



MEASUREMENT OF BUYER SUPPLIER COMMUNICATION ON PERFORMANCE OF FOREIGN BASED DEVELOPMENT AGENCIES IN KENYA

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Abstract

In this paper, the role of communication between buyer and supplier is evidenced as critical factor in enhancing performance of foreign based agencies in Kenya. Just like multinationals, foreign based agencies operate in far off contexts, away from countries they represent, efficient and effective communication is a key factor for their performance. The data was obtained from 37 foreign based agencies in Kenya where 111 respondents including procurement officers, accountants and senior managers were targeted with semi-structured questionnaires. The obtained results show strong relationship between communication efficiency and performance of the foreign based agencies at 0.05 which is statistically significant 0.05 alpha level. The study recommends that the foreign based agencies should build robust communication channels with emphasis of efficiency and adequacy to meet the contemporary buyer supplier communication demands.

Keywords: Buyer-Supplier Communication, Performance, Foreign Agencies



INTRODUCTION

Effective and efficient communication between buyer and supplier is a critical factor for building robust relationships based on trust for continuous exchange of resources to achieve their independent but reliant long-term goals. Giles *et al.* (1987) theorized that communicators tend to accommodate each other. This is possibly in pursuit to effectiveness. Adjustment of communication and social behaviour to accommodate each other suggest that firms too need to be accommodative of each other. Joshi *et al.* (2018) assert that buyer should ensure to adopt a means of communication that favours the supplier and vice versa. Assuming each firm aims to maximize their efficiency and effectiveness at firm level operations, the extent to which both parties pursue a means to accommodate each other is a metric towards effectiveness and efficiency in buyer-supplier communication. This paper evaluates the influence of measures of buyer supplier communication on firm performance in the context of foreign based development agencies in Kenya.

LITERATURE REVIEW

This study is anchored on the theory of communication accommodation theory (CAT). As advanced by Giles and Baker (2008), CAT suggests that whether at interpersonal or intergroup level, communicators should accommodate each other. This is understandably important because communication is a system meant for the receiver and sender to establish a network that ensures messages are delivered successfully. Agarwal and Narayana (2020) argue that relational communication where focus is on meeting communication needs of the information receiver is a better measure of communication effectiveness and this has positive impact on performance of involved firms. While effectiveness in communication between the buyer and supplier can be measured through intranet analytics, email open rates, employee surveys, focus groups, and observable behaviours like work performance, Presbitero (2021) add that cultural intelligence and knowledge of intergroup needs is possibly the best measure of communication success. Appropriate communication in terms of effectiveness and efficiency are key elements for the success of both the buyer and supplier. Huang and Huang (2019) however point out that it is not clear how the buyer supplier communication can influence firm performance and insists that it depends on the nature of the firms and the scale of engagement between the two firms. Um and oh (2020) concur that is it not easily conceivable how communication impounds on firm performance. However if the buyer and supplier visualize themselves as one team and adopt favorable communication mechanisms the two can yield communication efficiency and effectiveness that enhance firm performance.

METHODOLOGY

This study sought to determine the influence of communication on firm performance in the context of foreign based agencies. A survey of 111 respondents from the 37 foreign based agencies in Kenya was conducted. The study followed a descriptive research design and primary data was collected through structured questionnaires. The respondents in this study included senior managers, accountants, and procurement officers who consented to participate in the survey. Various constructs to measure buyer-supplier communication and firm performance were measured between 1-5 Likert scales. The data was analysed using SPSS version 26 to obtain descriptive and inferential statistics. Regression analysis was employed and hypothesis was tested at 0.05 significant levels.

ANALYSIS AND RESULTS

The results of the regression analysis show a correlation coefficient of 0.625 and R-Square as 0.371 as shown in the table 1. A positive correlation coefficient indicates that efficient and effective buyer-supplier communication positively affects firm performance. However, an R-Square of 0.371 shows a weak relationship.

Table 1: Findings from Regression Analysis

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.625 ^a	0.391	0.371	0.105		
a. Predictors: (Constant), Buyer Supplier Communication						
ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	0.211	1	0.211	19.27	.000 ^b
	Residual	0.329	30	0.011		
	Total	0.54	31			
a. Dependent Variable: Supply chain performance b. Predictors: (Constant), Buyer Supplier Communication						
Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	0.356	0.211		1.692	0.101
	Buyer Supplier Communication	0.67	0.153	0.625	4.39	0.000
a. Dependent Variable: Supply chain performance						

The results indicate that organizations with better buyer-supplier communication can post better performance. This is supported by the positive coefficient 0.625. Since the significant value of $0.000 < \alpha = 0.05$, the result shows that there is a weak relationship but it is a positive one. Although the relationship is weak, it is important to note that communication effectiveness and efficiency enhances performance of foreign based agencies in Kenya. Building robust buyer-supplier communication chain helps to achieve better performance.

DISCUSSION

Firms in a supply chain have to communicate often. Effectiveness is critical for firms to get the intended message whether it is a buyer or supplier and can weaken firm performance. The study results concur with the results of Craig, DeHoratius and Roman (2016) who argue that high level of communication help in improving the firm performance by easing transference of information. A supply chain with inadequate channels for communication that inhibit players to get the desired results or receive the information late is inefficient and can disadvantage of the supply chain. That was also supported by Agarwal and Narayana (2020) who argue that firms should install uniform communication media or interfaces that other players in the supply chain have to attain what he calls relational communication. Focus should be to install transparent communication that suit and meet the needs of members in the supply chain.

However, robust and better communication has some effects on efficiency. Randy and Mukeri (2015) argue that having high level of communication within supply chains are associated with decreased order cycle time, availability of product, capital utilization, economic value and decreased time. This point out that better communication brings efficiency as well. Craig, DeHoratius and Roman (2016) suggest that better communication channels impacts firms in terms of ingredients such as cost, quality, speed, and flexibility. However, Huang and Huang (2019) established an inconclusive relationship between the buyer-supplier relationship and firm performance. As Presbitero (2021) points out, understanding communication culture of members of the supply chain is essential for a firm to ensure the needs of partners are met in relation to communication. The nature of business and social believe of the influential personnel informs the way of life in firms involved in a supply chain. Players in a buyer-supplier arrangement need to know the needs of other firms involved.

CONCLUSION

Based on the study results, the alternate hypothesis that efficiency and effective measures of buyer-supplier communication significantly influences the performance of foreign based development agencies in Kenya is confirmed at 0.05 significant level since the significant

value equal to 0.0001 is way below 0.05 and the coefficient is positive. Communication significantly influences the performance of foreign-based development agencies in Kenya. The study results show that communication efficiency and effectiveness play a critical role towards the performance of development aid agencies. The study deduces that buyer-supplier communication plays a significant impact on firm performance. That happens possibly because creating strong bonds between the buyer and the supplier through robust communication contributes to aspects of efficiency that enables firms to generate wealth, hence higher performance. Adequate and appropriate communication between the partner entities in the supply chain framework can have voluntary efforts that benefit other parties that depend on the supply of inputs or outputs creating benefits that have reciprocal impact to the involved entities. The study therefore concludes that communication is an important aspect that influences performance of foreign based development agencies in Kenya.

RECOMMENDATIONS

This study concludes that buyer supplier communication has a positive influence on firm performance in the context of foreign based development agencies in Kenya. The study recommends that firms should aim to achieve multiple, reliable communication channels for optimal results. That is important because the current study concluded that communication plays the greatest role in influencing performance. Good and reliable and robust communication channels increases firm performance in their supply chain. Although it is important for every firm to have its preferred communication methods and frameworks, being flexible and having multiple means through which others can use to reach a firm has couple of advantages as it provides for the variety and hence makes it possible for more buyers/suppliers to make their purchase or order requests.

LIMITATIONS TO THE STUDY

Studies have some limitation and this was not an exception. First, some respondents did not want to participate in the survey and some of those who participated did not respond to all questions in the questionnaire even after the researcher obtained consent from the management. Secondly, some respondents seemed to lack knowledge about the subject. However, the latter limitation was overcome by having a constructive dialogue with the respondents who indicated that they had such a challenge although some still took long time to complete the questionnaire. Those challenges were overcome through assurance that strict adherence to ethical standards would be followed throughout the research process. Also,

respondents rating on various issues could be affected by biases. Diverse constructs were employed to ensure the variables could be adequately measured to ensure success.

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