

Factors affecting the satisfaction of agricultural products suppliers at *Hadabima* authority

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Introduction

Sri Lankan business pattern is more concerned about customers and very little about the suppliers. But, exploring the factors that contribute to supplier satisfaction can be linked to enhance supply chain effectiveness, customer satisfaction, buyer supplier relationship and more over a management tool for strategic positioning of the supply chain.

Purpose of this study is to investigate the supplier satisfaction by exploring the factors that contribute to supplier satisfaction. These research findings can provide practical contributions that are beneficial to agribusiness managers where they can enhance their competitiveness in the industry through the development of sustainable buyer-supplier relationships.

Agribusiness has traditionally been a challenging and competitive industry. Recent natural disasters (e.g. droughts, flooding) and economic instability have led to significant changes in the market conditions across the industry and cost pressures are building up on agribusinesses. While the current situation may not be favorable to many agribusinesses, they need to remain competitive. Hence, many agribusinesses rely on fewer but more efficient and reliable business partners those are willing to establish long-term sustainable relationships, in which they can seek complementary resources, create synergy and add value to their respective business.

While business-to-business (B2B) relationships have been investigated extensively in the last decade (Ng, 2010; Andersen and Kumar, 2006; Rauyruen and Miller, 2007; Caceres and Papparoidamis, 2007), there is only a limited number of researches on the effects of these changes in agribusiness. Limited studies (Wilson, 1995; Bagdoniene and Zilione, 2009; Eid *et al.*, 2002) have evaluated the success factors for developing B2B relationships, particularly from a dyadic perspective between supplier and buyer within the agribusiness industry. Therefore, the purpose of this study is to investigate the supplier satisfaction by exploring the factors that contribute to supplier satisfaction.

**** Short Communication**

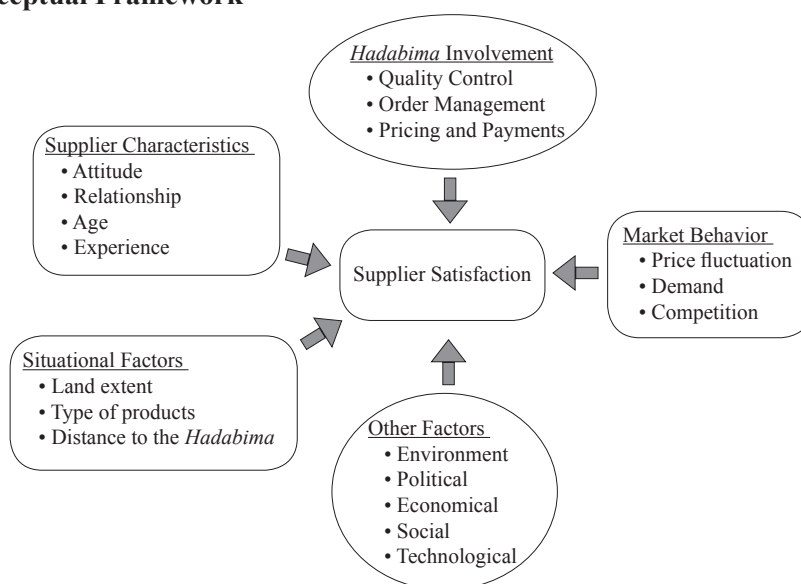
Satisfaction defined as “a positive affective state resulting from the appraisal of all aspects of a firm’s working relationship with another company” in business relationship (Anderson and Narus, 1984). Satisfaction evolves as a consequence of one party's experience with the other's ability to fulfill norms and expectations (Biong, 1993).

Managing supplier satisfaction levels is thus essential to the future success of an organization, which implies that supplier perceptions regarding organizational image, relationship building and processes are understood. Through the use of supplier opinion surveys, various levels of supplier satisfaction are evaluated. These include: overall satisfaction over a period of time, key drivers of satisfaction including pricing, relationship management, ordering, receiving and payment and operational activities in relation to each satisfaction driver.

A supplier opinion survey is a management tool used to improve and further develop internal and external processes with suppliers and partners in the supply chain network. Survey results are inputs to the organization’s strategic planning as well as its every day operations and behavior. It is important for an organization to measure those activities in which it has recently invested, or areas in which performance is poor.

General objectives of this study is to find out the types and amounts of fruits, vegetables and value added products supplied to the sales outlet of *Hadabima* by both beneficiaries and non-beneficiaries and specific objective is to find out the level of satisfaction of suppliers at *Hadabima* Authority.

Conceptual Framework



Materials and methods

Study was conducted at the Sales outlet of *Hadabima* Authority, Gannoruwa. Population of the study was suppliers who are the beneficiaries of development projects undergone by *Hadabima* Authority as well as registered non beneficiaries of *Hadabima* Authority. Total of 35 suppliers from the above population were randomly selected as the sample, using field sampling method. Data collection was done by using, questionnaire survey, key informant discussions with marketing staff, face to face interviews with suppliers and observations also done at *Hadabima* supply channel. For data analysis, descriptive statistics was used along with bar charts and pie charts. Further analysis was done by correlation.

Results and discussion

According to gender, supplier involvement is much higher in males (63%) than female's respondent. The age range of suppliers varied from 25 to 64 years. The highest percentage (48.9%) of suppliers was in the age range of 45-54 years category. The distribution shows that the youngest age range of suppliers was 25-34 years.

With respect to supplying experience around 23% of the population has more than 3 years of supplying experience, while 40% of the population has 2-3 years of supplying experience.

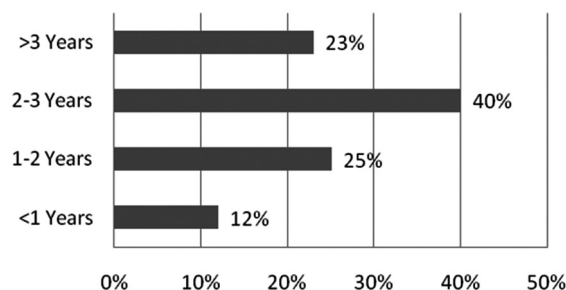


Figure 1. Supplying experience of respondent

With respect to supplier categories, non-beneficiaries play a major role (60%), while beneficiaries consist of 40% in supplier channel.

According to item of supplies it was found that the highest percentage of respondents (66.77%) supplied vegetable and the next highest preference was fruits (30.05%).

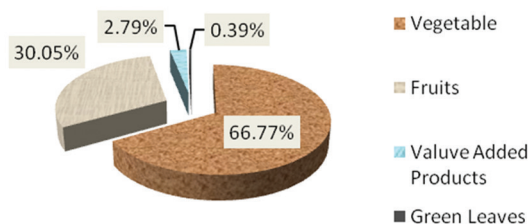


Figure 2. Distribution of supply items

Most of the categories of suppliers were slightly satisfied on given price by the *Hadabima* Authority. There were few categories of suppliers not satisfied and as well as fully satisfied on given price. With respect to overall satisfaction among supply categories, there were no dissatisfied supplier categories. Majority were slightly satisfied or satisfied on overall satisfaction.

According to Correlation Matrix for selected variables related to overall satisfaction, there is a positive relationship among quality maintained and price satisfaction, higher the quality received higher price, Lower the quality ends up with lower price. There is a significant negative relationship between qualities maintain and price amends. Whenever market price goes down *Hadabima* immediately revise the price. But, whenever market price goes up no immediate action for price revision. Therefore, then lower quality maintained. There is a significant positive relationship between price satisfaction and overall satisfaction which is a general truth. There is a negative relationship between price amendments and overall satisfaction.

Conclusion

The first objective of the study was to find out the types and amounts of fruits, vegetables and value added products supplied by both beneficiaries and non-beneficiaries. It was found that, vegetables and fruits are the major products supplied by both beneficiaries and non-beneficiaries.

The specific objective of the study was to find out the level of satisfaction of supplier. It was found that there were no dissatisfied suppliers. Majority were slightly satisfied or satisfied on overall satisfaction. Satisfaction varies with price amendments, purchase price, payments, category of supply etc.

Non-beneficiaries play a major role in supplier channel at *Hadabima* Authority while beneficiaries underutilized the market facilitation. The focus areas of the survey results can be used as inputs for strategic planning and as actions in day to

day management decision making at *Hadabima* Authority. Awareness is required to influence beneficiaries to utilize the marketing opportunities.

Acknowledgement

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