

The Impact of Supplier Development Practices of Retailers and Buyer-Supplier Relationship on the Performance of Suppliers in the Clothing Industry in Sri Lanka

H. L. M. De Silva^{*1}, Dr. (Mrs.) P. G. A. Jayarathne²

¹*Department of Operations Management, Faculty of Management, University of Peradeniya*

²*Department of Marketing Management, Faculty of Management Studies and Commerce, University of Sri Jayewardenepura*

*[*leezasilva@yahoo.com](mailto:leezasilva@yahoo.com)*

The competitive position of a business entity heavily depends on its ability to manage the supply chain productively that may maximize the overall value creation. Organizational buyers have identified, developing their suppliers, which is called as 'Supplier Development Practices' as a rewarding and emerging way to maintain the competitive position.

This study aims at exploring from suppliers' perspective whether there is an impact of implementing supplier development practices by retailers and maintaining buyer supplier relationship on suppliers' performance in the clothing industry in Sri Lanka. The central research problem of this study is 'What is the impact of supplier development practices of retailers and buyer-supplier relationship on the performance of suppliers in the clothing industry in Sri Lanka?' and this is followed by five research questions. The research questions have laid the path for the following five research objectives; to access the degree of business performance of suppliers, to assess the degree of supplier development practices initiated by retailers on suppliers, to examine the impact of supplier development practices initiated by retailers on suppliers' performance, to access the nature of buyer-supplier relationship practice in suppliers and to examine the mediating effect of buyer-supplier relationship on the relationship between supplier development practices of retailers and suppliers' performance in the apparel industry in Sri Lanka.

An explanatory research was carried out by employing a structured survey research questionnaire collecting data from a sample of 100 (n=100) clothing manufacturers in the Sri Lankan apparel industry.

The survey data collected is first used to validate the measurement properties and then hypotheses were tested. A significant relationship between supplier development practices and supplier performance was observed. Further, this study reveals that the degree of supplier development practices, buyer supplier relationship maintaining and supplier performances are high. In addition, the mediating impact of the buyer supplier relationship on the causal relationship between supplier development practices and supplier performance also examined and found that there is a partial mediation. Accordingly, the results of this study support the view that supplier development practices do influence supplier performance, and initiating supplier development practices improve buyer-supplier relationship status but maintaining buyer supplier relationship will not significantly improve supplier performance. The key findings were compared with prevailing literature based on developed and developing economies and managerial implications were drawn as to how and what type of supplier development practices can be initiated by retailers in future for better supplier performance, which would lead to yield competitive advantages for both parties involved.