
**Addis Ababa University College of Business and Economics**

**School of commerce -Department LSCM**

# THE EFFECT OF SUPPLIER RELAATIONSHIP MANAGEMENT ON THE ORGANIZATIONAL PERFORMANCE THE CASE OF ETHIO TELECOM (HEAD QUARTER)

**BY**

**Asmamaw Diriba**

**A THESIS SUBMITTED TO ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE, IN PARTIAL FULFILMENT OF THE REQUIRMENT FOR THE DEGREE OF MASTER OF ARTS IN LOGISTICS ANDSUPPLY CHAIN MANAGEMENT**

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## STATEMENT OF CERTIFICATION

This is to certify that this thesis entitled **"The Effect of Supplier Relationship Management on the Operational performance: The case of Ethio Telecom (Head Quarter)"** submitted in partial fulfillment of the requirements for the award of the degree of Master of Art in "Logistic and Supply Chain Management" to the Graduate Program of College of Commerce, Addis Ababa University by Mr. Asmamaw Diriba (ID. No GSE/4329/13) is an authentic work carried by his own effort under our guidance. The matter embodied in this thesis work has not been submitted earlier for the award of any degree or diploma to the best of our knowledge and belief.

**Name of the Advisor**

Tesfayea Belay (Asst. Professor)

Signature _____

Date: _____

## DECLARATION

I, the undersigned, hereby declare that this thesis entitled as **"THE EFFECT OF SUPPLIER RELATIONSHIP MANAGEMENT ON THE OPERATIONAL PERFORMANCE: THE CASE OF ETHIO TELECOM (HEAD QUARTER)"** is my original work and has not been presented or submitted for the award of any degree or diploma in Addis Ababa University or any other university. All sources of materials used in the thesis have been well acknowledged.

Declared By: Asmamaw Diriba

Signature: _____

Date: _____

Place of Submission: School of Commerce, AAU Addis Ababa, Ethiopia

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**List of Acronyms and Abbreviations**

SCM: Supply Chain Management

SRM: Supplier Relationship Management

CS: Cooperation with supplier

TBR: Trust Based Relationship

SPD: Supplier Partnership Development

IS: Information Sharing

SOI: Supplier Quality Improvement

OP: Organizational Performance

***Abstract***

*In business world today organizational competition is no longer among the business activities in entities alone or the firm but along the supply chain. This paradigm shifts to the newly emerging competition environment of supply chain becomes the most important aspect of achieving success. Manager's role in integrating the important aspects of supply chain plays a vital role to the organizational success. Among the issues in supply chain supplier relationship management is a key activity. Effective supplier relationship management becomes an essential means of achieving competitive advantage. The ultimate purpose of this research paper is to examine the effect of supplier relationship management on the organizational performance at Ethio telecom. Operational performance is used dependent variable while cooperation/collaboration with suppliers, trust based relationship, supplier partnership development, information sharing and supplier quality improvement are the dimensions are the dimensions used as an independent variables. From the total population of 360 employees in the sourcing and supply chain division at the company's head quarter 187 samples were selected and questionnaires were distributed for primary data collection, but only 163 valid responses were collected back and analyzed using SPSS version 20. A combination of descriptive and explanatory research methods were used to test and analyze the data collected. The results of the study depicts that supplier partnership development performance, supplier quality improvement, trust based relationship and information sharing has positive relationship with operational and affect significantly the overall organizational performance. The results of the regression analysis also show that no significant effect of cooperation/collaboration with supplier on the organizational performance. Hence as revealed in the recommendation of this research, the management of the company need to emphasis on developing supplier partnership and improving the quality of suppliers. Working on creating trust based relationship with suppliers and developing sustainable and realistic information sharing will also benefit the company's to fill the gap in practicing supplier relationship management.*

***Key Words:*** *Supplier Relationship Management, Operational Performance*

# CHAPTER ONE

## Introduction

### 1.1 Background of the Study

Competition is fierce in the most of business sectors nowadays. The ability to understand and respond to changes in the commercial market is essential to a company's survival. Between achievement and failure, there is not much room. When seeking to maintain your position at the forefront of the corporate world, having appropriate, long-lasting information systems is advantageous. (Steve, 2008) Effectiveness, efficiency, relevance, and financial viability are the main concerns in organizations. A competitive advantage can be secured and organizational performance can be enhanced through effective supply chain management (SCM). This is due to the fact that supply networks now compete with one another rather than organizations. Being knowledgeable about supply chain management and putting it into practice, with a particular emphasis on supplier relationships, is a requirement for being competitive in the global competition and growing financially in the market.. (Kosgei, R. C. & Gitau, 2016)

According to Nyamasege and Evans Biraori, (2015) The process' outputs at the strategic level include knowledge of the types of partnerships the company will keep, as well as the steps for dividing up suppliers into appropriate groups and interacting with them to forge effective relationships. The operational supplier relationship management process builds and oversees the relationship following the process team's selection of the criteria for categorizing suppliers and the levels of customization. (Al-Abdallah, Abdallah and Bany Hamdan, 2014) pointed out that companies seeking efficiency and cheap costs find it challenging to keep big inventories due to the vast range of prospective client requirements; as a result, supply uncertainty follows demand uncertainty. In order to prevent potential dangers related to supply unpredictability, an effective SRM strategy should be prioritized since it represents the optimal answer for such a paradigm. It was suggested that companies show a stronger commitment to SRM by putting in place tools to track, evaluate, and assess performance on a strategic level. Through the correct application of SRM methods, organizations have a good chance of improving their performances. The likelihood of surviving in the competitive market would undoubtedly increase as a result. (Kosgei, R. C. & Gitau, R. 2016)

Supplier relationship management is essential for manufacturing businesses in the dynamic and competitive environment of today since it helps ensure the supply of consistent and reliable deliveries. For

such a relationship to be successful and persist over time, it must be beneficial for both the buying and the supplier companies. (Al-Abdallah, Abdallah and Bany Hamdan, 2014) In their study Kosgei, R. C. & Gitau, R. (2016) addressed how an organization's performance is determined by comparing its actual output to its expected outputs (or goals and objectives). Different criteria have been put up by various scholars as the key factors that guarantee positive connections between buyers and suppliers. Any company's performance, which is a quality, is attained through desirable results like higher returns, a higher degree of competition, and a stronger brand. It can also be evaluated based on operational efficiency levels. Managing supplier relationships involves figuring out how business customers communicate with suppliers. A corporation must cultivate relationships with its suppliers in the same way that it does with its customers in order to provide quality products and services, on-time and guaranteed delivery, and information flow to help. Kosgei, R. C. & Gitau, R (2016).

According Nyamasege and Evans Biraori, (2015) indication companies must devote a lot of attention to the development of their suppliers in order for them to become flexible and ready to respond to changes in the requirements, amount, and quality of supplied goods. (Al-Abdallah, Abdallah and Bany Hamdan, 2014) additionally argue that, supplier partnerships and development give the supplier company a technological and managerial edge, enhancing its capacity to meet the needs of the buying firm in terms of regular, trustworthy deliveries. Even though these supplier development initiatives are expensive, time-consuming, and labor-intensive, the results they provide make them worthwhile. (Al-Abdallah, Abdallah and Bany Hamdan, 2014)

**1.2 Statement of the Problem:**

As Kotzab and Magnus Westhaus, (2005) It is considerably more difficult to manage many connections over time than to ensure supply or to oversee a single purchase transaction with various suppliers. For the purchasing organization to get the most out of every relationship, ties with suppliers must be actively handled within a Supplier Relationship Management system. Supply chain management is as one of the strategic issue at Ethio telecom, yet understanding supplier relationship management (SRM) and putting into practice is a challenge. Moreover creating a strong relationship with supplier is challenging. For any company on the service sector like Ethio telecom operational performance is means of achieving organizational success.

According to Cohen S & Roussel J. (2005) Companies continue to view their supply chain organization as a group of duties that support several "operations" divisions including receiving, production, and logistics. This dimension evaluates whether a supplier-customer relationship fosters the understanding that both sides are working towards related objectives. It frequently depends on having deep, meaningful connections with businesses. It entails confidence in the vendor.

According to (Al-Abdallah, Abdallah and Bany Hamdan, 2014) to achieve great performance, businesses must solely rely on internal resources and competencies. One of the key foundations for enhancing competitive performance is the role of suppliers. SRM stands for "Supplier Relationship Management," which is the intentional management of relationships between buyers and suppliers to guarantee, at the very least, that necessary supplies of the proper quality and quantity are obtained in a timely manner (Amoako-Gyampah et al., 2019). After being a single telecom provider in Ethiopia Ethio telecom is on a new era of facing competition. Being reluctant to the proper and systematic practical implementation of supplier relationship management the company may face potential risks of losing customers. Companies must devote a lot of attention to the development of their suppliers in order for them to become flexible and ready to respond to changes in the requirements, amount, and quality of supplied goods. Additionally, supplier partnerships development gives the supplier company a technological and managerial edge, enhancing its capacity to meet the needs of the buying firm in terms of regular, trustworthy deliveries. Even though these supplier development initiatives are expensive, time-consuming, and labor-intensive, the results they provide make them worthwhile (Al-Abdallah, Abdallah and Bany Hamdan, 2014).

According to (Ahmed, 2017) Ethio Telecom should establish ethical sourcing to abandon opportunistic behavior and long-term cooperative partnerships for the supply of strategic items and take advantage of transactional type of relationship for the supply of routine items to take advantage of the best available price in the market. Understanding most significant suppliers and how to concentrate your time and efforts on building and sustaining more fruitful strategic partnerships with them is the subject of supplier relationship management (SRM). A company can lower its supplier base and total expenses by utilizing an excellent SRM solution, which includes crucial elements like ranking, rating, and optimization. (Lagat, 2017) Because the success of the buyer and supplier are interconnected, a successful partnership is one in which there are mutual benefits. Therefore, the buyer should help the supplier as needed in order to obtain a greater performance (Sin, 2012). In order to optimize the potential value of partnerships, a supplier relationship management strategy involves employing cooperatively with those suppliers who are essential

to the organization's success. As a result, both the organization and the supplier are more effective overall, which further raises the value of the total product or service that is produced. Many expanding businesses concentrate on the cost of their suppliers; however, there are many other aspects of the supplier relationship that should also be taken into account, such as dedication, communication, trust, and goodness in addition to pricing. (Gupta, Choudhary and Alam, 2014)

This research tried to evaluate the supplier management practice and its effect on the organizational performance. The practical gap that might exist in the company related to the implementation of important dimensions of supplier relationship management like supplier cooperation, trust based relationship, supplier partnership development, information sharing and supplier quality improvement on the operational performance that could lead to potential loss of a competitive advantage were the focus this study. And based on the existing theories and available empirical literatures this research tried to give a new insight to the practice of SRM for operational efficiency and to overall improvement of organizational performance and stay competitive. After assessing the practical gap through analysis of the collected questionnaires, the research also came up with the findings that may help the management at Ethio telecom to administer the company's strategic approach.

### 1.3 Research questions:

The study attempted to answer the following research questions:

1. How is supplier cooperation and collaboration practiced at Ethio telecom and affects the organizational performance?
2. How does trust based relationship is practiced in the organization and affect the operational performance of Ethio telecom?
3. How supplier development does practiced at Ethio telecom affect the organizational performance?
4. How the information sharing does practice in the organization and affects the organizational performance?
5. How the supplier quality improvement does affect the performance of the organization?

## 1.4 Research Objective

### 1.4.1 General Objective

The major objective of this research is to shows the effect of of supplier relationship management on the overall organizational performance.

### 1.4.2 Specific Objectives

Specific objectives of this research are:

1. To assess the supplier cooperation and collaboration practiced at Ethio telecom and its effects on the organizational performance.
2. To assess the practice of trust based relationship in the organization and its effect on the operational performance at Ethio telecom.
3. To assess the practice of supplier development and its effect on the organizational performance.
4. To assess the information sharing practice and its effect on the organizational performance.
5. To assess the practice of supplier quality improvement in the organization and its effect on the operational performance at Ethio telecom.

## 1.5 Significance of the Study

The results of this research paper will help to improve understanding of issues and challenges related to supplier relationship management by taking into account the significance of supplier relationship management, its contributions to the overall performance of the company (ethio telecom), and the problems that currently exist in its actual performance. Additionally, by highlighting the advantages and disadvantages of Ethiopia Telecom's supplier relationship management, this study aids in the formulation of potential recommendations and solutions to the issues in the research field. The study offers information to individuals who want to conduct additional research on the same subject.

## 1.6 Delimitation of the Study

Though supplier relationship management cover vast area of knowledge, it is not fully or practically possible to cover all the topics. Organizational performance by itself is immense topic to address. But focusing only on one of the organizational performance indicators; that is operational performance. The research tries to assess the relationship among variables of supplier relationship management dimensions

studied by different scholars and researchers. Among the dimensions supplier relationship management, cooperation with suppliers, trust based relationship, information sharing, supplier development of Ethio telecom with the operational performance are the focus of this research. Time, finance, experience and knowledge of the researcher will expected to be the major constraints in doing this study. Thus, this research due to the reasons mentioned above will geographically limit to Ethio telecom Head Quarter Supply chain division.

### 1.7 Operational Definition:

Supply Chain Management: The planning and management of all sourcing and procurement, conversion, and logistics management activities are all included in supply chain management. It's significant that it also involves channel partners—suppliers, middlemen, third-party service providers, and customers in coordination and collaboration. In essence, supply chain management blends supply and demand management within and across enterprises. Supply chain management is an integrating function with primary responsibility for linking major business functions and business processes within and across companies into a cohesive, high-performing business model. It includes all of the logistics management activities noted above, as well as manufacturing operations, and it drives coordination of processes and activities with and across marketing, sales, product design, finance, and information technology.

Source: Council of Supply Chain Management Professionals (CSCMP)

**Supplier relationship management:** is typically seen as the alignment of customers, suppliers, and their individual business processes in order to attain a high level of competitive advantage. (Marlow, 2004)

**Supplier cooperation and collaboration:** Is satisfaction with overall supplier performance favorably correlated with long-term supplier commitment, supplier information sharing, and supplier feedback. (Gupta and Narain, 2012)

**Trust based relationship:** is based on respect for one another and emphasizes working together to solve problems. Without partnering, the supplier is seen as a source of complementing core skills rather than an alternative source of goods and services (as is the case with outsourcing). When working with items that are seen as essential to the strategic survival of the company, out partnering is often encountered in the early stages of the product life cycle. (Jason Fernando, 2014)

**Supplier development:** for the mutual advantage of the customer and the supplier, supplier development entails working cooperatively with critical, strategic, and high-potential suppliers to enhance their skills and competitiveness in the areas of cost, quality, time, and technology.

**Information sharing:** in order for team members to effectively use their available informational resources, information sharing is a key procedure.. (Mesmer-Magnus and De Church, 2009)

**Supplier quality improvement:** is characterized as enhancing the performance and capacities of current suppliers with the goal of preparing the provider to meet shifting competitive requirements (Chan, Charles and Young, 1990).

**Organizational Performance:** includes an organization's actual output or achievements compared to its expected outputs (or goals and objectives). Organizational performance is also the accomplishment of the organization's goals at the conclusion of a program or project.

**Operational performance:** is the process of assessing an organization's performance in relation to predetermined or standard measures of effectiveness, efficiency, and environmental responsibility, such as cycle time, productivity, waste reduction, and regulatory compliance.

### 1.8 Organization of the Study

The study will encompass five chapters and will be organized in the as follows. First, chapter one will try to cover the introduction and will give highlights of the overall research. Statement of the problem research questions, objectives of the study, definition of terms, significance and delimitation will also be included. Then in chapter two theoretical, empirical and conceptual literatures will be addressed. In the third chapter Methodological issues like research approach, research design, population, sample, sampling design, data collection, data analysis and data presentation techniques will be discussed. Then in chapter four the results of the collected and analyzed data will be discussed in relation to the theories and assumptions made in the previous chapters. And in the fifth chapter discussions of results found with conclusion and recommendation of the researcher will be presented. Finally References of all supporting documents used in the research and relevant attachments used will be provided.

# CHAPTER TWO

# 2. RELATED LITRATURE REVIEW

## 2.1 Introduction:

In this section the researcher will try to show different theoretical, empirical and conceptual literatures that will guide and base this study. The discussion aims to contribute to the development of a theoretical, empirical, and conceptual framework, with important factors such as operational performance, supplier relationship management, and supplier development, cooperation, trust-based relationships, information sharing, and relationship management.

## 2.1 Theoretical Framework:

### 2.1.1 Definition

Modern supply chain architectures are mostly focused on back-end operations like purchasing, production, and physical distribution in order to achieve excellence in cost reduction. This may result in effective supply chains that frequently fail to fully support a company's entire business plan. With a strong customer focus, next-generation supply chain strategies will not only enable ongoing productivity improvements but also drive the accomplishment of business-level results. These goals, which will also include skills that are specialized to particular consumer segments and new revenue-generating services, will need to be identified in the future. Future supply chain strategies will inevitably take into account the extended business architecture as well as important intended outcomes with suppliers, consumers, and partners as the main constituents. (Cohen & Roussel, 2005)

### 2.1.2 Social Exchange Theory

A relationship between two people is developed through a process of cost-benefit analysis, according to the social exchange hypothesis. In other words, it's a statistic created to assess the level of commitment made by a person in a person-to-person connection. Data from the measurement of a relationship's positives and negatives may be used to assess whether someone is investing excessive effort in their connection. The idea is distinctive in that it doesn't always gauge interpersonal connections using emotional measurements. Instead, its systematic procedures use logic and mathematics to ascertain balance in a connection. (Stolte and Ekeh, 1975).

### 2.1.3 Transactional Cost Theory

The causes, prevalence, and effects of transaction costs are major topics of discussion in the new institutional economics. In fact, the way economic activity is organized becomes immaterial if transaction costs are minimal since any benefits one method of organization might seem to have over another can be easily negated by costless contracting. Researchers appear to agree on a variety of topics, including the following: (1) opportunism is a key idea in the study of transaction costs; (2) opportunism is crucial for economic activity involving transaction-specific investments in human and physical capital; (3) efficient information processing is a crucial and related idea; and (4) The evaluation of transaction costs is an institutional comparative task. Beyond these broad assertions, there is no agreement on transaction costs (Williamson, 2008). The three critical dimensions for characterizing transactions are:1) Uncertainty 2) The frequency with which transactions recur and 3) The degree to which durable transaction-specific investments are incurred.

### 2.1.4 Resource Dependency Theory

According to the findings of Çeltekligil, Findikli and Zehir, (2019) The uncertainty of resource availability influences the limitation on the use of power and the focus on the relationship between producers and suppliers; the specific resources of business organizations influence the solidarity, the focus on the relationship, the mutuality, and the role integrity between producers and suppliers; and the resource concentration of business organizations influences the mutuality between producers and suppliers. The interdependence of business organizations affects the limitations on the exercise of power and the importance of producer and supplier integrity; Technology uncertainty affects cooperation, power consumption restrictions, and the importance of producer and supplier integrity.. They also added that it advances the already extremely limited research on dependence theory. The findings highlight the value of generating uncommon and challenging to duplicate resources and talents. As a result, organizations will be able to improve company performance if they build specific assets at the general and operational levels. Additionally, it has been discovered that the benefits of the win-win strategy of enhancing corporate connections can help organizations perform better in industries where technological uncertainty is prevalent.

### 2.2.4 Agency Theory:

Two issues that can arise in agency interactions are addressed by agency theory. The first is the agency problem, which occurs when the principle and agent have opposing interests or desires and when the principal finds it difficult or expensive to confirm the agent's actions. The issue in this situation is that the principal is unable to confirm that the agent acted appropriately. The second issue is the risk-sharing issue that occurs when the principal and agent have conflicting perspectives on risk. The issue here is that the principal and the agent may favor various courses of action due to various risk preferences. (Eisenhardt, 1989).

**Positive Agency**

Positivist studies have concentrated on identifying scenarios in which the principle and agent are likely to have divergent aims and then detailing the governance frameworks that restrict the agent's self-serving behavior. Principal agent research is more mathematical than positivist research. The positivist stream has mostly concentrated on providing theoretical descriptions of the regulatory structures that address the agency problem. According to the argument, because both parties' incentives depend on the same behaviors, such contracts combine agents' and principals' preferences, which lessen conflicts of interest between the two parties. The second proposition is that information systems also curb agent opportunism. It is argued, are likely to reduce agent opportunism since the agent will realize that he or she cannot deceive the principle because they let the principal know what the agent is actually doing (Eisenhardt, 1989).

**Positive Agency**

Principal-agent theory is abstract and mathematical, making it less approachable to organizational scholars than the positivist stream. Additionally, the principal-agent stream is more interested in broad, theoretical implications and has a larger focus. On the other hand, positivist authors have largely concentrated on the unique case of the CEO/owner relationship in major corporations (Eisenhardt, 1989).

This research depends on the basis of the above four basic theories. That is social exchange theory, transactional cost theory, resource dependency theory and agency theory that dictate about what the relationship between two parties should be in order to benefit both from their interaction.

## 2.2 Empirical Literature

### 2.2.1 Supplier Development

Creating supplier certification programs, spelling out the promised present and future advantages, conducting site visits, and implementing training platforms are all part of supplier growth strategies. They also ensure that there is competition among suppliers. In order to ensure that the company meets its goals, the buying firm typically participates in supplier development programs. Timely and reliable information are essential for decision-making in highly developed supplier development practices, and ultimately for performance. Sharing sensitive information with suppliers is therefore thought to positively impact a company's overall business performance. According to the findings, supplier selection was the technique most frequently used. To make sure the best supplier is chosen, the majority of businesses improve their supplier selection procedures. Developing relationships with suppliers requires a high level of dedication and confidence, which is not always the case. (Fatuma Rajab, Dr. Patrick Ngugi and Kiarie, 2017).

According to Modi and Mabert, (2007) The ability of the corporation to procure from suppliers direct and indirect materials and services, which are elements of the organization's product offerings, is crucial. The cost and quality of a good or service depends not only on the capabilities of the company, but also on the network of suppliers who supply the business with inputs. When a business notices that one of its suppliers isn't doing well, it can help the supplier get better. There is strong evidence that companies are developing plans for their suppliers in order to improve supplier performance and keep up with the competition. Their findings imply that before engaging in operational knowledge transfer activities like site visits and supplier training, evaluation and certification initiatives are the most crucial preparations for supplier development.

### 2.2.2 Supplier Coordination and collaboration

In the current global economy, firms are working together to reinvent themselves and keep their competitive edge. Supply chains, value chains, extended enterprises, virtual firms, and clusters are just a few examples of the collaborative practices that are increasingly popular. However, for organizations to maintain their performance and competitive edge, collaboration for the sake of collaboration is insufficient. Instead, cooperation should result in the production of fresh value propositions based on a coordinated value creation strategy (Bititci et al., 2004). The degree of cooperation between seller and buyer has increased as a result of the acquired goods' increased complexity. Finding dependable,

trustworthy, and long-term important suppliers is the result of this. Collaboration improves communication and interaction between the buyer organization and suppliers on all matters pertaining to the performance development of the buyer organization, including the planning and implementation of new technologies like e-procurement, among other things. This is unquestionably a good indicator because it is essential to make sure that the resources required for the buying organization and the resources offered by suppliers are compatible. As a result, the supplier appears to have significant influence over the organization's strategies. (Gupta and Narain, 2012).

There is a higher level of coordination between seller and buyer as a result of the purchased things' greater complexity. This has led to a quest for long-term, trustworthy, and reliable core suppliers. In order to increase the performance of the buying organization, collaborative connections help the buyer organization and suppliers communicate and interact better on every matter, including the planning and implementation of new technologies like e-procurement, etc. This is undoubtedly a good sign because it is essential to match up the resources the purchasing organization needs with those that the suppliers have access to. As a result, the supplier appears to have a significant impact over the organization's strategies. (Bititci et al., 2004). They also argue that Collaboration implies that the implementation of collaborative projects has inherent challenges; as a result, integrating the operational, tactical, or strategic levels of distinct businesses typically requires a significant amount of work. But the same literature also notes that the advantages of such cooperation are regarded as being substantial. All parties involved in a collaboration including participating partners and the final customer should come out ahead. There is no question that the drive for any individual business stems from the reality that there are financial benefits to cooperating rather than from the desire to do so. According to (Johnson and Johnson, 2011) it is necessary to operationalize either positive or negative interdependence in order to produce supportive or conflicting interactions that will result in the desired outcomes. Compared to resource interdependence, positive goal interdependence tends to encourage more success and production. Resource dependency alone may have a negative effect on productivity and achievement when compared to individualistic efforts (when individuals require the resources of other group members but do not share common goals, they attempt to obtain resources from others without sharing their own resources with them). Working to both win a reward and keep it from being lost led to greater success than making individualistic efforts (Johnson and Johnson, 2011).

### 2.2.3 Trust based relationship

According to the Sheth and Sharma, (1997) supply chain management and trust and commitment of suppliers have been the two topics of investigation. Without taking into account supply chain management and value generation components of the research, supplier behavior cannot be properly understood. In order to reduce the inefficiencies associated with suppliers, supply chain management research has modeled the supply process. Understanding perceptions of the relationship is important for improving supplier performance and the buyer's happiness with the partnership. The mechanism through which trust develops is also how satisfaction does. Trust has been extensively examined and is regarded as one of the relationship quality components. Trust denotes a person's reputation for being trustworthy on both a professional and personal level, as well as their credibility in a business setting.

Gupta, Choudhary and Alam, (2014) although trust is essential for inter-organizational connections to function, it is unclear when trust-based governance will work or not. We discover that trust-based governance works better in situations where (a) reliable and unreliable partners behave very differently (high behavioral risk) or (b) the organization is prepared to take risks despite having doubts about the reliability of the partner (low trust threshold) (Vanneste and Yoo, 2020).

According to Hess and Story, (2005The level of customer commitment is determined by the interaction of personal and functional ties, and the type of commitment is determined by the strength of those connections. In order to transform a positive transactional attitude towards a brand into an enduring and deep personal relationship with that brand, even a devoted one, trust is crucial as the link between satisfaction and interpersonal connection, until trust is understood and placed at the center of relationship building efforts. (Vanneste and Yoo, 2020) despite the fact that it has been shown that value production is important for trust, different scenarios will generate different amounts of value, hence one situation may generate little value while another generates a lot. Additionally, they contend that these findings lead us to draw the conclusion that behavioral risk and the trust threshold are the most crucial characteristics. According to this line of thinking, it stands to reason that in the two scenarios of (i) low behavioral risk paired with a high trust threshold and (ii) high behavioral risk associated with a low trust threshold, the performance of trust-based governance would be comparable in both cases.

### 2.2.4 Information Sharing

The organization uses IT systems extensively and systematically to manage the contract lifecycle and to keep track of supplier performance information. Information on the connection for the most significant and strategic suppliers is provided by a web-based site. The questionnaire asks about maintaining the supplier database, creating a user-friendly supplier site, and using cutting-edge methods to monitor the supplier's response time. This study also addresses concerns regarding how suppliers' strategy fits with the organizations because SRM actively encourages co-development and innovation. SRM calls for a high degree of trust and information sharing as well as the understanding that teamwork can lead to longer-lasting improvements (Gupta and Narain, 2012).

Given the short product life cycles, fierce global competition, need for sustainability, and ever-increasing customer demands, collaborative practices between businesses and their suppliers are becoming more and more important. SRM requires them because they can produce better results over the long term. (Amoako-Gyampah *et al.*, 2019). One way to create value congruence is to support a set of values or causes that consumers care about deeply. It appears from this research that doing well for society can have very significant information sharing benefits for organizations (Cazier, Shao and Louis, 2007). According to their findings Mesmer-Magnus and De Church, (2009) in line with the theory that teams' task and socio-emotional roles and IS's uniqueness and openness characteristics are analogous. Sharing special expertise increases the pool of knowledge that is available, directly enhancing the team's performance on tasks. Similarly to uniqueness, openness was also correlated with performance, albeit less so.

It is conceivable that openness has an indirect impact on performance by encouraging strong bonds between participants and fostering higher confidence in one another's informational inputs. (Baihaqi and Beaumont, 2006) Both the extent and the importance of information sharing are taken into consideration. The level of information sharing is related to the type of information shared, the partner with whom it should be shared, and the quality of the information communicated, as mentioned in their study. They discovered that different participants in a supply chain value information sharing differently, that different types of information assist supply networks in different ways, and that the value of information sharing is influenced by a variety of factors, including demand volatility and production capacity.

### 2.2.5 Supplier Quality Improvement

The supplier quality improvement concept acknowledges that product design and correct adherence of the manufactured product to that design work together to produce quality. Even more complicated is the issue of the purchasing firm's involvement in supplier quality improvement improvement (Carter and Ellram, 1994). It has become more common to use IT (information technology) control charts to keep track of online production processes in an effort to improve supplier quality (Sun, Tsubaki and Matsui, 2006). The proactive pursuit of ongoing quality improvement and cooperative partnerships with suppliers is achieved through supplier quality management. (Chin, Yeung and Pun, 2006) The sourcing, assessment, and selection of suppliers, the delivery of education and training, the observation of supplier results, and the certification of suppliers are all aspects of managing supplier quality (Yeung and Chin, 2004). Suppliers must devise sound plans to fulfill or surpass the precise product and service quality standards demanded by the buyer organizations in order to adhere to strict quality standards. The implementation of various quality initiatives by supplier firms within their organizations is common in an effort to achieve higher performance levels (Uluskan, Joines and Godfrey, 2016).

### 2.2.6 Organizational Performance

According to Robert B and Charles W, (2021) regarding the best or even necessary measurements of organizational performance, there doesn't appear to be any agreement. This is mostly because there are so many different perspectives on what constitutes an effective organization and because performance is frequently defined by the philosophy and goals of the research being conducted. In order to accomplish a common goal, productive assets such as people, property, and capital must voluntarily join forces in an organization, according to the theory underpinning organizational performance. Only if the individuals donating the assets are satisfied with the value they are receiving in return compared to other uses for the assets will they are willing to donate them to the organization.

Therefore, the core element of performance is the creation of value. As long as the value created by using the contributed assets is equal to or greater than the value anticipated by the persons who contributed the assets, the assets will continue to be made accessible to the organization, and the organization will continue to exist. (Kosgei, R. C. & Gitau, 2016) Organizational performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives).Organizational performance is the outcome of all of the organization’s operations and strategies. Different scholars mentioned several organizational performance indicators, but according to Sin (2012) financial performance, product performance, and operational performance are the three

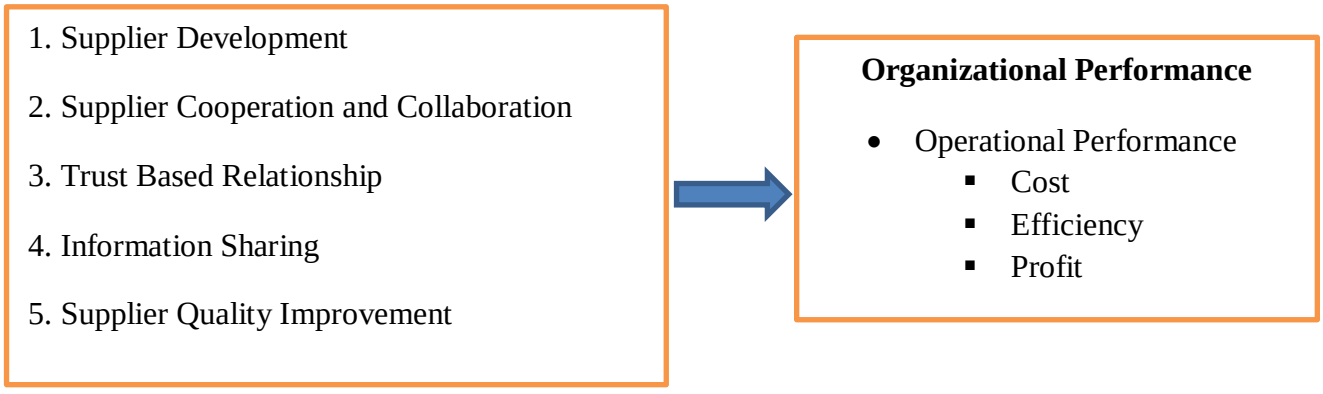
components of organizational performance. The researcher in this research focuses only on operational performance due to time, money and experience constraints.

**2.2.6.1 Operational Performance:**

One of the most significant constructs in management research is organizational performance. The ultimate dependent variable for researchers interested in virtually any area of management is organizational performance. This broad concept is crucial for enabling analysts and managers to assess businesses across time and contrast them with competitors. The most crucial factor in assessing organizations, their actions, and settings is organizational performance. The term "organizational effectiveness" is more general and includes not only "organizational performance," but also "a variety of internal performance outcomes typically linked to more effective or efficient operations, as well as additional external measures that are related to factors other than those just related to economic valuation." (either by shareholders, managers, or customers), such as reputation. (Richard et al., 2011) The actions an organization engages in to accomplish its objective reveal the performance of the organization. The most obvious parts of an organization's performance are its outputs and the results of those outputs. Organization functions in a social and legal environment. Organization's operations and output are influenced by these and other external-environment factors. These elements can influence how your organization identifies itself and what constitutes successful performance**.**

And based on the already held theories and empirical literatures, this research attempted to provide fresh insight into the application of SRM for improving operational effectiveness, overall organizational performance, and ability to compete. The research also produced results that may aid the management at Ethiopian Telecom in managing the company's strategy approach after determining the practical gap through analysis of the gathered questionnaires.

**2.3 Conceptual Framework:**




Source: adopted from (Al-Abdallah, Abdallah and Bany Hamdan, 2014) and modified by the researcher.

# CHAPTER THREE

## 3. RESEARCH METHODOLOGY

### 3.1Description of the study Area:

O'Brien, (1967) as a single, predominant strategic approach to give some structure to the multiple supplier interventions that helped the company fulfill its goals, the supplier relationship management (SRM) concept emerged around the turn of the millennium. "Supplier management" (SRM) naturally included the concepts of "supplier management," "supplier performance measurement," and "supply chain management" as approaches suitable for particular suppliers. Additionally, businesses began to understand that by focusing on strengthening their ties with a select number of their most important suppliers, they could greatly raise the value of their supply base. Once more, several companies incorporated this into their SRM approach.

### 3.2 Research Approach

To accomplish the research's goals, respond to the questions posed, and test hypotheses, this study used quantitative methodologies. By analyzing the relationship between variables, quantitative research is a method for testing objective theories. To enable statistical analysis of numbered data, these variables can be measured, often using instruments. According to Creswell (2009), the final written report follows a predetermined format that includes an introduction, literature and theory, methodology, results, and commentary. The research approach for this study is

A survey design analyses a sample of a population to offer a quantitative or numerical depiction of trends, attitudes, or views within that population. The researcher extrapolates or makes generalizations about the population based on sample results (Ibid). A quantitative approach was used in this researcher, cause and effect relationships between known variables of interest.

### 3.3 Research Design

In order to evaluate the aspects influencing supplier relationship management on the operational performance of Ethio Telecom, an explanatory design was used in this study. This approach was chosen because it makes it possible to establish causation by observing variations in the variable that is thought to be responsible for the change in the other variable and then measuring those variations using statistical techniques. It permits us to comprehend the exact nature of what we are actually examining the various aspects that have an impact on the sugar factory's performance as they are currently in place.

### 3.4 Target Population:

For this research the targets are managements and staffs of the sourcing supply chain division of Ethio telecom at Head quarter. The total number of staff currently working in different sections of the division is 360. In order to balance the information collection the researcher tries to gather data from the available and volunteer staffs of the major suppliers of Ethio telecom.

Source: Ethio telecom Corporate Human Resource Division (2023).

### 3.5 Sample Size:

Saunders, M., Lewis, P. Tornhill, (2007) Statistical probability is the foundation for generalizations made about populations from data obtained using simple random type of probability sample. The likelihood of mistake in extrapolating results to the population decreases as sample size increases. Therefore, probability sampling strikes a balance between the precision of your conclusions and the time and money you spend gathering, verifying, and analyzing the data. According to Saunders, M., Lewis, P. Tornhill, (2007) Sample size determination is a crucial, albeit challenging, component of any survey research since conclusions must be drawn from a sample, regardless of whether the population is known or unknown. And for this specific research 183 which is determined by the general formula as (Adams J.et,al. 2007) argued that is: The formula for determining sample size in the case of testing hypothesis of population means can be expressed as:

$$n = \frac{N}{1 + N(e)^2}$$

$$n = \frac{360}{1+345(0.05)^2} \longrightarrow \mathbf{n = 187}$$

Where : **'n'** is the sample size,

**N** is the total number of employees in all departments, and

'**e**' isthe level of precision.

**Sampling Technique:**

Based on probability sampling using proportionate stratified simple random sampling, a representative sample of industrial workers was chosen for the questionnaire. Based on the strata of the departments, stratified sampling was used, and simple random sampling using a random table was carried out as a result. Employing stratified simple random sampling allows us to gather more specific data about the

factors we are researching within the subpopulation. Second, we can improve the estimate's precision for the variables for the entire population. Consequently, the five crucial departments (commercial sourcing, supply strategy and planning, supplier relations and market analysis, and supply strategy and relations management) were selected from the strata. Employees were deliberately chosen from each segment using random selection techniques. In order to obtain a sufficient sample size and ensure that all responders had an equal chance, a stratified sampling procedure was used. Each cluster has one sample extracted from it. Therefore, the five departments from the ethio telecom sourcing and supply chain division were taken into consideration 187 employees were selected as the sample.

### 3.5 Data Sources and Types

According to (Adams J.et,al. 2007) the efficiency of data collecting is a crucial component of research design, since it determines whether the goals of the study can be met and whether the research questions can be satisfactorily addressed. This means that great thought must go into and planning for data collection. For this specific study data will be collected from Ethio telecom HQ sourcing and supply chain division. Primary data was collected through questionnaire from staff members. And secondary data was collected from different journals published in the company and specifically from the division under the study

### 3.6 Data Collection Procedure

According to Adams J. et, al. (2007) The efficiency of data collecting is a crucial component of research design, since it determines whether the goals of the study can be met and whether the research questions can be satisfactorily addressed. Primary data was collected through a well-organized and prepared questionnaire. Though according to (Adams J. et, al. 2007) collecting primary data is expensive, time-consuming and difficult. (William G Zikmund, 2013) argues that when primary data gathering methods cannot be used to obtain data, secondary data are crucial. Secondary data was collected from documents used in the supply chain division related to SRM and from different journals published in the organization.

### 3.7 Ethical Considerations:

- The ethical aspects of research are crucial. The rules or criteria for behavior that provide a distinction between right and wrong are known as ethics. Making a distinction between acceptable and inappropriate behaviors is helpful.
- Ethics regulations forbid the fabrication or falsification of data, thereby advancing the pursuit of knowledge and truth, which is the main objective of research.

- Ethical conduct is essential for collaborative work because it fosters an atmosphere of mutual respect, accountability, and trust among researchers. When taking into account issues like data sharing, co-authorship, copyright regulations, confidentiality, and many other issues, this is extremely crucial.
- Therefore, the researchers must adhere to the necessary standards for matters like human rights, legal compliance, conflicts of interest, safety, honesty, objectivity, and respect for intellectual property.

### 3.8 Data analysis

Mohapatra, S and M R, (2014) argues that analysis is the process of interpreting received data using various analytical techniques in accordance with management needs. For data analysis, a variety of statistical tools are employed in order to make the analysis acceptable for efficient decision-making. The data may be statistically analyzed using anything from straightforward frequency distribution tables to sophisticated multivariate analysis. This study will use a mixed approach of both qualitative and quantitative data analysis procedure. (Saunders, M., Lewis, P. Tornhill, 2007) Mixed method is the general term for when both quantitative and qualitative data collection techniques and analysis procedures. According to (William G Zikmund, 2013) data analysis is the process of using logic to comprehend the collected data. Analysis can be as easy as identifying recurring patterns and summarizing the pertinent information gleaned from the research. The parameters of the research design, the type of data collected, and the information needs of management will all influence the best analytical technique for data analysis. Data on attitudes will be analyzed using qualitative data analysis. (Dawson C, 2002) thematic, comparative, discourse, and content analyses are all examples of qualitative data analysis. And quantitative data analysis was used to analyze the numeric data using statistical tools. This research used SPSS version 20 statistical software to analyze quantitative data.

### 3.9 Reliability Test

It describes the consistency with which an instrument measures when applied to the same participants and environments. By doing so, the researcher's instrument bias is diminished and the data gathering techniques are guaranteed to be error-free. Cronbach's alpha, a measurement of the inter-correlation of items, is probably the test that is employed the most frequently. The items are deemed uni-dimensional for confirmatory purposes if alpha is greater than or equal to.8, at which point they can be merged to create an index or scale. Others believe the 7=alpha.8 range is only appropriate for experimental purposes, while

some researchers utilize the less strict cutoff of.7 (Garson 2012).

**Table 1: Reliability Test Table**

According to (George and Mallery 2003) Item-total correlation was computed for each sub-scales of the variables (cooperation/collaboration with suppliers, trust based relationship, supplier partnership development, information sharing, supplier quality improvement). Using the Cronbach's alpha criteria > 0.9 Excellent, alpha > 0.8 Good, alpha > 0.7 Moderate, alpha < 0.6 Poor, and alpha< 0.5 undesirable

| Reliability Statistics | | |
|---|---|---|
| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | **N of Items** |
| .852 | .841 | 6 |

The overall cronbach's alpha coefficient of this study is 0.841 is good and acceptable result.

| Item-Total Statistics | | | | | |
|---|---|---|---|---|---|
| | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Squared Multiple Correlation | Cronbach's Alpha if Item Deleted |
| Cooperation/Collaboration With Suppliers | 19.3779 | 7.981 | -.003 | .096 | .917 |
| Trust Based Relationship | 19.5325 | 6.215 | .751 | .675 | .816 |
| Suppliers Partnership Development | 19.2632 | 4.970 | .869 | .802 | .777 |
| Information Sharing | 19.4798 | 4.982 | .755 | .618 | .805 |
| Supplier Quality Improvement | 19.6748 | 6.278 | .654 | .648 | .828 |
| Operational Performance | 19.2914 | 4.889 | .897 | .880 | .771 |

Source: Own Survey 2023

The coefficient of cronbach's alpha for cooperation/collaboration with suppliers 0.917 which is excellent and acceptable, cronbach's alpha coefficients for supplier quality improvement 0.282, trust based relationship 0.816 and information sharing shows a good result. On the other hand the cronbach's alpha coefficients 0.777 and 0.771 for supplier partnership development and operational performance show a moderate result.

# CHAPTER 4

# 4. DATA PRESENTATION, ANALYSIS AND DISCUSSION

## 4.1 Introduction

As mentioned in earlier chapters, the purpose of this study was to investigate the effect of supplier relationship management on ethio telecom organizational performance. This chapter summarizes the findings of the analysis of the information gathered from survey respondents' responses. The data were analyzed with the help of a software statistical package for social science (SPSS-20). The study's population was 360 and a sample of 187 questionnaire were distributed , purposive sampling was used to select specific clusters to get the desired result based on their familiarity and experience with the subject matter of the research and received the questionnaires. From those 187 questionnaires 169 questionnaires were collected back (18 were not returned back) and 6 were found incomplete. So, the researcher used only 163 questioners for analysis. In terms of the statistical analysis, the overall response rate was 87.16%, which is significant. The 5-point Likert scale was used in the development of the questions.

The research used descriptive statistics to analyze the attributes among variables (supplier cooperation, trust based relationship, supplier development, information sharing and supplier quality improvement and operational performance. And to determine the strength of the relationship between these variables under examination, the study used correlation analysis, specifically Pearson correlation. Testing the impact of an independent variable on a dependent variable also employed multiple regression analysis to determine the strength of effect of the independent variable on the outcome variable.

## 4.2 Demographic Characteristics of Respondents

**Table 2: Demographic Characteristics of the respondents**

| Items | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| **Gender** | Male | 95 | 58.3 | 58.3 | 58.3 |
| | Female | 68 | 41.7 | 41.7 | 100.0 |
| | Total | 163 | 100.0 | 100.0 | |
| **Age** | Under 25 years | 5 | 3.1 | 3.1 | 3.1 |
| | 26-35 years | 78 | 47.9 | 47.9 | 50.9 |
| | 36-45 years | 55 | 33.7 | 33.7 | 84.7 |
| | Above 46 years | 25 | 15.3 | 15.3 | 100.0 |

| | | | | | |
|---|---|---|---|---|---|
| | Total | 163 | 100.0 | 100.0 | |
| **Educational level** | Certificate /Diploma | 10 | 6.1 | 6.1 | 6.1 |
| | Bachelor's degree | 110 | 67.5 | 67.5 | 73.6 |
| | Post Graduate Degree | 42 | 25.8 | 25.8 | 99.4 |
| | Doctorate | 1 | .6 | .6 | 100.0 |
| | Total | 163 | 100.0 | 100.0 | |
| **Employee level** | Staff (non- Managerial) | 125 | 76.7 | 76.7 | 76.7 |
| | Supervisor | 33 | 20.2 | 20.2 | 96.9 |
| | Manager | 5 | 3.1 | 3.1 | 100.0 |
| | Total | 163 | 100.0 | 100.0 | |
| **Company experience** | Less than 3 Years | 4 | 2.5 | 2.5 | 2.5 |
| | 3-5 Years | 27 | 16.6 | 16.6 | 19.0 |
| | 6-10 Years | 58 | 35.6 | 35.6 | 54.6 |
| | 11-15 years | 18 | 11.0 | 11.0 | 65.6 |
| | 16-20 Years | 20 | 12.3 | 12.3 | 77.9 |
| | More than 20 Years | 36 | 22.1 | 22.1 | 100.0 |
| | Total | 163 | 100.0 | 100.0 | |

Source: Own Survey 2023

As indicated in the above table, Majority of the respondents were i.e. 95(58.3%) were male and the rest 68(41.7%) were female. Though there are more male respondents than female there is no significant gap between the sexes of the respondents. Regarding the age of the respondents many of them are categorized in the young and productive age group as shown in table 2 i.e. 78 (47.9%) between the age of 25-36 years and 55(33.7%) between the age of 36-45. The rest are 5(3.1%) below 25 years and 25(15.3%) above 46 years of age.

The above table also shows education level of the respondents in which a significant number of the i.e. 101(67.5%) are degree holders and 42(25.8%) have master's degree. Only 1(0.6%) if found to have a doctorate degree, the rest 10(6.1%) have diploma or certificate.

The results shown in the above table also depicts about the respondent's job position. And majority of them were non managerial staff which are 125 (76.7%) out of 163 respondents. Supervisors were 33 in number i.e. 20.2% and section managers were 5 (3.1%).

Respondents were asked to indicate how long they had been in the positions they are working now and the results found were the following. The findings indicated that only 4(2.5%) of the respondents have an experience less than 3 years. 27(16.6%) have an experience of 3-5 years, 18(11%) have 11-15 years'

experience and 20(12.3%) have an experience of 16-20 years. On the other hand 36(22.1%) of the respondents have a rich more than 20 years. But still the majority of the respondents 58 have 6-10 years of experience in their current position weighing 35.6%.

### 4.3 Regression Analysis

The purpose of this regression study was to determine how much the independent variable contributed to the dependent variable's meaning. It is also used to determine the extent to which each independent variable, such as supplier collaboration and cooperation, trust-based relationships, the establishment of supplier partnerships, information sharing, and supplier quality improvement, explains the dependent variable performance of the organization**.**

#### 4.3.1 Assumptions of Multiple Regression

**Normality Test**

According to Garson (2012) asserts that the normal distribution resembles a symmetric ball-shaped curve. One with a mean of zero and a standard deviation of one is said to have a normal distribution, and claims that the ranges of skew and kurtosis, respectively +2 to -2 and +3 to -3, are utilized to measure the normal distribution. There were normally distributed, as seen by the skew and kurtosis results.

**Table 3: Normality Test Table**

| Descriptive Statistics | | | | |
|---|---|---|---|---|
| Items | Skewness | | Kurtosis | |
| | Statistics | Std. Errors | Statistics | Std. Error |
| Operational Performance | -.667 | .190 | -.297 | .378 |
| Cooperation/Collaboration With Suppliers | -.724 | .190 | .515 | .378 |
| Trust Based Relationship | -.926 | .190 | 1.012 | .378 |
| Suppliers Partnership Development | -.883 | .190 | .294 | .378 |
| Information Sharing | -.527 | .190 | .269 | .378 |
| Supplier Quality Improvement | -1.122 | .190 | 1.617 | .378 |

Source: Own Survey 2023

As depicted in the table 3 above skew is between +2 and -2 and Kurtosis is between +3 and -3 and that shows data are normally distributed.

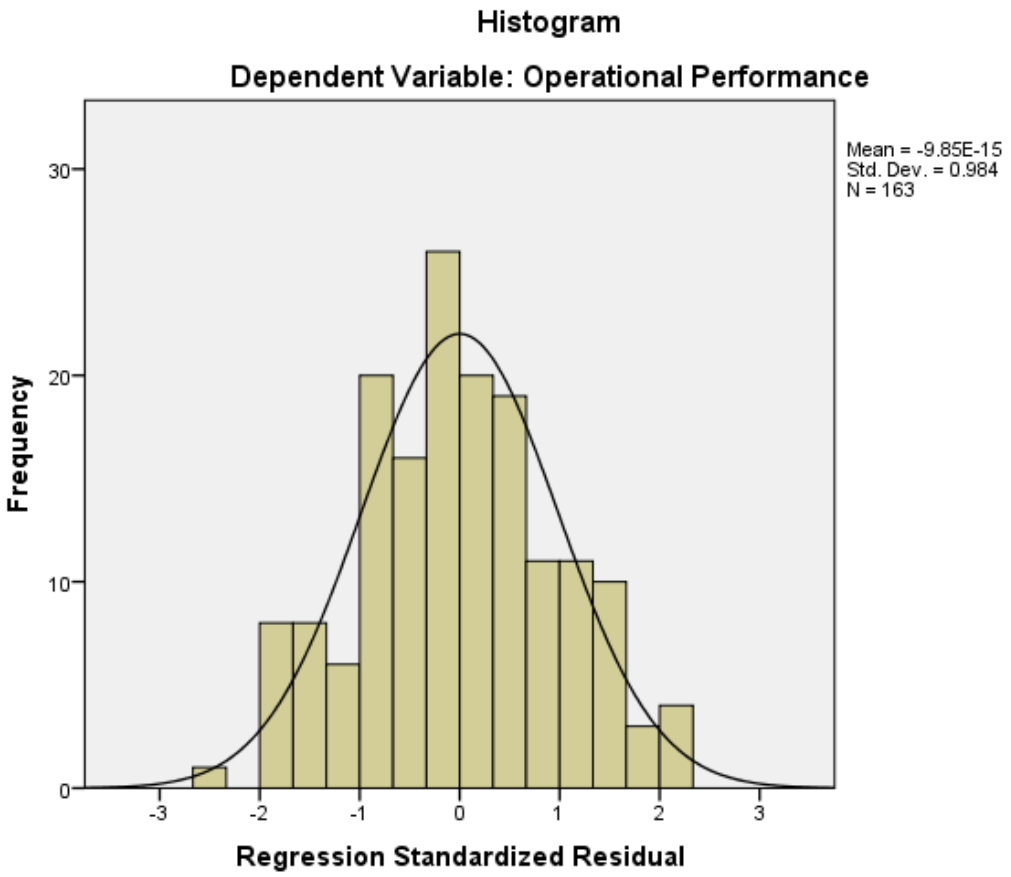



**Figure 1: Normality Test**

The residuals (errors in forecasting sample data), as shown by the normal probability plots of the residuals, demonstrated a normal distribution of the values and met the condition of normality. As a result, there are no problems with normalcy in the data.

**Linearity Test**

Testing for nonlinearity is necessary because correlation, regression, and other parts of the general linear model depend on linearity. Examining scatterplots is a simple, non-statistical method for determining whether a relationship is nonlinear. Even better, a plot of standardized residuals against standardized estimates (fitted values) of the dependent variable should show a random pattern in the absence of nonlinearity. A general sign of potential nonlinearity in a regression is when the standard deviation of the residuals is higher than the standard deviation of the dependent. An ANOVA table can contain the linear and nonlinear components of any pair of variables. If the nonlinear component's F significance value is less than the crucial value (.05), then there is considerable nonlinearity. (Garson 2012).

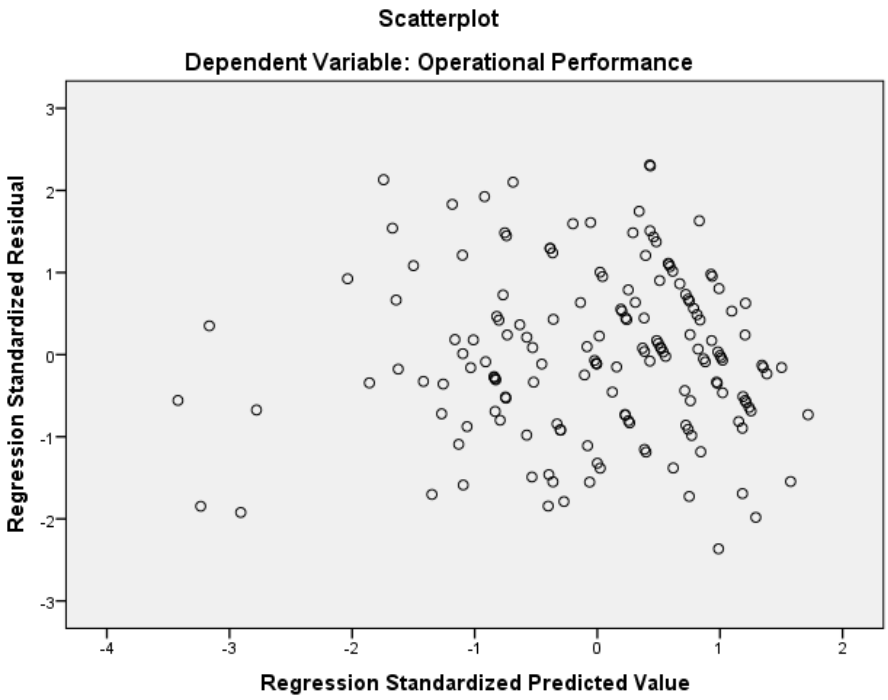



**Figure 2: Linearity Test**

As it can be seen in the above scatterplot graph the data in this study are random showing the homoscedasticity test is similar at each point. According to Field (2005) P-P plots: short for 'probability–probability plot'. Graphing the relationship between a variable's cumulative probability and the cumulative probability of a specific distribution (often a normal distribution) As it can be seen in the p-p plot below for the model assumption, the closer the dots are to the diagonal line the closer the normal residuals are distributed.

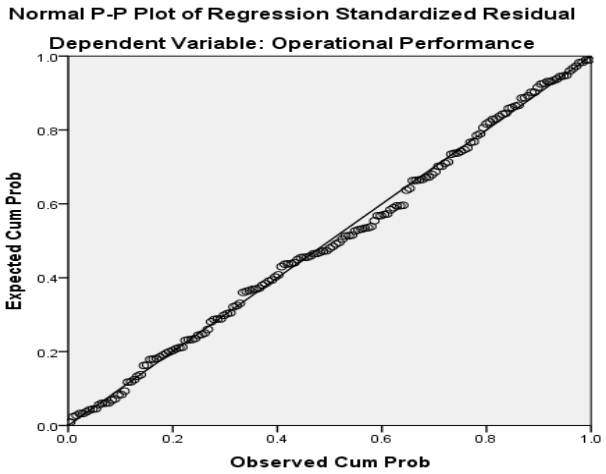



**Figure 3: Homoscedasticity Test**

**ANOVA Test**

With a p-value of.001, the F value of 229.996 in the ANOVA suitable is significant. This indicates that the dependent variable and the five independent variables, when considered as a group, are rather significantly connected. Regression analysis of supplier relationship management was used to determine the contribution of the components that influence this process.

**Table 4: ANOVA Test**

| ANOVA | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 72.764 | 5 | 14.553 | 229.996 | .000 |
| | Residual | 9.934 | 157 | .063 | | |
| | Total | 82.698 | 162 | | | |

a. Dependent Variable: Operational Performance

b. Predictors: (Constant), Supplier Quality Improvement, Cooperation/Collaboration With Suppliers, Trust Based Relationship, Suppliers Partnership Development, Information Sharing

Source: Own Survey 2023

**Durbin-Watson Test**

Durbin-Watson tests for the assumption that the residuals are uncorrelated the coefficients can range between 0 - 4. Durbin-Watson statistics should be between 1.5 and 2.5 for independent observations. Below 1and above 3 are case sensitive. The closer the coefficient to 2 is the stronger the test result is Garson (2012). The table below shows Durbin-Watson coefficient of 1.795.

**Table 5: Durbin-Watson Test**

| Model Summary | | | | | |
|---|---|---|---|---|---|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
| 1 | .938[a] | .880 | .876 | .25154 | 1.795 |

a. Predictors: (Constant), Supplier Quality Improvement, Cooperation/Collaboration With Suppliers, Trust Based Relationship, Information Sharing, Suppliers Partnership Development

b. Dependent Variable: Operational Performance

Source: Own Survey 2023

**Multi-collinearity Test**

Multi-collinearity refers to the high correlation between two or more factors in a regression model. There is perfect multi-collinearity when at least one predictor is a perfect linear combination of the others (Field, 2009). It should be noted that perfect collinearity exists when at least one predictor is a perfect linear combination of the others. It is impossible to produce unique estimates of regression coefficients when there is perfect collinearity across predictors since there are an infinite number of potential combinations of coefficients that would all operate as well. The reliability of the regression coefficients declines as the degree of correlation between the independent variables increases. If there is a lot of interaction between independent variables, multi-collinearity is an issue.

**Table 6: Multi-collinearity Test**

| Coefficients | | | |
|---|---|---|---|
| Model | | Collinearity Statistics | |
| | | Tolerance | VIF |
| 1 | (Constant) | | |
| | Cooperation/Collaboration With Suppliers | .905 | 1.105 |
| | Trust Based Relationship | .416 | 2.406 |
| | Suppliers Partnership Development | .251 | 3.978 |
| | Information Sharing | .404 | 2.477 |
| | Supplier Quality Improvement | .498 | 2.009 |

a. Dependent Variable: Operational Performance
Source: Own Survey 2023

As the above table depicts the tolerance value for all the variables is above 0.2 and also the VIF value below 10 showing that there is no multi colliniarity between the independent variables.

**4.4 Descriptive Analysis of Effect of Supplier Relationship Management (SRM)**

In this study, five metrics were developed to assess how supplier relationship management affected organizational performance. The respondent's response was described by Likert-type questionnaires where S.D. = strongly disagree, D = disagree, N = neutral, A = agree, S.A = strongly agree.

The respondents were asked regarding the company's supplier relationship management practice, which was broken down into five categories. These factors include the lack of adequate and trustworthy

information, frequent changes in the political landscape, the amount, qualities, and demands of the provider, collaboration with the supplier, urgency response, and cooperation with the supplier, and the state of the local infrastructure at the time.

### 4.4.1 Cooperation/collaboration with supplier

**Table 7: Descriptive Statistics for Cooperation/collaboration with supplier**

| Cooperation/collaboration with supplier | Mean | Std. Deviation |
|---|---|---|
| Unavailability of adequate and reliable information affects collaboration with the suppliers | 3.71 | .57 |
| Frequent changes in the political environment affects Cooperation with suppliers | 3.75 | .70 |
| Supplier's quantity, characteristics and needs of affected collaboration with Suppliers | 4.29 | .56 |
| Urgency response Cooperation with suppliers | 4.29 | .56 |
| Current condition of local infrastructure (i.e. communications, transportation) affects Cooperation with suppliers | 3.69 | .91 |
| **Group Mean** | **3.9** | |

Source: Own Survey 2023

The above table shows the effect of cooperation and collaboration with suppliers on the operational performance. The mean= 4.29 supplier's quantity, characteristics and needs and urgency response has the maximum effect on the operational performance. The mean =3.75shows that respondents believe that frequent changes in the political environment and the mean=3.71 unavailability of adequate and reliable information do affect operational have moderate effect. On the other hand having a mean =3.69 current condition of local infrastructure has the least effect. The group mean= 3.9 shows the effect of` cooperation/collaboration with supplier on overall operational performance of the organization.

### 4.4.2 Trust-Based Relationship

**Table 8: Descriptive Statistics for Trust-Based Relationship**

| Trust-Based Relationship | Mean | Std. Deviation |
|---|---|---|
| Ethio Telecom trusts the quality of products that its major suppliers provides to the company | 4.12 | .91 |
| Ethio Telecom trusts in its partner's reliability | 4.09 | .86 |

| | | |
|---|---|---|
| Ethio Telecom believes that its suppliers avoid taking unfair advantage, and will always act on mutual benefit basis | 4.02 | .86 |
| Ethio Telecom trusts in its partner's benevolence | 3.17 | .86 |
| Ethio Telecom believes that its suppliers will continue their contracts and work with the company near the future | 3.56 | .68 |
| **Group Mean** | **3.8** | |

Source: Own Survey 2023

The results manifested in the table depict that trust based relationship affects operational performance as the group mean=3.8. Responses show that the company's trust quality of products provided by major suppliers has a mean of 4.12 the highest and the mean 3.17 shows ethio telecom's faith in its supplier's dependability the least. As the respondents result shows mean=4.09 and mean=4.02 tells the company count on partners and belief that suppliers work with mutual benefit has good effect. The means =3.56 shows that the company's long term contract with suppliers.

### 4.4.3 Supplier Partnership/ Development

**Table 8: Descriptive Statistics for Supplier Partnership/ Development**

| Supplier Partnership/ Development | Mean | Std. Deviation |
|---|---|---|
| Ethio Telecom considers quality as its number one criterion in selecting suppliers | 4.09 | .86 |
| Ethio Telecom regularly solves problems jointly with its suppliers. | 4.02 | .86 |
| Ethio Telecom helping its suppliers to improve their product quality | 4.01 | .90 |
| Ethio Telecom has continuous improvement programs that include its key suppliers. | 4.04 | .89 |
| **Group Mean** | **4.0** | |

Source: Own Survey Collected in 2023

As the result generated shows the mean=4.09 shows the company considers quality as its number one criterion in selecting suppliers has the highest response. The moderate effect that respondents believe is having continuous improvement programs that include key suppliers with the mean=4.04 and also regularly solving problems jointly with suppliers with the mean=4.02. Helping suppliers improve their

product quality with the mean 4.0 is the least. The mean=4.0 shows the group mean of trust based relationship on the operational performance.

### 4.4.4 Information Sharing

**Table 10: Descriptive Statistics for Information Sharing**

| Information Sharing | Mean | Std. Deviation |
|---|---|---|
| Ethio Telecom informs its suppliers in advance of changing needs | 3.83 | .93 |
| Ethio Telecom suppliers share proprietary information with the company | 3.79 | .95 |
| Ethio Telecom suppliers keep the company fully informed about issues that affect its business | 3.82 | .88 |
| The company's suppliers share business knowledge of core business processes with ethio telecom | 3.88 | .99 |
| Ethio Telecom and its suppliers keep each other informed about events or changes that may affect the other partners | 3.91 | .99 |
| **Group Mean** | **3.8** | |

Source: Own Survey 2023

As shown in table the variables for information sharing with a group mean = 3.8. For suppliers keep each other informed about events or changes that may affect the other partners has a mean of 3.91 the top result and the mean 3.79 for suppliers share proprietary information with the company to be the least. The moderate means that respondents believe is 3.88 for suppliers share business knowledge of core business processes with ethio telecom. On the other has as agreed by respondents shown in the table the means =3.83 and 3.82 for the company informing its suppliers in advance of changing needs and suppliers keep the company fully informed about issues that affect its business respectively have good effect.

### 4.4.5 Supplier Quality Improvement

**Table 11: Descriptive Statistics for Supplier Quality Improvement**

| Supplier Quality Improvement | Mean | Std. Deviation |
|---|---|---|

| | | |
|---|---|---|
| Ethio Telecom is considerably improving the quality of suppliers by vetting their services | 3.12 | .71 |
| Ethio Telecom provides technical assistance to its suppliers in order to improve quality of their services | 4.06 | .82 |
| Ethio Telecom has a long range relationship with its suppliers | 3.98 | .93 |
| Ethio Telecom organizes training to its suppliers regularly. | 3.95 | 1.04 |
| Ethio Telecom considers supplier capabilities in the product development and consults them on how to improve the quality of its products | 3.14 | .78 |
| **Group Mean** | **3.6** | |

Source: Own Survey 2023

Regarding suppliers quality improvement as shown in the above table the responses manifest that providing technical assistance to suppliers in order to improve quality of their service has the highest mean=4.06. Ethio Telecom has a long range relationship with its suppliers with the second highest mean of 3.98. On the other hand the factors that has least effect on quality improvement as observed from the respondent are improving the quality of its products with the mean=3.12 and considering supplier capabilities in the product development and consulting them on and improving the quality of suppliers mean=3.14.. And organizing training to suppliers regularly mean=3.9 is the factor that has the moderate effect. The group mean=3.8 shows the impact of supplier quality improvement on the operational performance.

### 4.4.6 Operational Performance

**Table 12: Descriptive Statistics for Operational Performance**

| Operational Performance | Mean | Std. Deviation |
|---|---|---|
| Ethio Telecom's operational performance is improving significantly | 4.03 | .92 |
| The growth of sales is significantly increasing due to the operation performance | 4.12 | .91 |
| Ethio Telecom's profit margin on sales is significantly increasing because of operational performance efficiency improvement. | 4.09 | .86 |

| | | |
|---|---|---|
| Ethio Telecom's market share is growing significantly because of operational efficiency. | 4.02 | .86 |
| Ethio Telecom's customer's satisfaction is significantly increasing due to the effectiveness of our operational performance. | 4.06 | .82 |
| Ethio Telecom's supplier's satisfaction is significantly increasing because of operational efficiency. | 3.98 | .93 |
| Ethio Telecom's employee's satisfaction is significantly increasing because of operational efficiency | 3.95 | 1.04 |
| **Group Mean** | **4.0** | |

Source: Own Survey 2023

The information gathered to evaluate operational performance shown in the above table groups mean of 4.0. The highest mean=4.12 the growth of sales significantly increasing due to the operation performance. Followed by the means=4.09 and mean=4.06 concurs that improved operational performance efficiency is a major factor in the profit margin on sales and that improved operational performance results in a significant rise in customer satisfaction. According to the survey results, the majority of respondents also concur that the mean=4.03 and the mean=4.02 shows operational performance is improving significantly the effect the company's market share is growing significantly because of operational efficiency. Also the results from the table depict the mean=3.98 for supplier's satisfaction significantly increasing because of operational efficiency and a mean of 3.95 employee's satisfaction is significantly increasing because of operational efficiency are the least scores.

### 4.4.7 Aggregate Descriptive Statistics for Dependent and Independent Variables

**Table 13: Summery of Descriptive statistics for the Dependent and Independent Variables**

| Items | Mean | Std. Deviation |
|---|---|---|
| Cooperation/Collaboration With Suppliers | 3.95 | .51 |
| Trust Based Relationship | 3.79 | .48 |
| Suppliers Partnership Development | 4.06 | .71 |
| Information Sharing | 3.84 | .78 |
| Supplier Quality Improvement | 3.65 | .52 |
| Operational Performance | 4.03 | .71 |

Source: Own Survey 2023

The factors considered in the analysis of the impact of supplier relationship management on the operational performance at Ethio Telecom include supplier collaboration, building trust-based relationships, information sharing with suppliers, supplier partnership development and supplier quality improvement. Different questions were posed and then aggregated into a single variable under each dimension to address various issues under each primary category of supplier relationship management dimensions and operational performance. In order to calculate the sum of each independent variable, all questions are also classified as supplier relationship management practices. Based on the output data from the 163 respondents table 4.12 the mean score is higher than the 2.5-point midpoint of the scale. The mean value for the five independent variables is mean=4.06 for supplier partnership development, which is the highest score and mean=3.95 for which is the second highest for cooperation/collaboration with Suppliers. The moderate significant scores with the mean =3.84 is for information sharing and 3.79 for trust based relationship. The lowest among the independent variables with the mean =3.65 is for supplier quality improvement. Operational performance of the company is the dependent variable's mean value is 4.03.

### 4.5 Inferential analysis of data

#### 4.5.1 Correlation Analysis

When conducting this research, it is assumed that participants will have an understanding of concepts beyond the means and standard deviations of the dependent and independent variables as well as the relationship between one variable and another. The bivariate link between the variables used in the study can be seen in the association between two variables known as correlation, which also shows its kind, importance, and direction. The bivariate correlations procedure calculates the pair-wise associations for a set of variables, and the results are displayed as a matrix. This information can be used to determine the strength and direction of the relationship between the variables. Field (2012) says that the correlation coefficient, which has a value range of -1 to +1, is a very useful in capturing the relationship between two variables. The correlation coefficient is always denoted by the letter "r." A perfect positive relationship (r=+1.00) thus indicates a direct association, whereas a perfect negative relationship (r=-1.00) indicates the polar opposite.

As a result, a two-tailed test of statistical significance at the level of the 95% confidence interval, P 0.05, was used in this study to analyze the association between the five supplier relationship management components and operational performance. An explanation of correlation coefficient (r) size is provided below: According to Burns & Burns (2008), the correlation coefficient is a measure of the strength of the

relationship between two variables. It ranges from 0.1 to 0.20 for a minor correlation or small relationship, 0.20 to 0.40 for a weak relationship, 0.40 to 0.70 for a moderate relationship, 0.70 to 0.90 for a high correlation or substantial relationship, and 0.90 to 1.00 for a very high correlation or very strong relationship.

**Table 14: Correlation Matrix between Variables**

| Correlations | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Cooperation/Collaboration With Suppliers | Trust Based Relationship | Suppliers Partnership Development | Information Sharing | Supplier Quality Improvement | Operational Performance |
| Cooperation/Collaboration With Suppliers | Pearson Correlation | | | | | | |
| | Sig. (2-tailed) | | | | | | |
| Trust Based Relationship | Pearson Correlation | .129 | | | | | |
| | Sig. (2-tailed) | .102 | | | | | |
| Suppliers Partnership Development | Pearson Correlation | .039 | .757** | | | | |
| | Sig. (2-tailed) | .625 | .000 | | | | |
| Information Sharing | Pearson Correlation | .008 | .588** | .754** | | | |
| | Sig. (2-tailed) | .915 | .000 | .000 | | | |
| Supplier Quality Improvement | Pearson Correlation | -.177* | .481** | .654** | .617** | | |
| | Sig. (2-tailed) | .024 | .000 | .000 | .000 | | |
| Operational Performance | Pearson Correlation | -.019 | .782** | .878** | .762** | .770** | 1 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | Sig. (2-tailed) | .808 | .000 | .000 | .000 | .000 | |
| *. Correlation is significant at the 0.05 level (2-tailed). | | | | | | | |
| **. Correlation is significant at the 0.01 level (2-tailed). | | | | | | | |

Source: Own Survey 2023

Table above shows a significant positive and negative association between operational performance (the dependent Variable) and the predictors. As depicted above in the table the correlation coefficient of between operational performance and cooperation/collaboration with suppliers is -0.019 with a significance level of 0.808 showing that the increase in the independent variable (cooperation/collaboration with suppliers) will lead a decrease in the dependent variable (operational performance). As a result, there is no significant correlation between cooperating with the supplier and operational performance. Additionally, since the coefficient 0.019 ranges between 0.01to0.02 the correlation is a minor correlation. The correlation coefficient for operational performance and trust based relationship have a strong positive link, with a Pearson correlation coefficient of 0.782** and a significance value of less than 0.01. This significance indicates that there is a real connection between operational performance and trust based relationship. The table also depicts that supplier partnership development and operational performance have a high positive correlation, according to the results of a Pearson correlation test used to determine whether there is a significant correlation or not, with a correlation coefficient of $0.878^{**}$ and a significance level of less than 0.000. The correlation coefficient for operational performance and information sharing have a substantial positive correlation, with a Pearson correlation coefficient of 0.762** and a significance value of less than 0.01. This significance implies that there is a tangible association between operational performance and information sharing. And finally, the correlation analysis between supplier quality improvement and operational performance the result generated shows that correlation coefficient of $0.770^{**}$and significance value less than 0.001. This reveals that, there is still a high significant correlation between supplier quality improvement and operational performance.

### 4.6 Multiple Regression Analysis

The table below shows the overall relationship between the predictor variables (cooperation/collaboration with suppliers, trust based relationship, supplier partnership development, information sharing, and supplier quality improvement) and operational performance (the dependent variable) reflected in R +0.938 and adjusted $R^2$ of +0.876 shows 87.6% variance in the predictor variables will lead to a change in the variance of the operation performance (the outcome variable).

Table 15: Model Summary

| Model Summary | | | | |
|---|---|---|---|---|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .938[a] | .880 | .876 | .25154 |

a. Predictors: (Constant), Supplier Quality Improvement, Cooperation/Collaboration With Suppliers, Trust Based Relationship, Information Sharing, Suppliers Partnership Development

b. Dependent Variable: Operational Performance

As it can be seen from the preceding table, the adjusted R-square of 0.876, the independent variables accounted for 87.6% of variability in the dependent variable. As a result, 12.4% of the fluctuations in the dependent variable were caused by external influences that the model could not account for.

The following table displays coefficients when we examine each predictor's beta (i.e., standardised regression coefficient), as well as its level of significance, in order to determine which of the predictors among cooperation/collaboration suppliers, trust-based relationships, supplier partnership development, information sharing, or suppliers quality development has significantly contributed to our understanding of operational performance.

| Coefficients | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | -1.016 | .245 | | -4.141 | .000 |
| | Cooperation/Collaboration With Suppliers | -.020 | .041 | -.014 | -.498 | .619 |
| | Trust Based Relationship | .425 | .064 | .284 | 6.625 | .000 |
| | Suppliers Partnership Development | .360 | .055 | .359 | 6.502 | .000 |
| | Information Sharing | .118 | .040 | .129 | 2.966 | .003 |
| | Supplier Quality Improvement | .439 | .054 | .317 | 8.076 | .000 |

a. Dependent Variable: Operational Performance

The regression model therefore:

Y= -0.014X1+0.284X2+ 0.359X3+0.129X4+ 0.317X5-1.016

Where: Y is operational performance (dependent variable),

X1: is cooperation/collaboration with suppliers

X2: is trust based relationship

X3: is supplier partnership development

X4: is information sharing

X5: is supplier quality improvement

This model's regression equation calculates the influence each predictor variable has on the outcome variable. The standardize beta value indicated how many standard deviations would vary for every prediction change of one standard deviation. The direct comparability of the standard deviation units gives them a better understanding of the significance of a predictor in the model. The dependent variable can be predicted more accurately when an independent variable's large beta coefficient value is present. The biggest among the predictors' standardize beta value for supplier partnership development is 0.359. This implies that, this variable has relatively strong determinants of supplier relationship management than others. Respectively, the standardized beta value for supplier quality improvement is 0.317. Operational performance will be -1.016 as a result of these independent variables, according to the established regression equation, holding all factors (cooperation/collaboration with suppliers, trust-based relationship, supplier partnership development, information sharing, and supplier quality improvement) constant at zero. The data findings analysis also reveals that, when all other independent variables are set to zero, an increase in supplier cooperation or collaboration will result in a 1.4% loss in operational performance. A unit improvement in relationships based on trust will result in a 28.4% improvement in operational performance. A unit increase in information exchange, on the other hand, will result in a 12.9% improvement in operational performance.

# CHAPTER FIVE

# 5. SUMMERY, CONCLUSIONS AND RECOMENDATIONS

## 5.1 Introduction:

An overview of the research on the effect of supplier relationship management on Ethio telecom's operational performance is provided in this chapter. The study's objective was to assess how the supplier relationship component affected operational performance. The chapter also includes a summary of the key findings, conclusions drawn from the findings, recommendations made by the researcher based on the findings, and ideas for additional research.

## 5.2 Summery of Findings:

- The correlation between trust based relationship with operational performance with correlation coefficient of 0.782** and a significance level of less than 0.01. As a result, there is a significant correlation between trusting suppliers and operational performance.
- Operational performance and supplier partnership development have a strong positive association, with a Pearson correlation coefficient of 0.878** and a significance value of less than 0.01. This significance indicates that there is a real connection between operational performance and supplier partnership development.
- The correlation between information sharing and operational performance with correlation coefficient of 0.762** and a significance level of less than 0.01. As a result, there is a significant correlation between exchanging information with suppliers and operational performance.
- Operational performance and supplier quality improvement have a strong positive relationship, with a Pearson correlation coefficient of 0.770** and a significance value of less than 0.01. This significance indicates that there is a real connection between operational performance and supplier partnership development.
- For the simple regression analysis the findings show that cooperation/collaboration with supplier has R=0.019 and adjusted $R^2$ = - 0.006 showing -0.6% variance. The F=0.059 with p value 0.808 a very weak regression. The beta value - 0.19 and the corresponding t= -0.243 shows there is an inverse relationship between cooperation/collaboration with supplier and operational performance. The increase I the predictor variable will lead to the decrease in the outcome variable.

- The findings demonstrate that trust based relationship has R=0.728 and adjusted $R^2$ = 0.610 showing 61% variance. The F=253.956 with $p < 0.01$ is a very strong relationship. The beta value 0.728 and the equivalent t= 15.935 shows there is strong relationship between trust based relationship and operational performance. The output variable highly increases with the change in the predictor variable.
- The results illustrate that supplier partnership development has R=0.878 and adjusted $R^2$ = 0.769 showing 76.9% variance. The F=541.451 with $p < 0.01$ is a very strong relationship. The beta value 0.878 and the equivalent t= 23.269 shows there is strong relationship between supplier partnership development and operational performance. The output variable highly increases with the change in the predictor variable. This predictor variable is stronger to influence the output variables than the others.
- The results also explain that information sharing has R=0.762 and adjusted $R^2$ = 0.578 showing 57.8% variance. The F=222.925 with $p < 0.01$ is a very strong relationship. The beta value 0.762 and the corresponding t= 14.931 shows there is strong relationship between information sharing and operational performance.
- The results illustrate that supplier quality improvement has R=0.770 and adjusted $R^2$ = 0.591 showing 59.1% variance. The F=234.972 with $p < 0.01$ is a very strong relationship. The beta value 0.770 with the corresponding t= 15.327 showing there is strong relationship between supplier quality improvement and operational performance.

## 5.3 Conclusions

- The results of the study revealed that supplier relationship management has moderate effect on operational performance. The study provided five independent variables (cooperation/collaboration with suppliers, trust based relationship, supplier partnership development, information sharing and suppliers quality improvement) to analyze if there is a statistically significant effect on the dependent variable (operational performance). Most of the predictor variables significantly affect operational performance.
- The overall result of the regression analysis show that four of the independent variables (trust based relationship, supplier partnership development, and information sharing and supplier quality improvement) affect the dependent variable with statistical significance, but cooperation/collaboration with suppliers is the only independent variable with no

statistical significance. There are other factors within each group that affect operational performance.

- Based on the results and findings manifested in the study the company under the study needs to focus on the factors that bear a significance change in dealing with the management of relationships with suppliers to enhance an efficient and effective operational performance.
- As the results manifest supplier partnership development is the strongest predictor variable among the others followed by supplier quality improvement and trust based relationship respectively. The predictor variable information sharing has least influence on the operational performance. On the contrary cooperation/collaboration with supplier has weak negative influence that is statistically insignificant.

### 5.4 Recommendation

This thesis assessed five supplier relationship management factors which may have influences on the operational performance of Ethio telecom. Subjects related to the supplier relationship management include cooperation/collaboration with suppliers, trust based relationship, supplier partnership development, and information sharing and suppliers quality improvement. The dependent variable is operational performance.

Supplier partnership development, should be the primary concern at Ethio telecom since the study results direct that worthy outcomes can be achieved if the company focus and try to bear meaningful activities on the supplier partnership development the overall supplier relationship management brings change in the operational performance that leads to the organizational performance

The company needs to give much attention in order to understand the essence of supplier relationship management to enhance the operational performance for the successful organizational performance. Improving the quality of suppliers through different mechanisms should be the crucial issue. It is not possible to be a qualified partner for every supplier. But improving their quality can make them a better supplier and due to this the company will achieve a better organizational performance.

If managed and properly practiced a faithful information sharing will benefit the company to achieve organizational performance. It is better to evaluate suppliers with best practice with the company and determine those with maximum value to share the necessary and essential information. Segmentation

of suppliers with their capability (strategic, important and transactional) and establish relationship that lasts long. Share all the necessary information when necessary, set goals together, involve them with the decision making that affect their existence.

### 5.5 Limitation of the Study

The limitation of the research is that only focused on the operational performance as an outcome variable. Due to the informants gathered and limited resource, the researcher was unable to collect data and analyze for the operational performance metrix (Cost Efficiency and Profit). This opens a door for further studies in the future for other researchers.

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**Appendix**

**Acknowledgments to the respondents,**

I want to take this opportunity to thank you for your diligent collaboration. The research may not be possible if it won't for your sincere assistance in answering this questionnaire I am a graduate student at **Addis Ababa University College of Business and Economics School of commerce -Department LSCM.** My final project will be on **the effect of supplier relationship management on the organizational performance: The case of Ethio telecom.** Because you are working for the Company under the research, the researcher will invite you to participate in this research study by completing the Questions. Your participation is entirely voluntary, and the researcher can guarantee that the data to be collected will be kept private and anonymous. Your informed consent to participate in the study is indicated by your completion of this survey. Your genuine and valuable response is of high importance to the outcome of the project. You may feel free to verify these statements.

General Instructions

- There is no need of writing your name
- Where answer options are available please tick (√) in the appropriate box for part I and for your response to each statements of part II.

If you have any questions, please do not hesitate to get in touch with the researcher; I would be happy to answer them as soon as possible.

Phone 0910-477809

Email: asmeninanew@gmail.com

The Researcher appreciates your sacrifice of precious time in advance.

**Part I. Demographic Information**

1. Gender

☐ Male ☐ Female

2. Age

☐ Under 25 years old ☐ 26-35 years old

☐ Above 36-45 years old ☐ Above 46 years old

3. Educational Qualification

☐ Certificate/diplomas ☐ Bachelor's Degree

☐ Post Graduate Degree ☐ Doctorate

4. Employee Level

☐ Staff (non- managerial) ☐ Supervisor

☐ Manager ☐ Officer

5. Company Experience

☐ Less than 3 years ☐ 3 to 5 years

☐ 6 to 10 Years ☐ 11 to 15 years

☐ 16 to 20 years ☐ More than 20 years

**Part II. Supplier relationship Management dimensions**

The following inquiries concern how your company interacts with suppliers. Regarding the supplier relationship management system at your company, please choose the appropriate number and put (√) to indicate the extent to which you agree or disagree with each statement.

The item scales are five-point Likert type scales with:

1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree.

| **2.2.1 Cooperation/collaboration with supplier** | **1** | **2** | **3** | **4** | **5** |
|---|---|---|---|---|---|
| Unavailability of adequate and reliable information affects collaboration with the suppliers | | | | | |
| Frequent changes in the political environment affects Cooperation with suppliers | | | | | |
| Supplier's quantity, characteristics and needs of affected collaboration with Suppliers | | | | | |
| Urgency response Cooperation with suppliers | | | | | |
| Current condition of local infrastructure (i.e. communications, transportation) affects Cooperation with suppliers | | | | | |
| **2.2.2 Trust-Based Relationship** | **1** | **2** | **3** | **4** | **5** |
| Ethio Telecom trusts the quality of products that its major suppliers provides to the company | | | | | |
| Ethio Telecom trusts in its partner's reliability | | | | | |
| Ethio Telecom believes that its suppliers avoid taking unfair advantage, and will always act on mutual benefit basis | | | | | |
| Ethio Telecom trusts in its partner's benevolence | | | | | |
| Ethio Telecom believes that its suppliers will continue their contracts and work with the company near the future | | | | | |
| **2.2.3 Supplier Partnership/ Development** | **1** | **2** | **3** | **4** | **5** |
| Ethio Telecom considers quality as its number one criterion in selecting suppliers | | | | | |
| Ethio Telecom regularly solves problems jointly with its suppliers. | | | | | |
| Ethio Telecom helping its suppliers to improve their product quality | | | | | |
| Ethio Telecom has continuous improvement programs that include its key suppliers. | | | | | |

| **2.2.4 Information Sharing** | **1** | **2** | **3** | **4** | **5** |
|---|---|---|---|---|---|
| Ethio Telecom informs its suppliers in advance of changing needs | | | | | |
| Ethio Telecom suppliers share proprietary information with the company | | | | | |
| Ethio Telecom suppliers keep the company fully informed about issues that affect its business | | | | | |
| The company's suppliers share business knowledge of core business processes with ethio telecom | | | | | |
| Ethio Telecom and its suppliers keep each other informed about events or changes that may affect the other partners | | | | | |
| **2.2.5 Supplier quality Improvement** | **1** | **2** | **3** | **4** | **5** |
| Ethio Telecom is considerably improving the quality of suppliers by vetting their services | | | | | |
| Ethio Telecom provides technical assistance to its suppliers in order to improve quality of their services | | | | | |
| Ethio Telecom has a long range relationship with its suppliers | | | | | |
| Ethio Telecom organizes training to its suppliers regularly. | | | | | |
| Ethio Telecom considers supplier capabilities in the product development and consults them on how to improve the quality of its products | | | | | |
| **2.2.6 Operational Performance** | **1** | **2** | **3** | **4** | **5** |
| Ethio Telecom's operational performance is improving significantly | | | | | |
| The growth of sales is significantly increasing due to the operation performance | | | | | |
| Ethio Telecom's profit margin on sales is significantly increasing because of operational performance efficiency improvement. | | | | | |
| Ethio Telecom's market share is growing significantly because of operational efficiency. | | | | | |
| Ethio Telecom's customer's satisfaction is significantly increasing due to the effectiveness of our operational performance. | | | | | |
| Ethio Telecom's supplier's satisfaction is significantly increasing because of operational efficiency. | | | | | |
| Ethio Telecom's employee's satisfaction is significantly increasing because of operational efficiency. | | | | | |

Source: (Sahilu, 2020) and modified by the researcher.