

EFFECT OF COMMUNICATION ON SUPPLY CHAIN PERFORMANCE OF THE GOVERNMENT HEALTH INSTITUTIONS IN KISII CENTRAL SUB-COUNTY

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Abstract: The general objective of the study was to establish the effect of communication on supply chain performance of the government health institutions in Kisii Central Sub-County. The researcher used descriptive research design. The target population for this study will comprise of hundred and sixt seven (160) respondents from (8) departments of government health institutions in Kisii Central Sub-County. The sample size of the study comprised of 64 respondent's .The researcher employed Stratified sampling technique to obtain a sample of respondents. The researcher adopted both Primary and secondary data .The study concludes that communication among the supply chain partner is proportional to the information symmetry that exists. Government health institutions were noted to have joint development work with suppliers though sufficient efforts were not directed towards the purchasing process and joint decisions regarding the supplied materials/products. The study recommends that communication, it is utmost necessary for firms to let their suppliers know what they expect of them at all times and inform them about events or changes that may affect them.

Keywords: Communication, Supply Chain Performance, Government Health Institutions.

1. INTRODUCTION

The public sector is one of the most important customer groups for many suppliers and service providers. This is due to the size of the sector and the volume of public expenditure (Hugo &Badenhorst-Weiss 2011). Relationships with customers have always been considered to be important in business management. In the past, relationships with suppliers were regarded as insignificant in the overall performance of organizations. Buyers played suppliers off against one another and frequently switched suppliers. Relationships between buyers and suppliers were cordial, but often adversarial. This adversarial model was not ideal and was transformed in the early 1990s when buyers started to see the advantages of developing relationships with supplier firms and realised that joining forces with suppliers could lead to competitive market benefits

Broadly buyers and seller relate with each other has received considerable interest in the recent past, particularly in the sector of procurement performance. Thus, maintenance of the credibility of the supplier has been highly prioritized by the buyer. The suppliers play a critical role in enhancing the competitive advantage and thus enhancing the performance in the organization. The supplier to buyer relationships have recently become the core of economic activities in any particular state and a critical point in attainment of the set goals and targets in organizations Particularly, good supplier to buyer relationships acts as a driver to both customer and shareholder value such as efficient and timely delivery,(Meryem,2011).

The concept of supply chain network is a support for organizations to employ the available resources in such a successful manner where businesses focus on inter-organizational cooperation similarly, developed trust between buyers and suppliers support them in supplier development programs to improve capabilities and in relationship specific investments. These efforts are classified as important actions in the literature of supply chain to improve the relationship performance. Supplier to buyer relationships always resists the opportunism and increase the impact of buyer's assets specificity in

business relationships .In result, they concluded with three dimensions of supplier development consequences; competitive advantage, supplier performance, and buyer-supplier relationship development,(Paiva,2013)

2. STATEMENT OF THE PROBLEM

Buyer-Supplier relationship is gaining momentum in procurement transaction globally due to immense competition in the growth of the organization. This has triggered the need to develop better relationships with suppliers to enhance Supply Chain Performance. Therefore the government health institutions has been experiencing delays in delivery of goods by suppliers due to lack of collaboration, lack of transparency and poor communication between the organization and supplier which is has declined organization's quality of the product and services and results to poor supply chain performance, Consequently, this has led to the realization of the need for establishing and maintaining long term partner relationships through supplier relationship which is in contradiction to the length relationship which has been common occurrence in the organization.

Government health institutions have problems with their supply chain networks or channels can adopt Supplier Relationship to enhance their supply chain efficiency that results to inefficient supply chains were the major cause of poor organizational performance. Mettler and Rohner, (2014) found that by exchanging product and supplier information with other hospitals, the purchasing department under study made the first move to establish strategic aspects of SRM. The availability of comprehensive and up-to-date product information could enhance the bargaining power of the hospital's purchasing department.

Hospitals which had experience with ICT supported sourcing had sustainable cost reductions. Mohammed (2012) found that well-coordinated buyer a supplier relationship impact significantly on the operational performance and shows that although some organizations yearn to improve their relationships with the suppliers, they haven't been successful in maintaining continuity. Hence low levels of relationship loyalty, retention of suppliers and satisfaction of customers. Muriithi, (2013) found out one Communications Company relied only on one supplier, there were no professionals in the procurement department, no early supplier involvement, poor coordination and information sharing between supply chain partners, this caused delays within the supply chain especially when the supplier took long to supply products and services. Angus (2015) found out that trust is a critical factor fostering commitment among supply chain partners further found that the presence of trust improves measurably the chance of successful supply chain performance. A lack of trust among supply chain partners often results in inefficient and ineffective performance as the transaction costs (verification, inspections and certifications of their trading partners) mount.Olendo and Kavele,(2016) carried out the study on Effects of Supplier Relationship Management on Supply Chain Performance at Bamburi Cement Mombasa, Kenya and revealed that value creation has led to increase of market shares and competency and that there is understanding and closeness between customers, long range relationship and contract to encourage suppliers to improve quality of their products and that inventory related cost has been reduced through lead time. Therefore this research sought to provide information on effect of communication on supply chain performance of the government health institutions in Kisii Central Sub-County.

3. LITERATURE REVIEW

Communication and mutual goals are noted to be vital elements that bring about effective supplier relationships. These elements have a positive impact on organizational performance. They not only enhance efficiency and reduction of costs through collaborative engagements with suppliers but also strengthen the supplier's involvement in the overall strategy of the organization, (Larson and Kulchistsky, 2013).

According to Irene (2010) in research on buyer-supplier relationship and organizational performance, the study shows that 72.3% of respondents in manufacturing firms were using supplier relationships. The research shows that the following factors have been adopted by many large manufacturing organizations to a large extent: Communication between company and suppliers, Trust between company and suppliers, Maintenance of long term relationships, Commitment between company and suppliers, Mutual information sharing between company and suppliers, Responsiveness to each other's needs and Understanding of each other's roles and responsibilities. All of the above factors had 55% of the total respondents view

Taking into account as aforementioned the significance of supplier relationship management, the management of the SRM system is receiving attention (Stevens, 2011) and until in the recent past, most of the attention has been on specific subjects such as purchasing strategy, Park, et al (2010) reviewed SRM from an integrative viewpoint and proposed a framework for an integrative SRM system, and performed a case study based on the analytical hierarchy process with a

field survey. The proposed framework can play a major role in enhancing the efficiency and effectiveness of SR by adopting an integrative concept because the functions of SR are highly interrelated.

According to Levi (2011), most buyers who assess their suppliers claim that the practice encourages a smaller number of defects inside the supply chain. This is as a result of the fact that improved communication between the buyer and the supplier enables the latter to understand precisely what the buyer requires and that which successfully works and that does not materialize in practice, so that activities can be enhanced to minimize the possible for defects. A good evaluation of your supplier can help minimize uneconomical costs and activities, normally used by dishonest suppliers, such as: extra inspections, added contents charges, overtime, security of stocks, obsolete inventory, purchasing from several sources which cuts down price leveraging. Wangeci (2013) concluded that firms in the alcohol beverage industry are moving towards collaborative relationships with their suppliers to improve on their supply chain performance.

Information sharing in a supply chain context refers to the extent to which crucial and/or proprietary information is available to members of the supply chain. Shared information can be tactical i.e. purchasing, operations scheduling, logistics or strategic i.e. long-term corporate objectives, marketing and customer information. Prior research on the importance of formal and informal information sharing between trading partners has shown that effective information sharing enhances visibility and reduces uncertainty. It allows firms to access data across their supply chains, allowing them to collaborate in activities such as logistics. Mwirigi (2011) concluded that there is need for the process of creation of supply chain relationships to be approached in a more structured way to enhance its role in the growth of small enterprises.

This sharing strengthens the bond among the supply chain members, enables every member to be fully aware of any business undertaking and then ensures that any new knowledge is acted upon on time the relationship between information sharing and positive changes within the supply chain partners on relationship between supply chain performance and supply Chain responsiveness of supermarkets (Joash Et al, 2012). Findings 79.2 % of the suppliers meet always, 20.8 % meet occasionally while there are no suppliers who do not meet their delivery timeliness. However online ordering has not gained popularity most suppliers do meet delivery timeliness.

4. RESEARCH METHODOLOGY

The researcher used descriptive research design. The target population for this study will comprise of hundred and sixth seven (160) respondents from (8) departments of government health institutions in Kisii Central Sub-County. The sample size of the study comprised of 64 respondent's .The researcher employed Stratified sampling technique to obtain a sample of respondents. The researcher adopted both Primary and secondary data.

5. FINDINGS

Table 1: Communication and supply chain performance

Statements	N	Mean	Std. Deviation
There is information sharing between the supplier and the organization	54	4.35	1.119
It enhances communication between the organization and the suppliers	54	3.39	.979
Communicating in the organization future strategic plans to suppliers	54	3.59	1.267
Employing routine follow up procedures for customer enquiries or Complaints	54	3.72	1.323
Communicating customers' future strategic needs to the entire supply chain	54	3.57	1.268
Contacting end users to get feedback on performance and customer Service	54	3.78	1.223
There is open sharing of information which is indicated by the willingness of both parties to share important information	54	3.46	1.370

The findings indicate that the respondents agreed that there is information sharing between the supplier and the organization (mean of 4.35 with standard deviation of 1.119); Also It enhances communication between the organization and the suppliers(mean of 3.39 with standard deviation of 0.979); Communicating in the organization future strategic

plans to supplier(mean 3.59 with standard deviation of 1.267); Employing routine follow up procedures for customer enquiries or Complaints (mean of 3.72 with standard deviation of 1.323); Communicating customers' future strategic needs to the entire supply chain(mean 3.57 ; standard deviation 1.268); the Contacting end users to get feedback on performance and customer service(mean of 3.78 with standard deviation of 1.223); There is open sharing of information which is indicated by the willingness of both parties to share important information (mean 3.46 ; standard deviation 1.370);

The findings are supported by Irene (2010) found that buyer-supplier relationship and organizational performance, the study shows that 72.3% of respondents in manufacturing firms there is strong relationship of Communication between organization and suppliers that Maintenance of long term relationships.

Table 2: Regression Coefficients

Coefficients ^a Model	Unstandardized		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
	Constant	1.926	1.604		1.200
Communication	0.231	0.220	0.151	1.052	0.28

6. CONCLUSION AND RECOMMENDATION

From the findings above based on the first objective the researcher concludes that communication among the supply chain partner is proportional to the information symmetry that exists. Also, from the findings in section four above, conclusions are made that partnerships with buyers and suppliers enable organizations to operate more efficiently. Strategically aligned organizations can work closely together and eliminate wasteful time and effort. It is therefore clear that a strategic partnership emphasizes long-term relationship between trading partners and promotes mutual planning and problem solving efforts. The study recommends that communication, it is utmost necessary for firms to let their suppliers know what they expect of them at all times and inform them about events or changes that may affect them. Have frequent and timely communication with suppliers and inform them of unforeseen challenges.

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