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EFFECTS OF STRATEGIC SUPPLIER PARTNERSHIP ON FIRM PERFORMANCE IN THE ENERGY SECTOR: A CASE STUDY OF KENYA PIPELINE COMPANY LIMITED

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ABSTRACT

The purpose of the study was to determine the effect of strategic supplier partnership on firm performance in the energy sector. The study was limited to Kenya Pipeline Company Limited which is a key player in the energy sector in Kenya. The study adopted descriptive research design. The target population was 50 staff in the procurement department in Kenya Pipeline Company. Since the population was small; the study adopted a census study; thus all the 50 procurement staff formed the sample size for the study. The study collected primary data through a questionnaire. Both descriptive and inferential statistics were adopted for the study. Descriptive statistics included use of frequency distribution tables and measures of central tendency, measures of variability and measures of relative frequencies while inferential statistics included use of a regression model. Data was presented using tables, charts and graphs. The study found that SSP has improved communication and networking between the firm and suppliers, further they were neutral that SSP has led to computerization of all inventory management systems and improved supply chain innovations in KPC. The study further found that strategic supplier partnership has improved the time it takes for petroleum products to get to the market. In addition respondents agreed that strategic supplier partnership has improved the demand forecast by KPC. The study concludes that SSP has improved communication and networking between the firm and suppliers. The study also concludes that the organization had a joint inventory plan with their suppliers. Further strategic supplier partnership had not improved storage of petroleum products. The study recommends that Companies should emphasize greater attention to the continuous improvement of the strategic supplier partnership as well as management support in strategic supplier partnership programs.

Key Words: Strategic Supplier Partnership, Collaborative Distribution, Firm Performance, Inventory Management, Product Design, Strategic Supplier Partnership, Technological Integration

Introduction

As global competition increases, manufacturing companies that seek to compete successfully in today's challenging business environment should be able to effectively integrate the internal functions within a company; they should effectively link them with the external operations of suppliers and supply chain members. They need to focus on supply chain management practices that have impact on enhancing SCM activities and ultimately performances (Arawati, 2011). Several researchers for instance Wei, Liang and Wang (2007); Kim (2007); Li and Wang (2007) have suggested that the understanding and practicing of SCM is an essential prerequisite for staying competitive in the global race and for enhancing profitability. These studies have provided literature on how companies should integrate their activities with customers and suppliers, and how SCM practices should be aligned with the company strategy.

Wu, Yeniyurt, Kim and Cavusgil (2006) viewed strategic supplier partnership (SSP) as one of the key supply chain capability and refer SSP to the ability in coordinating the partner's transaction-related activities. These capabilities improve operational efficiency and performance between the partners. Li, Ragu-Nathan, Ragu-Nathan and Rao (2006) defined SSP as the long term relationship between the organization and its suppliers. It is designed to leverage the strategic and operational capabilities of individual participating organizations to help them achieve significant ongoing benefits. Li, Rao, Ragu-Nathan, and Ragu-Nathan (2005) also assert that strategic partnering with suppliers enhances the supply chain efforts to better performances. Adopting early supplier involvement, operational activities, such as product development projects, can offer more cost effective design choices, and improved product quality and reduction in lead time. Organizations can work closely with suppliers who can share responsibility for the success of the products and performance (Li et al., 2005). An effective supplier partnership can be a critical component of a leading edge supply chain (Adebayo, 2012).

In USA, a study by Li et al. (2006) revealed that strategic partnerships with suppliers enable organizations to work more effectively with a few important suppliers who are willing to share responsibility for the success of the products. They established that high implementation of this SCM practice can lead to enhanced competitive advantage and improved organizational performance. The authors emphasize that partnering companies need to work with each other in evaluating inventories, systems, processes, training, work methodologies, equipment utilization, and a host of other opportunities to reduce the cost of operations and explore opportunities for the partnerships. In Africa, Adebayo (2012) noted in Nigerian manufacturing companies involve suppliers in the product design process which could offer more cost effective design choices, help select the best components and technologies, and help in design assessment. In Ghana, a study by Mensah et al. (2014) noted that supply chain management practices and its effects on the performance found out that due to strategic supplier partnership relationship and investment in suppliers, the supply of raw materials was continuous. The findings indicates that suppliers and the company have adopted an open book concept to continuously explore areas of product and cost improvement, thereby selling product at competitive prices as compared to their competitors.

In Kenya, there is little evidence on the relationship between strategic supplier partnership and firm performance especially in the energy sector. According to Shalle, Guyo and Amuhaya, (2014), buyer-supplier relationships have evolved towards a new form in order to respond to intensified competition. The movement towards closer co-operation between buyers and suppliers also results from the global and competitive market place that focuses on cost, quality, delivery, flexibility, and technology, which subsequently create a greater need to emphasize inter-firm collaboration with various business partners. Firms engage in co-operative buyer supplier relationships because they expect to benefit from them (Rahmana, 2008).

In the Vision 2030 blue print, Kenya energy sector is supposed to embarked on fundamental structural and regulatory reforms in a bid to reduce energy generation costs, improve service quality in a cost effective manner, stimulate the introduction of new products and services and stimulate efficient supply and distribution of energy products. However, the reforms in the petroleum sub-sector have not yielded desired results despite the measures, particularly in the importation, distribution and supply services (Onyango et al., 2011). Having good suppliers is important, however, Kenyan organizations continue to struggle with buyer-supplier management. This shows that there lack an effective strategic supplier relationship or partnership (Shalle et al., 2014). This concurs with Kyengo (2012) who found out that the overall performance of the organization was greatly influenced by the capacity of the firm to deliver products to the widely dispersed customers on time. Dajissa (2011) also revealed that the performance of supply chain was being influenced by quality of service, supplier management, supplier relationship, supplier selection, time service delivered and the internal assessment of criticality of business activities.

In the petroleum industry, Kenya Pipeline Company Limited (KPC) is one of the major players in the petroleum companies involved in the Marketing of petroleum products industry. It operates the pipeline that runs from Mombasa to Nairobi, Kisumu and Eldoret (PIEA, 2011). The Kenya Pipeline Company was incorporated

on 6th September 1973 under the Companies Act (Cap 486) and started commercial operations in 1978. The Company is a State Corporation under the Ministry of Energy with 100% government shareholding. The company offers three main services namely, transportation, storage and loading (Kenya Pipeline Company, 2015).

Nyikal (2005) found out that that unreliability in the supply chain management systems used by petroleum players was found to be literally expensive and impacted poorly and directly on the company's bottom line results and its competitiveness in the long run. These above observations and findings put significant pressure to KPC to enhance efficiency in service delivery and enhance competitiveness of petroleum product prices in the attainment of the objectives of the vision 2030.

Statement of the Problem

Strategic supplier partnership has been increasingly adopted by firms to manage inter-organizational collaboration in the supply chain. According to Agus and Hassan (2008), supply chain partnerships provide both large and small firms with numerous opportunities to improve their conduct of business such as wider diffusion of products without costly physical presence in the markets, risk and reward sharing, resource pooling, reduction in coordination and transaction costs, ability to concentrate on core competency, and rapid response to market needs. In addition, SSP could help firms have the right products in the right quantities, at the right place, at the right moment and at minimal cost, effectively translating in to customer satisfaction (Li et al., 2005).

Petroleum players have some challenges and successes, all related to the way they handle and manage their major inventory at their disposal and how it impacts on customer satisfaction (Achieng & Rotich, 2013). A survey by KIPPRA (2010) also identified challenges in the transportation and supply of petroleum products from the refinery to the consumers. According to Achieng and Rotich (2013) an effective supply chain management is a vital function to help to ensure the success of the petroleum industry. KIPPRA (2010) also emphasized on the need for energy sector players to intensify their efforts to build and sustain long-term collaborative relationships with key suppliers. Kenya Pipeline Company is tasked with the responsibility of transporting, storing and delivering petroleum products by its pipeline system and oil depot network. However, it is not known how the company's collaboration or partnership with various suppliers and marketers has influenced supply chain and the organization's performance.

According to Chima (2007), oil and gas companies need to integrate its decisions in the supply chain with those made within its chain of suppliers. The supplier relations are key to effective coordination of supply-chains whereby a firm can create longterm strategic relationships with their suppliers in order to respond quickly to the needs of its customers, buffer its operations from the demand and supply uncertainty. Given the importance of SSP and the indentified challenges of ineffective handling and distribution systems of petroleum products in Kenya, this study seeks to determine the effect of strategic supplier partnership on supply chain performance in Kenya Pipeline Company Limited.

Objectives of the Study

The main objective was to determine the effect of strategic supplier partnership on firm performance in the energy sector in Kenya.

The specific objectives were:

- i. To establish the effect of joint product design on firm performance in the energy sector in Kenya.
- ii. To determine the effect of technological integration on firm performance in the energy sector in Kenya.
- iii. To assess the effect of collaborative distribution on supply firm performance in the energy sector in Kenya.
- iv. To examine the effect of joint inventory management on firm performance in the energy sector in Kenya.

Literature Review

The study was guided by the principal agent theory, network theory and resource based view theory. The Principal-Agent Theory or the Agency theory was developed by Jesen and Meckling (1976), and has been widely adopted. According to Jesen and Meckling (1976), Agency theory is based on the separation of ownership and control of economic activities between the agent and the principal, various agency problems may arise, such as asymmetric information between the principal and the agent, conflicting objectives, differences in risk aversion, outcome uncertainty, behavior based on self-interest, and bounded rationality. This theory helps understand why the principal delegates an activity to an agent. According to the agency theory Principals and agents are assumed to be self-interested, rational and risk-averse; the principal is also searching for mechanisms to mitigate risks. The theory helps us understand that the reasons why a company partners with the suppliers and the critical factors considered before entering into such as relationship. Strategic supplier partnership relationship confirms that agency theory is applicable to the problems of KPCsupplier relationship arising in the context of supply of petroleum products.

Network Theory (NT) has been widely used to study the structure of relationships between individuals, groups, or organisations; particularly to describe and map how they interact with each other (Bellamy & Basole, 2013). Jacob Moreno is credited with developing the first sociograms in the 1930s to study interpersonal relationships. The concepts were later formalized and they have become pervasive in the social and behavioral sciences (Borgatti et al., 2009). NT contributes profoundly to an understanding of the dynamics of inter-organizational relations by emphasizing the importance of "personal chemistry" between the parties, the build-up of trust through positive long-term cooperative relations and the mutual adaptation of routines and systems through exchange processes (Freeman, 2004). From the tenets of the theory, it can be deduced that the performance of a firm depends not only on how efficiently it cooperates with its direct partners, but also on how well these partners cooperate with their own business partners. In the context of this study, NT will help understand how well KPC can develop long-term, trust based relationship between its supplies in order to effectively enhance performance along the supply chain and the overall organizational performance.

The study was also informed by Resource Based Theory was developed by Birge Wenefeldt in 1984. It is a method of analyzing and identifying a firm's strategic advantages based on examining its distinct combination of assets, skills, capabilities and intangibles as an organization. The RBV's underlying premise is that a firm differs in fundamental ways because each firm possesses a "unique" bundle of resources-tangible and intangible assets and organizational capabilities to make use of those assets. Each firm develops competencies from these resources, and when developed especially well, these become the source of the firm's competitive advantage (Pearce & Robinson, 2007). The resource-based view theory is critical in guiding this study as it helps us understand how a firm should evaluate its strategic advantage based on bundle of resources. In the context of this study, it implies that KPC needs to evaluate its unique (inimitable) physical, financial, human, and organizational resources; before entering into partnership with suppliers. It therefore implies that, KPC would go into partnership with suppliers by evaluating the capabilities it has (based on its resources) and what it's lacking but can be provided by the suppliers in order to enhance supply chain performance.

A review of literature shows that Adebayo (2012) examined the level at which the Nigerian manufacturing companies are involved in SCM practices as well determine the effect of these practices on SCM performance. The study established that the relations with the company's suppliers and customers as well as a timely, accurate,

adequate and reliable exchange of information with their trading partners. These findings concur with those of Melander (2011) who explored the criteria used in the process of selecting a suitable supplier, and the role of purchasing/suppliers in product development. They found out that there are several reasons for the intensification of supplier involvement in new product development. First, is because of reduction of R&D resources at the firm, second, the desire to acquire supplier's knowledge, and third is to achieve a shorter time to market and a lower cost for the product development.

In Malaysia, Agus and Hassan (2008) investigated the association of strategic supplier partnership (SSP) in supply chain management (SCM) with product quality performance and business performance in the manufacturing industries. They found out that strategic supplier partnership practice and implementation have significant associations with product quality performance and business performance. The findings concur with those of Qrunfleh and Tarafdar (2013) who establish the role of strategic supplier partnership on lean and agile supply chain strategies in USA. The study found out that strategic supplier partnership fully mediates the relationship between a lean supply chain strategy and supply chain responsiveness, and that postponement partially mediates the relationship between an agile supply chain responsiveness. It is also shown that supply chain responsiveness is associated with enhanced firm performance.

Al-Abdallah et al. (2014) also conducted a study on the impact of supplier relationship management on competitive performance of manufacturing firms. Using data collected in Japan, Korea, USA, and Italy they found out that relationship management, supplier partnership/development and supplier lead time reduction significantly and positively affect the competitive performance of the buying firms. These findings concur with those of Koh *et al.* (2007) in Turkey a study by found out that strategic collaboration and lean practices and outsourcing and multi-suppliers have direct positive and significant impact on operational performance.

In Kenya, Owuor *et al.* (2015) on strategic supplier relationship management in manufacturing firms in Kenya established that an effective supplier relationship management ensures smooth information flow and better adaption to unforeseen changes. In addition, effective supplier relationship management helps in identifying and production of better solutions to organizational problems thereby enhancing operational performance. It also helps in reducing monitoring costs, in conflict resolution and better communication between the buyer and the supplier. This corroborates with the findings of Lwiki *et al.* (2013) who analyzed the extent to which strategic supplier partnership among other SCM practices were being applied in sugar manufacturing firms in Kenya. They found out that strategic supplier partnerships was a widely used policy and that suppliers were involved in product design managing of the firms inventories. They further established that there existed a positive correlation between inventory management and return on sales.

Research Methodology

The study adopted descriptive research design. Descriptive study portrays an accurate profile of persons, events or situation and it describes the existing conditions and attitudes through observation and interpretation techniques (Cooper & Schindler, 2007). The descriptive design was appropriate for this study since it helped in collecting data in order to answer the questions of the current status and describe the nature of existing conditions of the subject under study.

The target population was the employees of Kenya Pipeline Company. There are a total of 1,700 employees in KPC; however, the study was limited to 50 employees in the procurement department who were form the unit of observation. The researcher targeted both the management and the general employees in the procurement department since they understood better about how strategic supplier partnership had been adopted as a supply chain practice by the company and how it influenced the organization's supply chain thus they can give reliable data. The study adopted a census study approach. A census study was deemed appropriate for study since the study population is small; hence all the 50 employees in the procurement department in KPC formed the sample size.

The study collected primary data using a questionnaire. The developed questionnaire was checked for its validity and reliability through pilot testing. The data collected by the questionnaire was edited, coded, entered into Statistical Package for Social Sciences (SPSS) which also aided in the data analysis. Both descriptive and inferential statistics was used to analyze the data for the study. The descriptive statistics which included frequency distribution tables and measures of central tendency, measures of variability and measures of relative frequencies. The analyzed data was presented using tables, charts and graphs. The inferential statistics included a linear multivariate regression model which established the relationship between variables. The regression model took the following form:

 $Y = \beta_0 + \beta_1 \chi_1 + \beta_2 \chi_2 + \beta_3 \chi_3 + \beta_4 \chi_4 \varepsilon$

Where: Y = Supply Chain Performance

 $\chi_1 =$ Product design

 χ_2 = Technological integration

 χ_3 = Products Handling

 χ_4 = Market forecast and assessment

 $\beta_0 =$ the constant

 β_{1-n} = the regression coefficient or change included in Y by each χ ,

 $\epsilon = error term$

Results and Discussion

Effect of Strategic Supplier Partnership on Firm Performance

On the effect of strategic supplier partnership on firm performance in the energy sector in Kenya, the study found out that SSP has enhanced quality of petroleum products (mean=4.00), further respondents were neutral that SSP has improved the packaging of petroleum products (mean=3.93). However, the respondents were neutral when asked whether suppliers strategic partnership enhanced use improved product components (mean=3.79). This depicts that SSP has enhanced quality of petroleum products. The research findings agree with Li et al. (2006) who investigated the relation among five SCM practices (strategic partnership with suppliers, customer relationship, level of information sharing, information quality and postponement), competitive advantage and organizational performance. They found out that the implementation of practices such as strategic leadership of suppliers, building a relationship with suppliers and postponement gave the organization a competitive advantage concerning cost, quality, reliability, flexibility and delivery. The results indicate that higher levels of SCM practice can lead to enhanced competitive advantage and improved organizational performance.

The study showed that 50% of the respondents indicated joint product design improved performance of their organization to a great extent while 21% indicated to a very great extent. On the other hand, 7.1% indicated to a moderate extent while 21.4% indicated to no extent. This implies that joint product design improves performance of their organization to a great extent.

Effect of Technological Integration on Firm Performance

The results show that the respondents agreed SSP has improved communication and networking between the firm and suppliers (mean=4.07), further they were neutral that SSP has led to computerization of all inventory management systems and improved supply chain innovations in KPC (mean=3.92) and also neutral that the firm uses Electronic Data Interchange Technology (EDI) (mean=3.64). This depicts that SSP has improved communication and networking between the firm and suppliers. Majority of the respondents (57%) indicated technological integration influences performance of the organization to a very great extent, 29% stated to a great extent, 7% indicated to a moderate extent and to no extent respectively. This depicts that technological integration influences performance of the organization to a very great extent respectively. This depicts that technological integration influences performance of the organization to a very great extent.

Influence on Collaborative Distribution

The findings showed that the respondents agreed that strategic supplier partnership has improved the time it takes for petroleum products to get to the market (mean=4.07). In addition respondents agreed that Strategic supplier partnership has improved the demand forecast by KPC (mean=4.00) and finally respondents were neutral that strategic supplier partnership has improved the existing distribution channels and increased the number distribution channels (mean=3.85). This depicts

that Strategic supplier partnership has improved the time it takes for petroleum products to get to the market and strategic supplier partnership has improved the demand forecast by KPC. The research findings concur with Lorna (2013), who asserts that a strong alliance can bring products to market faster, reduce production and logistics costs, drive market share, and increase sales, while maximizing ROI for both partners. Further, studies have shown that integrating suppliers has decreased both time-to-product and time-to-market (Petersen et al., 2003). Majority of the respondents (57.1%) indicated collaborative distribution improves performance in the organization to a great extent, 21.4% to a moderate extent, 14.2% to no extent and 7.1% to a very great extent. This depicts that collaborative distribution improves performance in the organization to a great extent.

Influence of Joint Inventory Management

The research findings shows that the respondents were neutral that strategic supplier partnership has improved storage of petroleum products (Mean=3.85). Additionally they were neutral that strategic supplier partnership has improved stock control of petroleum products and Strategic supplier partnership has improved transportation of petroleum products to the market each indicated by (Mean=3.78). This implies that strategic supplier partnership had not improved storage of petroleum products. The research findings are in agreement with the findings of Mathur (2010), who asserts that inventory management is concerned with the acquisition, storage, handling and use of inventories so as to ensure the availability of inventory whenever needed, providing adequate provision for contingencies, deriving maximum economy and minimizing wastage and losses.

Firm Performance

The study sought to determine the extent to which SSP influenced organizational performance. The study findings in show that the respondents agreed strategic supplier partnership has increased customer satisfaction (mean=4.07). In addition respondents were neutral that Strategic supplier partnership has enhanced cost reduction (mean=3.92), further they were neutral that strategic supplier partnership has increased sales/ revenues (Mean=3.85). This depicts that strategic supplier partnership has increased customer satisfaction. The research findings concur with Tan et al., (2008) that assert that the short-term objectives of SCM are primarily to increase productivity and reduce inventory and cycle time, while long-term objectives are to increase market share and profits for all members of the supply chain hence customer satisfaction.

Regression Results

The study sought to relationship between strategic supplier partnership and firm performance in the energy sector in Kenya. The predictor variables were: joint product design, technological integration, collaborative distribution, joint inventory management while the dependent variable was firm performance. In the regression results presented below, the R is the correlation coefficient which shows the relationship between the study variables while the Adjusted R squared is coefficient

of determination which tells us the variation in the dependent variable due to changes in the independent variable. The regression results shows an R value of 0.821 which means that there was a high relationship between the variables. The results also show the value of coefficient of determination was 0.643 which implies that Strategic supplier partnership (joint product design, technological integration, collaborative distribution, joint inventory management) explained 64.3% of firm performance in the energy sector in Kenya at a confidence level of 95%.

Table 1: Model Summary									
Mod	lel R	R Square	Adj	Adjusted R Square		Std. Error of the Estimate			
1	0.821	0.674		0.643		0.254			
a	Predictors:	(Constant),	joint	product	design,	technological	integration,		
collaborative distribution, joint inventory management									

The ANOVA results in Table below show F-significant value of p=0.000. This implies that the regression model has a 0.001 (0.1%) probability of giving a wrong prediction. Therefore the results generated from this regression are reliable.

Table 2. ANOVA								
Model		Sum of Squares	df	Mean Square	F	Sig.		
1	Regression	5.713	4	1.428	22.199	0.000		
	Residual	2.766	43	0.064				
	Total	8.479	47					

Table 2: ANOVA

a Predictors: (Constant), Joint product design, technological integration, collaborative distribution, joint inventory management

b Dependent Variable: Firm performance

The regression results show that there was a positive and statistically significant relationship between joint product design and firm performance in the energy sector in Kenya as shown by $\beta = 0.290$, p=0.000<0.05. It means that a unit increase in joint product design would increase firm performance at a unit of 0.290. From these findings, it implies that joint product design significantly increases firm performance in the energy sector in Kenya at a unit. These findings concur with those of Melander (2011) who found out that of selecting a suitable supplier influences the role of purchasing/suppliers in product development. The findings are also supported by Gunasekaran et al. (2001) who found out that long-term relationship between trading partners promote mutual planning and problem solving efforts. They found out that strategic partnerships enhances product-design process where suppliers can offer cost effective design alternative, assist in selecting better components and technologies, and aid in designing assessment.

The findings also show a positive and statistically significant relationship between technological integration and firm performance in the energy sector as shown by $\beta = 0.280$, p=0.001<0.05. It implies that technological integration significantly contributes to firm performance in the energy sector in Kenya. These findings are in agreement with those of Melander (2011) who it is important for firms to select the most appropriate supplier to offer the most appropriate technology. He revealed that IT is important to integrate new technology into their products or new product development. The findings are supported by Petersen et al. (2003) who found out that supplier involvement is vital in situations involving complex technologies or any technology where the manufacturing firm lacks internal expertise.

The study found a positive but statistically significant association between collaborative distribution and firm performance as shown by ($\beta = 0.255$, p=0.000<0.05). This implies that collaborative distribution has a positive and significant contribution to firm performance in the energy sector in Kenya. These findings are in agreement with those of Lorna (2013), who revealed that a strong alliance with suppliers can bring products to market faster, reduce production and logistics costs, drive market share, and increase sales, while maximizing ROI for both partners.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		В	Std. Error	Beta		
1	(Constant)	0.729	0.634		1.150	0.257
	Joint product	0.290	0.051	0.579	5.684	0.000
	design					
	Technological integration	0.280	0.077	0.439	3.640	0.001
	Collaborative distribution	0.255	0.064	0.433	3.958	0.000
	Joint inventory management	0.028	0.072	0.053	0.394	0.696

Table 3: Coefficient Results

a Dependent Variable: Firm Performance

From the regression results in Table above, the following equation was established:

 $Y = 0.729 + 0.290X_1 + 0.280 X_2 + 0.255 X_3$

The regression findings therefore show that joint product design, technological integration, and collaborative distribution have a significant relationship with firm performance in the energy sector in Kenya.

Conclusions

The study concludes that above joint product design has a positive and significant contribution to firm performance in the energy sector in Kenya. Long-term relationship between suppliers and firms in the energy sector in Kenya influences joint product development. It enhances product-design process where suppliers can offer cost effective design alternative, assist in selecting better product components and also aid in designing assessment.

The study concludes that technological integration has a positive and significant relationship to firm performance in the energy sector in Kenya. Strategic involvement with suppliers helps the firms to create a better product because it often provides access to new skills, functionality, or technology, especially in complex situations where the firm lacks internal expertise. The supplier's technical know-how and new technological skills are critical in enhancing faster innovation and improved products quality as well as enhancing efficiency and performance along the value chain. Today, the energy sector is looking for new ways of reducing total operating costs and improving efficiency and profits.

The study also concludes that collaborative distribution has a positive and significant contribution to firm performance in the energy sector in Kenya. This implies that strategic supplier partnership has improved the time it takes for petroleum products to get to the market and strategic supplier partnership has improved the market forecast. A strong collaboration with suppliers therefore can bring products to market faster hence reduced logistics costs which improve the firm performance.

Recommendations

Based on the findings of the study, the study recommends that the company should emphasize greater attention to the continuous improvement of the strategic supplier partnership as well as management support in strategic supplier partnership programs. The government in their control of the industry should formulate policies that help in enhancing SSP for an efficient and effective supply chain management as this will be beneficial to the firms in the energy sector in terms of reduced logistics costs, reduced operational costs, improved distribution channels of the products hence improved performance.

The study further recommends that strategic supplier partnerships should seek to understand what factors make these partnerships work and pursue such factors. They should also be aware of the challenges that hamper success and design ways to turn them around. Moreover, both the suppliers and the firms must dedicate energies and resources in order for a successful implementation of the SSP.

Suggestion for Further Research

The study sought to determine the effect of strategic supplier partnership on firm performance in the energy sector in Kenya. The study recommends that an in-depth study should be done on factors influencing adoption of SCM practices at energy sector in Kenya.

The study also suggests that a research study needs to be conducted on effect of strategic supplier partnership on firm performance in other sectors, as this study concentrated on the energy sector, for comparison purposes and to allow for generalization of findings on SSP on firm performance in Kenya.

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