

A STUDY ON SUPPLIER RELATIONSHIP MANAGEMENT AND ITS IMPACT ON ORGANIZATIONAL PERFORMANCE

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Abstract- This article explores the intricate dynamics of supplier relationship management (SRM) factors and their consequential impact on organizational performance. Through an analysis of key factors influencing SRM and their correlation with organizational performance, this study aims to offer valuable insights applicable to a broad audience. Conducted with 43 employees, the survey delves into the relationship between SRM factors and their influence on organizational performance without specific company mentions. The survey report illuminates insights into these factors and their impact, addressing challenges faced by professionals in selecting the right SRM strategies and proposing potential solutions. Furthermore, the article assesses the potential of SRM in enhancing organizational performance, providing recommendations based on the research findings. This research contributes valuable insights not only to the current landscape of organizational performance but also sheds light on the evolving role of SRM in shaping future outcomes. In conclusion, the article serves as a discussion platform, presenting a forward-looking perspective on the role of SRM factors in influencing and improving organizational performance. The insights and recommendations aim to guide professionals in navigating the complexities of SRM for sustained success.

Keywords: A STUDY ON SUPPLIER RELATIONSHIP MANAGEMENT AND ITS IMPACT ON ORGANIZATIONAL PERFORMANCE.

I INTRODUCTION

Effective supplier relationship management (SRM) is indispensable for organizational success, offering benefits such as enhanced product quality, cost reduction, improved delivery times, and increased innovation. Key components of SRM—communication, cooperation, environment, and conversion—play pivotal roles in influencing organizational performance. Communication is paramount in SRM, facilitating the exchange of information and setting expectations. Robust communication leads to improved collaboration, faster problem-solving, and better decision-making. Transparency, nurtured through effective communication, builds trust and fosters healthy relationships. Cooperation, another critical factor, aligns organizational and supplier goals, reducing costs, enhancing quality, and increasing efficiency. Successful cooperation requires shared risks, mutual respect, and a commitment to common objectives. Environment, encompassing the cultural backdrop of SRM, influences collaboration, trust, and communication effectiveness. A positive atmosphere, grounded in respect, fairness, and honesty, promotes continuous improvement and open communication. Conversion, the ability to adapt to changing circumstances, is crucial for gaining a competitive edge. Organizations adept at adjusting to evolving supplier needs and market conditions can flourish. Adaptation demands flexibility, proactivity, and responsiveness, underpinned by ongoing communication and cooperation. This content underscores the significance of factors like communication, cooperation, environment, and conversion in effective SRM. By prioritizing these elements, organizations can cultivate robust supplier relationships, achieve superior performance, and gain a competitive advantage in the dynamic business landscape.

II OBJECTIVES OF THE STUDY

This study aims to explore the relationship between the factors of Supplier Relationship Management (SRM) - communication, cooperation, environment, and conversion - and their influence on organizational performance. The following may be some of the specific goals of this article:

- To identify key strategies for improving communication within SRM to positively impact organizational performance.
- To explore methods for fostering greater cooperation among stakeholders in the SRM process and evaluating their effectiveness in driving organizational success.

- To examine how the organizational environment, including factors such as culture, structure, and technology, influences the effectiveness of SRM practices and their outcomes on performance.
- To propose actionable recommendations for companies to optimize the conversion of supplier relationships into value-added activities, thereby enhancing overall organizational performance.
- To contribute to the existing body of literature on SRM by offering empirical evidence of the relationship between SRM factors and organizational performance.

III RESEARCH METHODOLOGY

RESEARCH DESIGN

The research design employed for this study is a Mixed Methods Research Design, integrating both quantitative and qualitative approaches to comprehensively investigate the factors influencing Supplier Relationship Management (SRM) and organizational performance. Quantitative data, derived from survey responses, was analyzed using statistical software, while qualitative insights were gathered through online forms to delve deeper into the challenges and strategies surrounding SRM.

SOURCES OF DATA

Primary data was collected through a questionnaire distributed online. A total of 43 responses were collected and utilized for analysis.

SAMPLE DESIGN

Convenience sampling was utilized due to resource and time constraints. Demographic information, including age, gender, and experience, was collected alongside data on SRM factors and organizational performance, utilizing a 5-point Likert scale to gauge respondent agreement.

TOOLS USED

Smart PLS 4

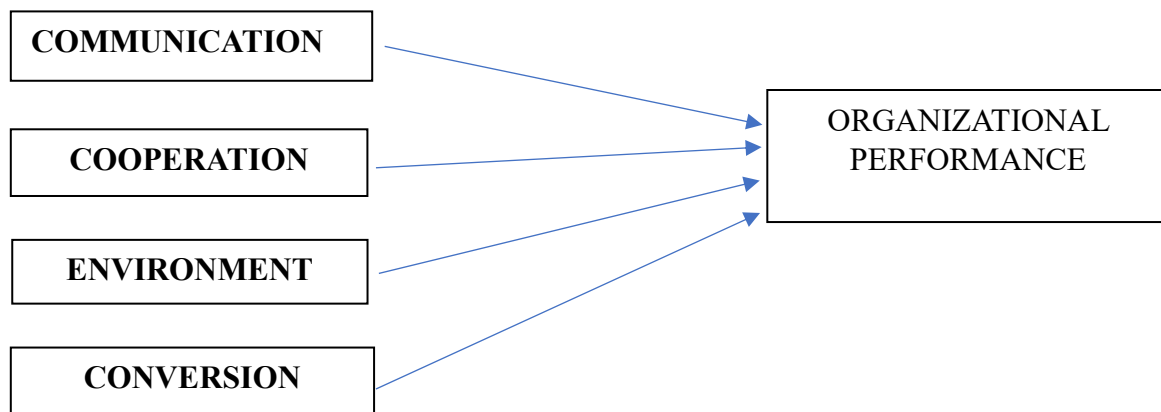
Smart PLS 4, a robust software for Partial Least Squares (PLS) Structural Equation Modeling, was employed for data analysis. Its user-friendly interface and advanced features facilitated model estimation, evaluation, and validation, offering comprehensive insights into the relationships between latent and observed variables. Smart PLS 4 accommodates researchers of various skill levels and is compatible with both Windows and Mac operating systems.

SURVEY DETAILS

The survey involved 43 participants and was designed to analyze the relationship and influence of SRM factors on organizational performance. Participants were selected to represent a diverse range of roles within organizations, ensuring comprehensive insights into SRM practices and their impact. The survey collected data on various dimensions of SRM, including communication, cooperation, environment, and conversion, and their respective effects on organizational performance. By gathering responses from a targeted sample, the study aimed to provide detailed insights into the dynamics of SRM and its implications for organizational success.

SURVEY DESIGN

The survey was meticulously designed to elicit meaningful responses regarding SRM factors and their influence on organizational performance. Careful consideration was given to the formulation of questions aimed at capturing the nuances of SRM practices and their impact. The survey design aimed to ensure clarity and relevance, enabling participants to provide accurate and insightful responses. By adhering to rigorous survey design principles, the study aimed to generate robust data that could inform meaningful conclusions and recommendations regarding SRM strategies and their implications for organizational performance.



IV. DATA ANALYSIS AND INTERPRETATION
RESEARCH METHODOLOGY

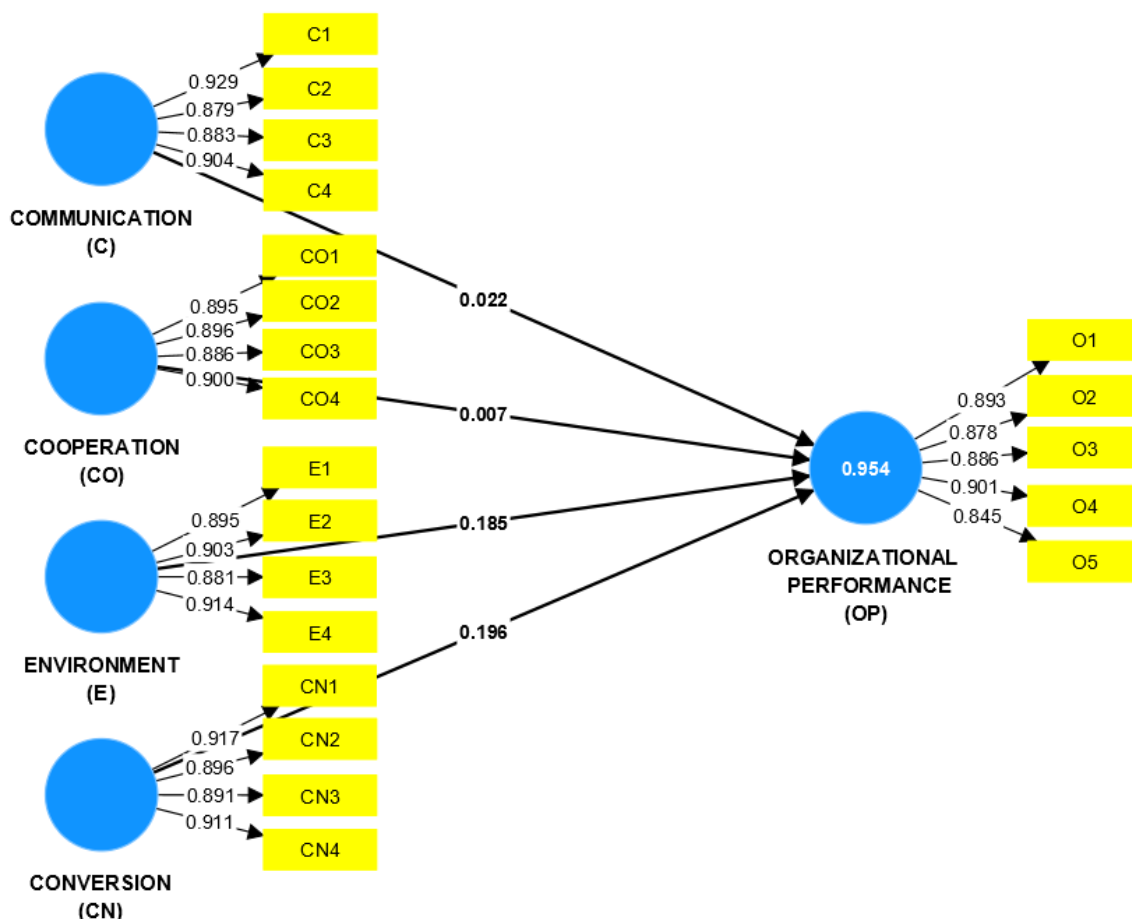
The data analysis for this study was conducted using Smart-PLS to examine the influence of the factors of supplier relationship management that impact organizational performance, as well as the constructs of the research framework. The measurement model assessed the reliability and validity of the constructs, as well as their discriminant validity.

MEASUREMENT MODEL

The first section of the analysis considers the measurement model to investigate the reliability and validity of constructs by utilizing Smart-PLS. The PLS algorithm was used to determine the construct validity and reliability. The table below presents the Cronbach Alpha, composite reliability, and average variance extracted (AVE) to examine construct reliability and validity. It has been established that the values for Cronbach alpha, composite reliability, and average variance extracted (AVE) must remain higher than 0.70, 0.70, and 0.50 respectively, according to (Hair et al., 2014). The figure below presents the measurement model assessment model generated in PLS through an algorithm method for assessing the reliability and validity of the constructs.

The table demonstrates construct reliability and validity based on Cronbach alpha, composite reliability, and average variance extracted (AVE), the table presents that Cronbach alpha for Communication (C), Conversion (CN), Cooperation (CO), Environment (E), and Organizational Performance (O) observed to be 0.920, 0.925, 0.916, 0.920, and 0.928 respectively. Therefore, it satisfies the condition for acceptable Cronbach alpha. The values for composite reliability were observed to be 0.922, 0.926, 0.917, 0.920, and 0.930 respectively, and satisfy the condition of acceptable composite reliability. The average variance extracted (AVE) was found to be 0.808, 0.817, 0.800, 0.807, and 0.776 which satisfy the condition for acceptable AVE as it was established to be higher than 0.50. The results depicted that all constructs of the study were found to be reliable and valid based on statistical values.

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
COMMUNICATION_(C)	0.920	0.922	0.944	0.808
CONVERSION_(CN)	0.925	0.926	0.947	0.817
COOPERATION_(CO)	0.916	0.917	0.941	0.800
ENVIRONMENT_(E)	0.920	0.920	0.943	0.807
ORGANIZATIONAL_PERFORMANCE_(OP)	0.928	0.930	0.945	0.776



The above figure demonstrates the measurement model of the framework generated through the PLS algorithm to examine Cronbach's alpha, composite reliability, and average variance extracted. However, the figure also presents the factor loading of items of each construct. The factor loading of each construct was found to be above the cut-off point of 0.40, thus retaining all the items. The variables of the framework are measured based on items; Environment is measured based on four items (E1, E2, E3 and E4), Communication is measured using four items (C1, C2, C3 and C4), Cooperation is measured using four items (CO1, CO2, CO3 and CO4), Conversion is measured using four items (CN1, CN2, CN3 and CN4), and Organizational Performance is measured using five items (O1, O2, O3, O4 and O5).

DISCRIMINANT VALIDITY

This section of the study determines the convergent validity of constructs based on collected data through the PLS algorithm in the measurement model. The convergent validity determines the correlation between same and alternative constructs, the previous section of the analysis showed reliability and validity of that present internal consistency. The discriminant validity is the square root of AVE that must be higher than the correlation between constructs. It has been established statistically in previous studies that the square root of average variance must be more significant than its correlation with other constructs of AVE and should exceed inter-construct correlations (Fornell & Larcker, 1981). The table presents the discriminant validity:

	C	CN	CO	E	OP
COMMUNICATION(C)	0.979				
CONVERSION(CN)	0.956	0.984			
COOPERATION(CO)	0.968	0.973	0.984		
ENVIRONMENT(E)	0.950	0.974	0.967	0.988	
ORGANIZATIONAL PERFORMANCE(OP)	0.944	0.971	0.953	0.969	0.981

The table demonstrates discriminant validity, and it is clear from the table that the correlation among the same variables was found to be higher than the correlation with other variables of the same proposed framework.

RECOMMENDATIONS

Productivity:

- Implement lean manufacturing principles to streamline operations and eliminate waste.
- Conduct regular performance evaluations to identify areas for improvement and provide training to enhance employee skills.
- Optimize production scheduling and inventory management to minimize downtime and maximize output.
- Encourage employee involvement in identifying process bottlenecks and implementing solutions.

Technology:

- Invest in advanced manufacturing technologies and automation to improve efficiency and reduce manual errors.
- Explore the use of Internet of Things (IoT) sensors for remote monitoring and predictive maintenance of purifier systems.
- Utilize data analytics to gain insights into production performance, identify trends, and make informed decisions.
- Stay updated with emerging technologies in water purification to ensure the company remains at the forefront of innovation.

Satisfaction:

- Conduct regular customer satisfaction surveys to understand their needs and expectations.
- Establish effective customer support channels for prompt response and issue resolution.
- Train customer-facing staff to provide excellent service and build strong relationships with customers.
- Implement a robust feedback mechanism to capture customer suggestions and incorporate them into product improvements.

Quality:

- Implement a comprehensive quality management system (QMS) to ensure consistent product quality.
- Conduct rigorous quality control checks at various stages of production.
- Invest in advanced testing equipment to ensure compliance with industry standards and regulations.
- Foster a culture of quality throughout the organization by providing training and empowering employees to take ownership of quality.

Growth:

- Conduct market research to identify new opportunities and customer segments.

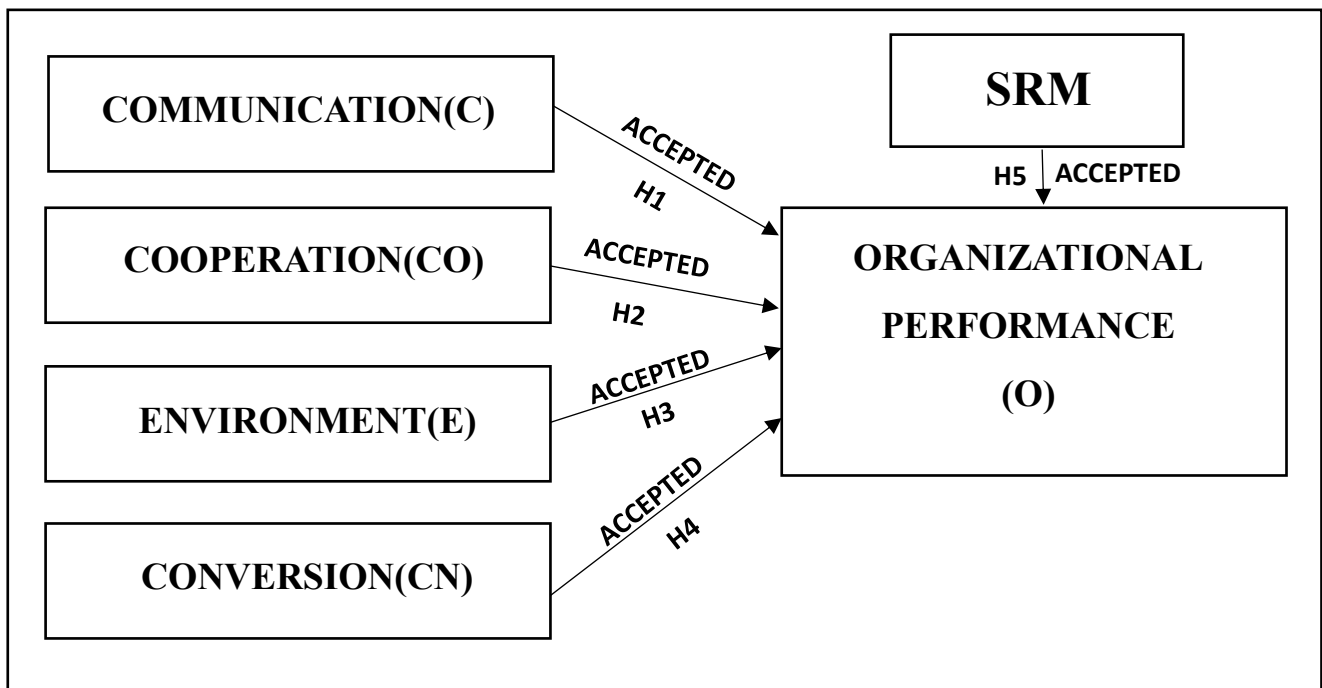
- Develop strategic partnerships with complementary businesses to expand the product portfolio and reach new markets.
- Invest in marketing and advertising to increase brand visibility and awareness.
- Continuously innovate and develop new products or features to stay competitive in the market.

Based on the findings, the following recommendations are proposed:

1. Strengthen communication channels with suppliers to ensure effective and prompt communication.
2. Foster collaboration and teamwork between the company and suppliers to solve problems and achieve common goals.
3. Maintain a positive and cooperative atmosphere in supplier relationships through mutual respect and understanding.
4. Encourage suppliers to adapt to changing needs and requirements and proactively seek opportunities for continuous improvement.
5. Enhance organizational culture to further promote productivity, employee satisfaction, and effective SRM practices.
6. Invest in training and development programs to improve communication, cooperation, and conversion processes within the organization.
7. Regularly assess and review SRM practices to identify areas for improvement and ensure alignment with organizational goals and objectives.

V CONCLUSION

This study delved into the examination of the influence of Supplier Relationship Management (SRM) factors - namely Environment (E), Conversion (CN), Communication (C), and Cooperation (CO) - on Organizational Performance (O). Through meticulous analysis and measurement model findings, the study explored the reliability and validity of these constructs, uncovering significant insights through Partial Least Squares Structural Equation Modeling (PLS-SEM) findings.



The primary findings of the study, summarized below, shed light on the pivotal role played by SRM factors in shaping organizational performance:

Acceptance of Hypotheses: The results of the study revealed the acceptance of all hypotheses posited. This underscores the significant impact and influence wielded by communication, cooperation, environment, and conversion on organizational performance.

Positive Impact of SRM Factors: It was discerned that the factors encompassing SRM exhibited a noteworthy and positive influence on organizational performance within the context of the full sample consideration. This implies a substantial contribution of SRM practices towards enhancing organizational effectiveness and efficiency.

Mediating Role of SRM Factors: Additionally, the study unveiled the mediating impact of SRM factors on the relationship between organizational performance, indicating a positively significant association at the 5 percent level.

This underscores the intricate interplay between SRM practices and organizational outcomes, further highlighting the importance of robust SRM strategies in driving organizational success.

Through these findings, it becomes evident that an integrated approach towards enhancing SRM practices can yield tangible benefits for organizational performance. By fostering effective communication channels, promoting collaboration and flexibility, cultivating a positive working environment, and embracing continuous improvement initiatives, organizations can fortify their supplier relationships and propel towards sustained growth and competitiveness.

Hypotheses	Relationship	Results
H1	C O →	Accepted
H2	CO → O	Accepted
H3	E O →	Accepted
H4	CN O →	Accepted
H5	SRM O →	Accepted

In conclusion, this study provides valuable insights into the dynamics of SRM and its profound impact on organizational performance. It underscores the imperative for organizations to prioritize and optimize their SRM practices to navigate the complexities of the contemporary business landscape effectively. Moving forward, continued research and implementation of evidence-based SRM strategies are essential for organizations seeking to thrive and excel in an increasingly competitive environment.

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