve around using the buyer firm's coercive and non-coercive power to influence key suppliers' performance/capabilities and consequently the buyer firm's overall performance. Further, as also advanced by Lysons and Farrington (2010), supplier incentives are used in tandem with supplier evaluation. Wagner (2010) views supplier incentives as encompassing two facets. The first is "promises" whereby the buyer firm offers a specified reward to the supplier if the supplier complies with the buying firm's stated desires/performance expectations. The second is "threats" whereby the buying firm informs the supplier that failure to comply will result in negative sanctions.

In line with both Wagner (2010) and Krause, Scannell and Calantone (2012) assertions, Frazier and Summers (2009) argue that supplier incentives alter a supplier's way of working so as to avoid adverse consequences such as losing the business with the customer. The new way of working leads to an improvement of the quality, cost, service, etc.

2.2.2 Supplier Partnership

Supplier partnership, defined as the commitment of relationship-specific resources to key supplier relationships, supplier training and education, and non-adversarial collaboration with suppliers, positively influence the buying firm's overall performance through their

improvement of supplier performance and/or capabilities. Supplier partnership or collaboration refers to a buyer firm's application of its capital, time and human resources toward the improvement of its suppliers' performance and capabilities. (Wagner 2010) Thus, the buying firm for example finances the supplier's inputs, machines, tools, or castings. In addition, the buyer firm undertakes activities that transfer knowledge and qualifications into the supplier's organization. Examples of such activities comprise on-site consultation, education and training programs, temporary personnel transfer, and inviting supplier's personnel (Chavhan, Mahajan & Sarang, 2012; Wagner, 2010).

According to CIPS (2013), supplier partnership is characterized by openness, effective communication, trust, honesty, transparency, sharing, mutual benefit, and close co-operation between the buyer firm and selected suppliers. As discussed in the theoretical framework, the logic underpinning supplier partnership between a buyer firm and its key suppliers is drawn from the Resource Dependency Theory (Ukalkar, 2010). According to Bowersox, Closs, Cooper and Bowersox (2013), there are five basic forms of collaboration which are based on acknowledged dependency and information sharing between buyer firms and suppliers. The most elementary of these are contracting and outsourcing. In these relationships, acknowledged dependency is limited. Contracting with a supplier introduces a time dimension to traditional buying by framing price, service, and performance expectations over a specified period. In turn the supplier agrees to deliver the specified item(s) according to negotiated terms and delivery requirements.

According to Lysons and Farrington (2010), this form of collaboration is often called adversarial because the relationship is typically based on negotiation. As a result of negotiated settlement the terms of performance and associated payments are clearly specified. Failure of either party to perform will lead to sanctions, probable re-negotiation or possible termination. In outsourcing, the focus shifts from buying a product or material to performing a specific service or process such as manufacturing or warehousing. Contracting and outsourcing relationships involve a degree of information sharing, primarily operational information, but there is limited joint planning between the buyer firm and the supplier firm, and there are generally specific periods for rebidding or terminating the relationships. The outsourcing relationship is clearly based in the traditional command-and-control principle with the buyer as the leader. In administered relationships, a dominant buyer firm assumes leadership responsibility and seeks collaboration with suppliers. In such relationships there is frequent sharing of operational information and to a limited degree, strategic information.

Additionally, there is limited joint planning, to the extent that independent firms have an understanding that they will be better off.

2.2.3 Supplier Evaluation

Supplier assessment; communication of supplier evaluation results and performance goals; and increasing suppliers' performance goals, positively influence the buying firm's overall performance through their improvement of supplier performance and/or capabilities. Supplier evaluation is a conscious tactic or process which aims at establishing the value of or the contribution made by the supplier in meeting the buying firm's needs. It can also relate to the determination of the supplier's worth in the company's supply base structure (Baily, Farmer, Jessop & Jones, 2014; Ukalkar, 2010). According to Bozarth and Handfield (2013), in order to effectively evaluate supplier performance, the buyer should understand not only what he is evaluating but also the norms and criteria of the factors being measured or assessed and how measurement will help his company to improve competitive advantage.

Traditionally, the key performance indicators (KPIs) for the evaluation of supplier performance have been price, quality and delivery. While these are still basic supplier evaluation, such developments as Just-In-Time (JIT), lean manufacturing, integrated supply chains and e-procurement have made a fuller evaluation of supplier relationships, that includes such qualitative factors as intercompany communication and high trust levels, an important consideration (Lysons & Farrington, 2010).

2.2.4 Buyer-Supplier Communication

Open and frequent communication between buying firm personnel and their suppliers was identified as a key approach in motivating suppliers (Giunipero, 2006). Early involvement and open channels of communication increase both parties understanding and encourage conflict resolution between both parties. The key to good communication lies in the frequency, the personal involvement of buying and related staff personnel and the genuineness of the efforts (Speckman, 2008).

Communication tends to be informal, sharing proprietary information, notice of events and changes, in a timely manner. Typically communication will be characterised by many inter-firm contacts, as opposed to the single buyer-sales representative. Forecasting and planning information will be shared more frequently and is closer to 'real-time' information, often through Internet portals and e-networks. Similarly, sourcing and procurement activities will

be increasingly automated. Eamonn, Donna, Brian and Daniel (2008) in their study of selection of communication media in buyer supplier relationship found that communication media selection is affected by need of participants and stage of relationship. If relationship is new then communication media will be face to face for more clarity in communication. As relations goes on increasing media choice becomes less rich focusing on either telephone or email depending on the needs of buyer or supplier. As relationship reaches to mature stage face to face media is preferred to take advantage of richness and which also helps to take social benefit of relation. They also found that in product purchasing buyer is more central to the relationship and has greater influence over the communication media choice and buyer is interested in informal communication like telephone communication. In case of service purchasing buyer is less central to relationship and for communications he uses legalistic means such as email

2.2.5 Supplier Management Support

Management has been found to be a key enabler in initiating a supplier development program based on the firm's competitive strategy (Hines, 2004). Purchasing management needs the encouragement and support from top management to expend their resources within a supplier's operation. A pre-requisite must be to gain commitment in the supplier's top management as they will need to set objectives, provide resources, remove barriers and reward change. They can also be resistant. Allowing a customer to become involved in the detail of the supplier's operation, means they will see the organization 'warts and all' and gain a better understanding of supplier cost drivers and operations than would otherwise be the case. The customer will also provide a fresh perspective on and challenge to current ways of working and underlying assumptions. This can be uncomfortable for managers in the supplier organization, but can also be a powerful enabler, as the voice of the customer can legitimise change and overcome organisational inertia (Hartley & Choi, 2006). Lack of top management commitment is one of the most often cited causes of failure in improvement programs (Brown, Hitchcock, and Willard, 2004). Commitment is also usually prescribed for supplier relations success.

However, the supply management professional will often be confronted with less commitment than is desired, whether the missing commitment is on the part of the buyer's organization the supplier's, or both. Research in supplier development success factors (Krause & Ellram, 2007) indicated several factors that depend to some extent on top management commitment.

These included supplier development activities such as site visits, supplier recognition, training, and direct investments in the supplier's firm. With weak commitment of resources all of these are subject to deterioration or abandonment during business downturns.

2.2.6 Supplier Capabilities

Sako (2004) in his study of Honda, Nissan and Toyota considers two key areas, the first being that an organisation has to have its own organisational capability for supplier development, and secondly it must have a mechanism for transferring (or replicating) capability to its suppliers. He classes this capability into three levels. The first, and most basic, is maintenance. At this level, activity focuses on maintaining a given level of performance such as quality defects, on time delivery performance or costs. The second level is improvement, and as the name suggests focuses on increasing the existing capability of the supplier to new, higher levels of performance (Sako, 2004). The third, and highest, level of supplier development capability is evolutionary capability. This level is the transferring of development capability to the supplier, such that the first two levels of development become integral in the internal way of working of the supplier, and they continue even without ongoing pressure from the customer. This requires the transfer of tacit knowledge as well as the easier to transfer explicit knowledge, and consequently is the most challenging of the three levels (Sako, 2004). Tacit knowledge and learning is the most difficult for a competitor to replicate within their supply chain and so becomes a valuable source of competitive advantage (Nonaka & Takeuchi, 2006). Because tacit knowledge is more difficult to accumulate, it requires closer interactions, more time, and particularly face-to-face, joint activities, with the supplier. A pre-requisite for this level of involvement is that the customer has capabilities that the supplier does not yet possess, and that they perceive as valuable in their own operations. As one of the reasons for the need to develop suppliers is the increase in outsourcing and a concentration on core competencies, it follows that the customer may have less direct technical expertise to share with their suppliers. Management is thus tasked with the responsibility of ensuring the organization has the requisite technical expertise to share with the suppliers. This way therefore supplier management support is imperative in the supplier development

2.3 Challenges to supplier development

2.3.1 Lack of trust and social relations

Trust is also highlighted to be a fundamental element of the way in which buyer –supplier manages their relationships. As the organization and supplier fail to have mutually acceptable manner, including an expectation that neither party will exploit the other's vulnerabilities (Roden & Lawson, 2014). When suppliers sense the absence of trust they may refrain from participating in the supplier development initiatives. However, when trust is present the benefits are numerous. Nagati and Rebolledo (2013)

2.3.2 Absence of management buy-in

Supplier development success greatly resonate with support of management of the organisations in terms financial, technical and moral help, besides it the initiatives often fail to yield off results as expected, (Schiele et al., 2010).activities like training, financial incentives greatly rely on the management's ability to offer a hand that means absence of it is a likely challenge that distorts any attempt to develop a supplier

2.3.3 Lack of Commitment

Another pitfall to supplier development is the diminishing or lack of commitment by both parties to the relationship, (Handfield and Krause 2000), commitment to issues like training, extending financial and human resource help can negatively affect supplier development programs of the organization and fail to see light of the day. Luk'ianov & Kisliak, (2007). Assert that building and ensuring commitment between the buying organization and the supplier

2.3.4 Insecurity of information.

Another risk is security concerns with sensitive information due to the large volume of information that is sent between customers and suppliers. Competitors or others that intend to do harm can hack into the Internet and Electronic Data Interchange (EDI) shared between companies. Thus organisations in abeat to hedge themselves form such information breaches may abandon such actives as may think that it can associated to loss of competitive advantage Therefore, it is vital that this information is secure enough to ensure that only the ntended recipient receives this data (6). Encryption can be used to circumvent security reaches. However, there is still some skepticism surrounding the security of these customer-supplier networks Getting a supplier development program initiated in the first place can

itself be a challenge. According to Centers for Advanced Purchasing Studies, executives cited the following barriers in utilizing cross-company teams to improve collaboration:

2.3.5 Limited buyer- supplier interface

Human interface is the key to building successful supplier development programs between the buyer-supplier. Wagner and Krause (2009) suggested that the degree of human interaction moderates the willingness of the buyer to transfer knowledge to improve capabilities of the supplier thus its inadequacy cripples the initiated supplier development programs. The buying company will take further steps to exchange employees with the supplier in order to transfer complex knowledge. The employee exchange will intensify the interaction through the activities. a positive relationship between the buyer-supplier will be driven the co-creation of value through resources that the two firms will combine to develop new combination of capabilities to achieve a higher value that none of the firms could have achieve alone (Ngugi et al., 2010). Ngugi et al. (2010) concluded that when SMEs are in a relationship with larger customer's innovation is also enhanced.

2.3.6 Power imbalance

In any relationship there's always a question of dominance over the other and equal power relationship will be one serving the interest of both parties. According Porter's five competitive forces that shape strategy, powerful suppliers could capture more value for themselves by charging higher prices, limiting quality or services, or shifting costs to industry players. When suppliers exercise their power they squeeze profitability out of an industry that is unable to pass on cost increase in its own prices. On the other hand powerful buyers force down prices, demanding better quality or more service, and playing industry participants off against one another (Porter, 2008).thus organization who find themselves dominated see no reason to invest more in supplier development actives for fear that their brands may diminish. (Roden & Lawson, 2014).

2.4 Relationship between supplier and organization performance

There exists a positive correlation between supplier development and organizational performance. Organizational performance refers to how well an organization achieves its objectives. According to Brigham and Houston (2014), common organizational objectives include shareholder wealth maximization, profit maximization, increased market share and customer satisfaction. Thus, any organizational initiative, including supplier development,

should ultimately lead to enhanced organizational performance. Ideally, organizational performance is evaluated on the basis of the market's valuation of the firm's securities. This is because the market price per share represents the focal judgment of all financial market participants as to the value of a particular firm (Brigham & Houston, 2014). However, since future cash flows of the business entity cannot be observed, business performance is typically evaluated using accounting data (Tan, Kannan, Handfield, & Ghosh, 2009).

2.4.1 Reliability of delivery

Delivery performance has a strong relationship to organisations performance in terms of time productions reduced shortages among other (Ngugi et al., 2010), the ability to deliver when promised, and delivery speed, which is typically thought of in terms of short delivery times (Ward et al., 1998). Effective performance in both facets of delivery, may partly explain why companies like Dell have had success in reducing supply chain costs, such as minimizing the amount of buffer inventory they must hold. Thus supplier development programs that are designed to ensure on time delivery will resonate with increased organizational performance. (Ngugi et al. 2010).

2.4.2 Quality improvement

Quality has been a major focus for organisations that want to improve their performance, (Liker and Wu, 2000) as the quality of inputs from some suppliers are improved through direct involvement of the buyer in supplier activities, the results of that will be quality and ultimately increased performance of the buying organization in terms of increased profitability, increased sales etc (Liker and Choi, 2004). Smock, (2001) asserts that the quality of component parts affects customers' perceptions of quality in the final product. Some suppliers may not have adequate engineering and technical resources for quality assurance, which sometimes results in quality problems and production however all those are trashed by supplier development initiatives and perhaps enhance organisations performance.

2.4.3 Manufacturing flexibility

Firms are generally thought to respond to unpredictable environments through increased flexibility (Wagner (2010),). Manufacturing flexibility continues to increase performance by implementing supplier development programs to meet the changing needs of their customers. Manufacturing firms want to avoid holding damaged inventory Thus, a desired strategy is to nitiate programs that increase their ability to be more flexible in responding to variations in and customer demand Wagner (2010), and manufacturing flexibility can be expected to be a

function of their own suppliers' quality, delivery time, reliability, and flexibility. In other words, suppliers are able to meet changes in quantity requirements, provide timely delivery of products on short notice, and produce smaller, thus this flexibility enables organisations to have increased performance.

2.4.4 Achieves sustainability

Supplier development affords corporations an opportunity to bring together teams of suppliers to work in harmony for the benefit of the company, improving the bottom line in the long run Wagner (2010). Additionally, these approaches can showcase the organization's commitment to the economic growth of local communities, while building the capacity of diverse businesses to serve the organization more effectively. Ultimately, supplier development in conjunction with a robust diversity initiative makes good business sense. A company committed to both efforts builds for the future and, perhaps most importantly, becomes a better, stronger company that consumers, workers, and business leaders will seek out and admire and that will enable it improve performance.

2.4.5 Reduced costs

Buying firms are dependent partially on improvements by their subcomponent suppliers, for example, on reductions in rework, scrap, and downtimes. As suppliers reduce their costs, the benefits should be at least partially transferred to their buying customers in the form of lower prices (Clark, 2001; Human and Provan, 2000) thus as costs are drastically reduced, the organization's performance as far as increasing revenue is achieved thus increased performance. (Dawson, 2001)

2.4.6 Quick introduction of new products

Organizational performance is usually as a result of how they keep on revolving in terms of new products they present to their customer, so it's out rightly true that buyers that involve themselves in product development with their supplier easily achieve success. (Liker and Choi, 2004). Building genuine brand that will pretty much grab the attention of customer require a unique collaboration between the organization and its suppliers of material and once new product dominates the market then performance profitability, efficiency among others are achieved. (Wagner 2010)

2.5 Related Studies

A study of high performing buyer firms by Gupta and Margolis (2011) revealed the following supplier development related characteristics: focus on key suppliers and establishment of long-term buyer-supplier partnering agreements based on risk-reward sharing and intensive cooperation through mutual knowledge sharing; existence of a formal supplier development program to manage the supply base; use of automated processes to track supplier performance and provide periodic dashboard reports for senior management review; existence of a feedback loop for suppliers to help encourage supplier development efforts; existence of supplier handbooks that describe the collaboration and requirements of the suppliers, tracked by service level agreements; and provision of customized training to key suppliers.

Azadegan (2011) in his study of benefiting from supplier operational innovativeness with the influence of supplier evaluations and absorptive capacity found that supplier evaluation programme (SEP) and absorptive capacity are both means to increase operational innovativeness (OI) of supplier. Supplier evaluation programme by buyer with good direction helps to encourage operational innovativeness of supplier which helps buyer to remain competitive (Wachiuri, Waiganjo & Oballah, 2015). Author used evaluation parameters as product development and quality, manufacturing design and capability, manufacturing and design capacity. Operational innovation mainly relates with process improvement, new tool with higher speed, new product development and new concept. He also found absorption capacity influences operational innovativeness. Absorption capacity mainly includes routine search, new technology, learning from supplier and customer, communication and personal adequacy. For increasing innovativeness of supplier evaluation should be effective (Martin, Mena, Omera & Ozgur, 2011). Effective evaluation should have incentives i.e. for suppliers who are doing good innovation to sustain effective and reliable sources of supplies. Also effective evaluation should have proper assessment.

Furthermore, several other related studies in manufacturing industries confirm that supplier development can have a positive impact on product, supplier and overall firm performance (De'Toni & Nassimbeni, 2010; Krause, Scannell & Calantone, 2012; Prahinski & Benton, 2014). For example Carr and Pearson (2009) reported a linkage between the implementation of supplier evaluation and a firm's financial performance. Also, in their empirical research, Carr and Smeltzer (2010) found evidence of the relationship between effective communication with suppliers and a buyer firm's financial performance. Equally notable is

empirical evidence that shows both supplier evaluation and involvement of suppliers in the decision making process to be positively related to firm growth and ROA (Tan, Handfield & Ghosh, 2009).

2.6 Summary of Literature Review

This chapter on literature review began by exploring theories related to supplier development and organizational performance as the backbone followed by conceptual framework. And link between supplier development and organizational performance and concluded with empirical studies on supplier development. The next chapter will outline research methodology that will be used for this study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

The chapter explains the research methodology that used in addressing the research objectives. Specifically, the chapter constitutes the research design, population of the study, data collection instruments and data analysis tools.

3.1 Research Design

The study will adopt a descriptive research design in obtaining information about the effect of supplier development organizational performance. Descriptive study is concerned in establishing the way things are and thus aids in determination of the current nature of a phenomenon under study (Cooper & schindler, 2003). Moreover, the research design enables close association between the variables while ensuring minimal interference by the researcher, hence the most appropriate for the study.

3.2 Study Area.

The study will be conducted at Century Bottling Company located in Namanve which lies in Bweyogerere Ward ,in Southeastern Kira Municipality ,in Wakiso District , Central Uganda. It is located approximately 15 kilometers ,by road ,east of downtown Kampala , Uganda's capital and largest city . Namanve is bordered by Seeta to the east , Namilyango to the Southeast ,Lake victoria to the south , Kirinnya to the southwest and Bweyogerere to the west and northwest.

3.3 Study Population.

The population of study comprises of some century bottling company staff among which will include senior and procurement officers, heads of departments, logistics managers and other from user departments. And the anticipated population size is 60 employees.

3.4 Sample Size and Techniques.

3.4.1 Sample Size.

The inquiry is likely to focus on members of century bottling company whose tasks in one way or another are related to procurement activities. A sample of 25 respondents is adequate as proposed by Charmaz (2006). Hence, basing on this principle, a sample of 30 respondents is depicted from the sampling frame because of nature of the study. Therefore, the sample is

composed of those conversant with public procurement proceedings and value for money issues.

Table 3. 1: Selection of Subjects.

Type of Subjects	Sample technique	Sample population	Sample size
Heads of department	9 purposive sampling	15	6
User department	13 purposive sampling	14	10
Managers logistics	10 Random Sampling	15	7
Managers procurement	10 Random Sampling	11	7
Total		60	30

3.5 Sampling Technique.

The sample will be taken with application of judgmental sampling technique and random sampling technique.

3.5.1 Random Sampling Technique.

Random sampling technique will be used to attain t members of procurement function and managers of production and finance as respondents will be selected randomly from their various departments and each respondent will have equal chance of being selected.

3.5.2 Purposive Sampling technique.

Under purposive sampling technique, the researcher will select samples which he assumes are impeccable and are able to produce the required data about the subject. In this regard the researcher will choose the persons with necessary, reliable and relevant information that is in line with the purpose of the study. These will include then aforementioned persons in sample population.

3.6 Data collection methods and instruments

The study will use primary data in obtaining information pertaining to supplier development of century bottling company. The data will be collected by the use of questionnaires and interviews which are preferred to their efficiency in collecting a wide range of data within a short period of time.

3.6.1 Questionnaires

The study will use self-administered questionnaires for the respondents. These will be distributed among the respondents. The justification for using this instrument was that questionnaires were easy to quantify and analyze. In addition, the questionnaires will be used because the study focuses on opinions, attitudes, feelings and perceptions of respondents.

3.6.2 Interview Guide.

The study will also use well-structured interview guide with questions designed to collect the necessary information from the respondents. This will be applied on the respondents who are not willing to respond to questionnaires and prefer an interview with the researcher.

3.7 Data sources

Data will be obtained from both primary and secondary sources.

3.7.1 Primary Data.

Primary data is information gathered directly from respondents through questionnaire, interview guide, focused group discussions, observation and experimental studies, (Kombo and Tromp, 2006). Most of the time secondary data do not provide adequate information to meet the research objectives therefore primary data need to be collected Lancaster (2002). Primary data is very important to be collected when the researcher cannot find the data in secondary sources. Researchers are always concerned with primary data on demographic or socioeconomic characteristics, attitudes, opinions, interests, awareness or knowledge, intentions, motivation and behavior Proctor, (2003). Primary data collection has variety methods ranging from survey research, in-depth interviews to observation and experimentation which will be discussed to justify the method to be used in this research. Survey research method is considered as the most common primary data collection method and it is related to questionnaires' administration.

3.7.2 Secondary Data.

Always secondary data is the data collected by other people to be re-used by other researchers. This is data collected for the problem at hand (Malhotra 2004). Secondary data for the research was generated from the internet, manual scripts, newspapers, magazines, records journals and published text books which helped the researcher to compare information generated from the field and what was written by other scholars.

3.8 Reliability and Validity.

3.8.1 Reliability of Data

Reliability refers to the extent to which data collection techniques and analysis will yield consistent findings (Sounders, 2009). In order to ensure reliability to the study, the researcher will consult the supervisor as well as conduct Cronbach's alpha as a measure of internal consistency (i.e. coefficient of reliability). It is an estimate of the reliability based on the correlations between different items on the same test.

3.8.2 Validity of Data

Validity means measuring the right things (Sounders, 2009). Hence, the questions in instruments will be subjected to face validity by the supervisor. The questions' appropriateness and generalization to the topic will be validated through consultation with the supervisor. The study will be carried out in such a way that there is consistency between theory and practice. This also will be achieved through careful design of directions for measurements with no variation from group to group.

3.9 Data Analysis.

Before analysis data will be cleaned to eliminate discrepancies and thereafter, data will be coded and keyed to computer. The data will be sorted, tabulated and summarized using descriptive statistics such as means, standard deviations and factor analysis tests. Factor analysis will reduce independent variables at the same time indicate the direction and strength of the relationship for each variable. Tables are to be used for presentation of findings. Regression model will be used to determine the relationship between the variables

A regression analysis model will be used to determine the relationship between supplier development and organizational performance century bottling company.

3.10 Ethical Considerations.

The entire research process will be conducted with due respect to ethical considerations in research. The researcher will obtain the consent of the respondents to participate in the study. The researcher will also mind about treating the respondents' views with utmost confidentiality. In general, a high degree of openness regarding the purpose and the nature of the research will be observed by the researcher.

3.11 Limitations to the Study.

High financial costs in terms of transport, typing, photocopying and printing, logistic and other costs occurred during the study. However, funds were solicited from friends and family members to make the study successful.

High confidentiality levels on respondent's side. Basing on some principles of the PPDA Act 2003 that requires procurement professional to exhibit high levels of confidentiality may limit the amount of information that the study will require.

Whether changes are likely to limit the research in terms time of data collection from the respondents as in specified time there is a lot of rain expected but some of these problems will be minimized by moving with some equipment like raincoats, umbrellas and other facilities.

Time. The fact that the study will be undertaken within business hours, the researcher anticipates that the timing of respondents will be a challenge because there will be no time convenient to everyone. However, the researcher intends to be polite and humble to seek for their attention and audience in this regard. By so doing the researcher will create rapport process, explaining to them why one's responses to the study are vital and therefore sparing some little time to adjust and participate in the study would be important and desirable.

CHAPTER FOUR

DATA PRESENTATION ANALYSIS AND INTERPRETATION OF FINDINGS

4.0 Introduction

This chapter consists of data presentation, analysis and interpretation of findings on supplier development and organizational performance: a case of Century Bottling Company. The sources of information of this study were administrators and support staffs of Century Bottling Company. The findings are presented according to the specific objectives using tables. The first section of this chapter presents the background information of respondents.

4.1 Bio Data of the Respondents

The demographic characteristic considered in this study included gender, age, education, position and years in services.

4.1.1 Respondents by Gender.

Table 4. 1: Showing respondents by gender

Gender	Number	Percentage (%)
Female	17	43%
Male	23	57%

Source: Primary Data, 2019

From Table 4.1 above, response indicated that the majority of respondents were male who accounted for 23 (57%) and female respondents accounted for 17 (43%). This implies there is a marginal majority of males over the females among the staff of Century Bottling Company. This can be explained by the fact that men are a bit flexible and aggressiveness than their female counterparts. However, this gender difference did not have negative impact on the quality of the study findings and performance of the organization at large.

4.1.2 Level of Education

Respondents were asked about their level of education and the findings were indicated in the table below;

Table 4. 2: showing the level of education of the respondents

Level of Education	Frequency	Percentage
Masters	4	13.3
Diploma	10	33.3
Bachelor's Degree	16	53.3
Total	30	100

Source: Primary data 2018

4.1.3 Respondents by Education Level.

From the table 4.2 above, it can be observed that 4 respondents representing 13.3% of the sample had done masters, 10 (33.3%) were Diploma holders, 16 (53.3%) were Bachelor's degree graduates. This implies that Century Bottling Company recruits mostly bachelor's degree candidates to join their work force and least of all are the PhD holders who mainly comprise of the senior management personnel. Implying that, the respondents had formal education which is very critical to the core of this study. In one way or other, their education background contributes to the quality of the study findings.

4.1.4 Respondents by Duration.

Table 4. 3: Showing respondents by duration

Age brackets	Frequency	Percentage (%)
5years and below	15	50%
5-9 years	11	37%
Above 10 years & above	4	13.3%

Source: Primary Data, 2018

According to Table 4.3, (15) 50.0% of the respondents had been in service for 5 years and below followed by (11) 36.7% who indicated 6 – 9 years in services while (4) 13.3% revealed 10 years and above. By the virtue of years in service, it can be concluded that to the large extent respondents were familiar with the supplier development program and so, their participation contributed positively to the quality of the study.

4.1.5 Position of Respondents

Table 4. 4: Showing respondents by position

		Frequency	Percent	Valid	Percent	Cumulative Percent
Valid	Account	8	26.7		26.7	26.7
	Procurement	14	46.7		46.7	73.4
	Audit	4	13.3		13.3	86.7
	Logistics	2	6.7		6.7	93.3
	Staffs	2	6.7		6.7	100.0
	Total	30	100.0		100.0	

Source: Primary Data, 2019.

Information in Table 4.4 reveals that 26.7% of the respondents were accountants, 46.7% were procurement officers, 13.3% were auditors, and 6.7% were logistics and staffs respectively.

4.3 supplier development programs practiced at century bottling company

Objective one sought to establish the supplier development programs practiced at century bottling company as different statements indicated in the table were scaled each on likert scale ranging from strongly Agree, Agree, Disagree and Strongly Disagree. The table below shows the corresponding descriptive statistics showing the frequency, mean and standard deviation of participants' responses.

Table 4. 5: Descriptive Statistics on supplier development programs practiced at century bottling company.

	N	Mean	Std. Deviation
Coca cola offers supplier Incentives	30	3.7000	1.05536
Coca cola dose supplier Partnership as part of supplier development program.	30	4.4000	.67466
Coca cola does supplier Evaluation	30	3.6667	1.24106
Coca cola maintains a frequent Buyer-Supplier Communication	30	3.7000	1.05536
There is supplier Management Support at Coca cola.	30	3.6667	.67466
Coca cola has the capability to support supplier development.	30	4.4000	1.24106

Source: Primary Data, 2019.

It is shown in table 4.5 that most of the respondents agreed that, most supplier development programs are implemented by the company and contributes to organisation performance (Mean=4.6333).

According to table 4, respondents agreed that, the entity offers supplier Incentives when they are carrying supplier development programs with selected suppliers of products or items, which positively contributes to organizational performance (Mean=3.7000).

Further still, table 4.5 indicates that, respondents agreed that, supplier Partnership as part of supplier development programs enables century bottling company improve its efficiency and effectiveness. (Mean=4.4000).

With regard, whether century bottling company does supplier Evaluation when they are carrying procurement audit as well as Buyer-Supplier Communication, respondents indicated that they were not sure (Mean=3.7000).

In addition, respondents indicated that they were not sure on the question of whether century bottling company carries out supplier Management Support in terms of training suppliers, extending human resource support to their suppliers they intend to develop. (Mean=3.6667).

Findings in table 4.5 further indicated that respondents agreed that century bottling company has built capabilities to support its suppliers and this is in form of electronic networks like electronic data interchange (EDI) with its suppliers (Mean=4.4000).

4.4 Challenges to supplier development programs at century bottling company

Respondents were asked to identify challenges to supplier development programs at century bottling company. The responses are presented in the table below;

Table 4. 6: indicates the challenges to supplier development programs at century bottling company

Challenges to supplier development programs	Response											
	Strongly agree		Agree		Not sure		Disagree		Strongly disagree		Total	
	F	%	F	%	F	%	F	%	F	%	F	%
Lack of trust and social relations	20	66.7	10	33.3	-	-	-	-	-	-	30	100
Absence of management buy-in is a challenge	19	63.3	9	30	-	-	2	6.7	-	-	30	100
Lack of communication is a challenge of lack of agreement by both parties	15	37	8	26.7	2	6.7	3	10	2	6.7	40	100
Availability of information is also a challenge to supplier development.	18	60	12	40	-	-	-	-	-	-	30	100

Source: Primary data 2019

Table 4.6 above shows that 20 (66.7%) strongly agreed to the assertion that lack of trust and social relations, 13 (33.3%) agreed, and none neither disagreed nor strongly disagreed nor were not sure. Since all of the respondents strongly agreed and agreed to the assertion, it can therefore be stated that lack of trust and social relations is one of the the big challenges faced while delivering supplier development programs.

Further more, 19(63.3%) strongly agreed to the assertion that Absence of management buy-in is a challenge to supplier development programs .where the organization focuses on supplier development programs will be incapacitated, 9 (30%) agreed and 2 (6.7%) disagreed. Neither

of the respondents were not sure nor strongly disagreed. It can therefore be stated that Absence of management buy-in can impede the success of supplier development programs. This would in one way or the other affect organisational performance for example in terms of profitability.

Respondents were asked whether lack of Commitment by both parties affect supplier development programs. Analysis of responses indicated that 15 (37%) strongly agreed, 8 (26.7%) agreed, 2 (6.7%) were not sure, 3(10%) disagreed while 2 (6.7%) strongly disagreed to the assertion. It can therefore be stated that lack of Commitment by both parties can decline the effectiveness of supplier development programs at the company. This is because even though the supplier is committed but the buyer is not still no success will be achieved. Therefore in the long run, the programs may completely be ignored by all will reduce the performance of the organisation.

Majority of respondents 18(60%) strongly agreed that insecurity of information is also a challenge to supplier development. 12 (40%) agreed while none were not sure, still none of the respondents disagreed. This implies that indeed insecurity of information would greatly lower the effectiveness of supplier development programs hence lowering the performance of an organization if not corrected in time implemented.

4.5 Relationship between supplier development and performance of Century Bottling Company

The relationship between supplier development and performance of Century Bottling Company was analyzed using correlation analysis and regression analysis and the findings are shown below;

4.5.1 Correlation analysis

Table 4. 7: Shows the relationship between supplier development and performance

		supplier development	Organizational performance
supplier development	Pearson Correlation	1.000	.823**
	Sig. (2-tailed)		.000
	N	63	63
Organizational Performance	Pearson Correlation	.823**	1.000
	Sig. (2-tailed)	.000	
	N	63	63

Source: Statistical Package for Social Scientists (SPSS)

The testing of the relationship between the variables was tested using Pearson correlation coefficient. This was used because supplier development and organizational performance were assigned numerical values. From the table above, it is clearly indicated that there is a strong relationship between supplier development and performance of century bottling company. This is indicated by positive results of Pearson Correlation, where $r = 0.823$, $p < .01$. It therefore implies that market orientation strategy strongly affects business performance in an organization.

The management of century bottling company should therefore continue implementing the supplier development programs so as to improve the business performance of the company.

4.5.2 Regression Analysis

Table 4. 8: Model Summary (b)

Model	R	R-Square	Adjusted Square	R	Std. Error of the Estimate
1	.816(a)	.666	.334		4.107

- Predictors: (Constant), supplier development

b- Dependent Variable: manufacturing flexibility (MF), quality improvement (QI), Competitive Advantage (CA) and reduced cost (RC).

The R-square measures the goodness of fit. Therefore, the R-square 0.666 shows that 66.6% of the variations in Organizational Performance can be explained by MF, QI and CA and RC while only 33.4% can be explained by other factors. Therefore, since R-square $0.666 > 0.5$, hence a good fit.

Table 4. 9: Coefficients (a)

Mode	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta	B	Std. Error
1 (Constant)	2.439	3.343		730	.468
Manufacturing flexibility	6.875	.637	.815	10.790	.000
Quality improvement	1.049	.882	-.089	4.189	.001
Competitive Advantage	.252	.462	.041	2.545	.018
Reduced costs	4.875	.437	.615	8.790	.234

a. Dependent Variable: Organizational Performance

The constant 2.439, shows that keeping all other factors constant, Organizational Performance will on average increase by 2.439.

The coefficient 6.875 shows that a unit increases in the use of the supplier development programs would lead on average 6.875 increases in manufacturing flexibility of century bottling company. The p-value (0.00) <0.05 (is statistically significant at 95% confidence level) this implies that supplier development has a significant impact on the expressed competitive advantage edge, manufacturing flexibility, improved quality, and manufacturing flexibility.

The coefficient 1.049 shows that a unit increase in supplier development would lead on average 1.049 improve quality. The p-value (0.00) <0.05 (is statistically significant at 95% confidence level), this implies that supplier development has a significant positive relationship with quality improvement.

The coefficient 0.252 shows that a unit improvement in supplier development programs would on average lead 0.252 increases in Competitive Advantage. The p-value (0.00) <0.05 (is statistically significant at 95% confidence level) this implies that, supplier development has a significant positive relationship with Competitive Advantage.

The coefficient 4.875 shows that a unit improvement in supplier development programs would on average lead to 4.875 reduction in costs. The p-value (0.00) <0.05 (is statistically significant at 95% confidence level) this implies that, supplier development has a significant positive relationship with cost reduction.

CHAPTER FIVE

SUMMARY, DISCUSSION, CONCLUSION AND RECOMMENDATIONS.

5.0 Introduction

This chapter presents the summary of the results of the analyzed data on each variable of the study. The chapter further presents the discussion of research findings, conclusion of the study in line with the objectives. The chapter also presents recommendations of the study based on the findings of the analyzed data. There is also a recommendation for further research that opens an opportunity for future scholars and researcher to add more knowledge.

5.1 Summary of Findings.

The objectives of this study were; to establish how supplier development programs of century bottling company, to examine the challenges to supplier development programs, to determine the relationship between supplier development and organizational performance of century bottling company.

5.1.1 Supplier development programs and organizational performance.

The study established that century bottling company considered supplier development as a strategy for organization development. On supplier development programs the study established that the firm implements supplier development programs to improve its performance. The study also established that supplier evaluation is one supplier development program that the firm executes this true because a mean of 3.6667 indicates that majority agreed with the assertion that supplier evaluation is critical as it provides valuable information about general areas of weakness where performance improvements were needed, that evaluation helped the organizations to create long-term relationships with suppliers who were doing well which helped for continuous improvement to remain competitive and that supplier evaluation was an integral part of supplier development which served as a platform for launching supplier development program.

The study also found out that the firm provides financial incentives to sustain effective and reliable sources of supplies this is true based on a mean of 3.7000 as its indicative of majority support, the organizations selected their suppliers carefully and provided them with necessary financial support to ensure that they don't face hardships in either getting raw materials among other necessities and also incentives program helped to encourage operational innovativeness of suppliers which helped the organizations to remain competitive.

The study established that buyer-supplier communication is yet another supplier development program the century bottling company does as indicated earlier majority still agreed to that with a mean of 3.7000. The study established that the firm had a communication framework with their suppliers. The study also established that open channels of communication increased understanding between the organizations and the suppliers and encouraged conflict resolution between both parties, that sourcing and procurement activities were increasingly automated and that open and frequent communication between the organizations and the suppliers motivated the suppliers.

Similarly the study established that buyer-to-supplier communication openness played the direct and critical role of achieving significant performance, that if relationships between the organizations and the suppliers was new then communication media was face to face for more clarity in communication and that frequency was the key to good communication.

The study further established that Century Bottling Company practices supplier capabilities. the study found out that firm had its own organizational capability for supplier development. The study further established that the firm had a mechanism for transferring or replicating capability to their suppliers. The study also established that the organizations focused on maintaining a given level of performance such as quality defects, on time delivery performance or costs, that tacit knowledge and learning was a valuable source of advantage and that maintaining for capable suppliers was an important objective of purchasing function.

The study also established that top management support was crucial, the study found out that the top level managers in the organization supported the supplier development programs.

The study further established that in order to be successful and receive support, the neasures of supply chain performance must support organizational performance neasures and that purchasing management got encouragement and support from top management to expand their resources within supplier's operation.

Finally the study found out that century bottling company on a small scale has adopted site visits to their evaluated supplier, also providing rewards for exceptional supplier is yet a developing program that is being implemented.

5.1.2 Challenges to supplier development programs at century bottling company

The study established that 63.3% of the challenges was lack of top management that failed site visits to the suppliers' production area and vice versa, that supplier training was not also conducted in the organizations and that the organizations' top management set objectives, worse still they didn't provide resources, thus failed to removed barriers and never rewarded change. The study also established that lack of top management commitment was a cause of failure in improvement programs.

Finally the study found out that insecurity of information was yet another challenge to supplier development at century bottling company as 60% of the respondents strongly agreed with the assertion as the firm feared that untrustworthy suppliers could link information to its competitors thus this slowed down the pace at which these programs where being embraced

5.1.3 Relationship between supplier development and organizations.

Finally the study established that supplier development is of paramount importance in enhancing the performance of the organization. and this has lead product quality which has improved as a result of supplier development, supplier development also resulted in new product introduction and that supplier development enhanced marketing effectiveness. Similarly the study found out that technological efficiency had improved due to supplier development and that supplier development expanded the organizations' market share. The study also established that supplier development helps to improve performance in the organizations to great extent so this is indicated by positive results of Pearson Correlation, where $r = 0.823$, $p < .01$ thus a strong relationship between supplier development and organizational performance.

5.2 Conclusion

Based on the findings the study concluded that the company embraces supplier development programs like supplier evaluation, provision of financial incentives supplier capability among others as mentioned in the preceding paragraphs. The study also concluded that supplier development programs greatly improved the firm's performance.

The study concluded that supplier development influenced the performance of the organizations to a great extent The study further concluded that buyer-supplier communication influenced the performance of the firm to a great extent.

The study further concluded that the firm its own organizational capability for supplier development. The study further concluded that the firm had a mechanism for transferring or replicating capability to their suppliers.

The study also concluded that the organizations focused on maintaining a given level of performance such as quality defects, on time delivery performance or costs, that tacit knowledge and learning was a valuable source of competitive advantage and that maintaining network for capable suppliers was an important objective of purchasing function. The study also concluded that supplier capabilities influenced the performance of the organization.

Finally the study concluded that top management support is of paramount importance in enhancing the performance of the supermarkets. The Strategic Journal of Business & Change Management.

5.3 Recommendations

- i. Based on the findings the study recommends that organizations should select their suppliers carefully and evaluate them regularly in order to sustain effective and reliable sources of supplies.
- ii. To sustain effective and reliable sources of supplies the study recommends that the buyers should have incentives for suppliers who are doing good innovation.
- iii. The study also recommends that the organizations should adopt an open and frequent communication between their personnel and their suppliers so as to increase both parties understanding and encourage conflict resolution between both parties.
- iv. The study also recommends that organizations adopt buyer-to supplier information sharing, buyer-to-supplier performance feedback and buyer investment in inter-organizational information technology to enable buyer-to-supplier communication openness.

5.4 Areas for Further Study

This study investigated the effect of Supplier Development on Organizational Performance. The study established that only 55.1% of the performance of company chains was represented by the adjusted which means that other factors not studied in this research contribute 44.9% of performance of companies chains. Therefore, further research should be conducted in areas of:

- i. Supplier development initiatives and productivity improvements.
- ii. Supplier development and competitiveness.
- iii. The study also suggests that more research should be done on the effect of supplier development on organizational performance by focusing on other organizations rather than those firms in the beverage industry in Uganda in order to depict reliable information that illustrates the real situation in all organization.

REFERENCES

- Aaron ecel supplier development and export performance of oil-seed agro-processing firms in Uganda.
- Christopher L. Shook, G. L. A. a. D. J. K. J., Christopher W. Craighead (2009). "Towards a "theoretical toolbox" for strategic sourcing." *Supply Chain Management: An international Journal*.
- David, R. J. and S.-K.Han (2004). "A systematic assessment of the empirical support for Transaction.
- David, R. J. and S.-K.Han (2004). "A systematic assessment of the empirical support for transaction
- Dyer, J. H. Chu, W. J. (2000). "The determinants of trust in supplier–automaker relationships in theUS, Japan, and Korea", *Journal of International Business Studies*, Vol. 31, No. 2, pp. 259–285.
- Fink, R. C., Edelman, L. F., Hatten, K. J., & James, W. L. (2006). "Transaction cost economics, resource dependence theory, and customer–supplier relationships." *Industrial and Corporate Change*.
- Fink, A. (2003). *The survey handbook*. Thousand Oaks, CA: SAGE publications.
- Forker, L., Ruch, W., &Hershauer, J. (1999). Examining supplier improvements efforts from both sides. *Journal of Supply Chain Management*,
- Gelman, J(2010).How to encourage innovation amongst company employees
- Ghijsen, P. W., Semeijn, J., &Ernstson, S. (2006). Supplier satisfaction and commitment: The roleof influence strategies and supplier development. *Journal of Purchasing &Supply Management*.
- International Journal of Education and Research Vol. 3 No. 3 March 2015
- Handfield R et al (2000), .Avoid the Pitfalls in Supplier Development., *Sloan Management Review*. Winter 2000, pp37 to 49
- umphreysa, P. K., Li, W. L., & Chan, L. Y. (2004). The impact of supplier development onbuyer supplier performance. *The International Journal of Management Science*,
- umphreys, P. K., LI, W. L. & CHAN, L. Y. 2004b. The impact of supplier development on buyer supplier performance. *Omega*, 32, 131-143.

Johan Larsson development of suppliers and supply chains Supplier development as a purchasing strategy

Kadir Abdul Kadir, On Kit Tam, Ali Hassan, Patterns of Supplier Learning: Case Studies in the Malaysian Automotive Industry, Asian Academy of Management Journal, 16(1), 2011, 1-20.

ISSN: 2201-6333 (Print) ISSN: 2201-6740 (Online) www.ijern.com

APPENDICIES
APPENDIX ONE: QUESTIONNAIRE

Dear Respondent

RE: Request to fill the questionnaire

My name is Nyakwera Jovia and I am conducting a research about **the Role of Supplier Development on Organizational Performance**. This research is an academic research which is one of the essentials required to be awarded with a Bachelor's Degree in Procurement and supply chain Management of Kampala International University. The information you provide shall be treated with confidentiality and will only be used for statistical and analytical purposes.

Thank you so much for accepting to participate in this study.

Please tick where appropriate

Section A: Respondent's Background Characteristics

Gender

Male

Female

Respondents' Level of Education

Level of Education	Please tick
Masters	
Diploma	
Bachelor's Degree	

Employees Work Experience

Period (years)	Please tick
Less than 1 year	
1-9 years	
10-19 years	
20 years or more	

Section B: Relationship between supplier development and organizational performance of Century Bottling Company.

Which of the following illustrates the relationship between supplier development and organizational performance of Century Bottling Company (Please tick where appropriate) where 1 is Strongly Agree, 2 is Agree, 3 is Not Sure, 4 is Disagree and 5 is Strongly Disagree.

STATEMENT	1	2	3	4	5
Reliability of delivery improves organizational performance					
Quality improvement helps to improve organizational performance					
Manufacturing flexibility improves organizational performance					
Supplier development helps to achieve sustainability					
Supplier development helps the organization to reduce costs					
Quick introduction of new products brings about improved organizational performance.					

Section C: Challenges to supplier development programs at Century Bottling Company.

Of the following challenges, which one proves to have immense impact on supplier development programs at Century Bottling Company. (Please tick where appropriate) where **1 is Strongly Agree, 2 is Agree, 3 is Not Sure, 4 is Disagree and 5 is Strongly Disagree.**

Statement	1	2	3	4	5
There is lack of trust and social relations					
Absence of management buy-in is a challenge.					
There is a challenge of lack of Commitment by both parties					
Insecurity of information is also a challenge to supplier development.					
Limited buyer- supplier interface is another challenge to supplier development.					
Power imbalance among both parties is also a challenge to supplier development.					

Section D: supplier development programs that are carried out at Century Bottling Company.

Which of the following supplier development programs are carried out at Century Bottling Company. (Please tick where appropriate) where **1 is Strongly Agree, 2 is Agree, 3 is Not Sure, 4 is Disagree and 5 is Strongly Disagree.**

Statement	1	2	3	4	5
Coca cola offers supplier Incentives					
Coca cola dose supplier Partnership as part of supplier development program.					
Coca cola does supplier Evaluation					
Coca cola maintains a frequent Buyer-Supplier Communication					
There is supplier Management Support at Coca cola.					
Coca cola has the capability to support supplier development.					

Thanks for your participation.

APPENDI TWO: INTERVIEW GUIDE.

Dear Respondent

RE: Request to fill the questionnaire

My name is Nyakwera Jovia and I am conducting a research about **the role of supplier development on organizational performance**. This research is an academic research which is one of the essentials required to be awarded with a Bachelor's Degree in Procurement and supply chain Management of Kampala International University. The information you provide shall be treated with confidentiality and will only be used for statistical and analytical purposes.

Thank you so much for accepting to participate in this study.

Questions .

Dose Coca Cola employ supplier development strategy?

Describe the relationship between supplier development and organizational performance.

What are the challenges to supplier development programs of Century Bottling Company?

What supplier development program dose Century Bottling company adopts?

Thanks for your participation

End of interview.

APPENDI THREE: RESEARCH BUDGET

BUDGET ITEMS	UNIT COST	AMOUNT
Data collection from field		
Transportation		25000
Lunch		20000
Airtime		10000
SUB TOTAL		55000
Data analysis and presentation		
Internet costs and cyber use		20000
Printing and Photocopying	3 COPIES	17000
Binding costs	3 COPIES	8000
SUB TOTAL		45000
GRAND TOTAL		100,000

**KAMPALA
INTERNATIONAL
UNIVERSITY**

Ggaba Road, Kansanga* PO BOX 20000 Kampala, Uganda
Tel: +256 777 295 599, Fax: +256 (0) 41 - 501 974
E-mail: mugumetm@gmail.com,
* Website: <http://www.kiu.ac.ug>

**COLLEGE OF ECONOMICS AND MANAGEMENT
DEPARTMENT OF HUMAN RESOURCE AND SUPPLIES
MANAGEMENT**

MARCH, 11TH 2019

To whom it may concern.

Dear Sir/Madam,

RE: INTRODUCTORY LETTER FOR ASIO HELLEN GRACE REG NO 1161-15084-04419

This is to introduce to you the above named student, who is a bonafide student of Kampala International University pursuing a Bachelor's Degree in Supplies and Procurement Management, Third year Second semester.

The purpose of this letter is to request you to avail her with all the necessary assistance regarding her research.

OPIC : -SUPPLIER RELATIONSHIP MANAGEMENT AND OPERATIONAL PERFORMANCE

CASE STUDY: - KAKIRA SUGAR WORKS LIMITED JINJA UGANDA

Any information shared with her from your organization shall be treated with the most confidentiality.

We shall be grateful for your positive response.

Yours truly,

**R. MUGUME TOM NT
PROFESSOR,
DEPARTMENT OF HR & SUPPLIES MANAGEMENT
20000, KAMPALA**

