

Supplier Development Research Viewpoint in the Course of Textile Industry

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Abstract

The purpose of this paper is to present a viewpoint of empirical research gap for supplier development approaches in connection to buyer-supplier performance for the textile industry of Pakistan. The research methodology includes the review of pertinent literature of indirect supplier development approach, direct supplier development approach and buyer-supplier performance. There is an empirical research gap to investigate supplier development approaches for the textile industry of a developing country. The findings underline the need to investigate the impact of indirect supplier development approach and direct supplier development approach on buyer-supplier performance particularly for the textile industry to compensate research gap.

Keywords: *Supply chain management, Supplier development, Buyer-supplier performance, Textile industry*

1. Introduction

Supply chain management is investigated abundantly across the globe for the several industries of developed countries. Supply chain management with respect to supplier development approaches is a growing phenomenon for the Pakistani manufacturing sector. Yet, there are numerous impediments that restrict the application of supply chain management in the manufacturing sector of Pakistan. Understanding of supply chain remains a critical problem to majority of manufacturing industries in Pakistan. The concept of supplier development significant to this study is to be discussed based on the problem of understanding the effects of supplier development approaches (indirect supplier development and direct supplier development) on buyer-supplier performance. Moreover, the problem of

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understanding the effects of indirect supplier development and direct supplier development approaches with conjunction of buying firm's trust and buying firm's commitment on buyer-supplier performance for the textile industry of Pakistan.

Firms in the twenty-first century are acclimatizing to modifications that happened during the last decade. A highly competitive global economy is created due to changes in technology, communication systems, political structures and organizational structures (Ireland and Hitt, 1999). The firms are continuously striving to improve performance to survive in a highly competitive global environment with improved management of supply chain. Importance and recognition of supply chain management is acknowledged globally (Cousins et al., 2006, Rajput and Bakar, 2011a, Rajput and Bakar, 2011b, Rajput and Bakar, 2012) whereas some aspects of supply chain management are emerging for several industries across the globe as well as for industries of Pakistan (Bhutta et al., 2007).

2. Literature Review

Supplier development is a particular aspect of supply chain management (Giunipero et al., 2008, Rajput and Bakar, 2012). Firms are utilizing supplier development practices for the consistent supply base that can improve buyer-supplier performance containing three indications such as supplier performance, buyer competitive advantage, and buyer-supplier relationship (Krause and Handfield, 1999, Humphreys et al., 2011). Furthermore, firms engage on supplier development practices with direct supplier development approach and indirect supplier development approach to improve performance (Wagner, 2010).

Supplier development is a narrowly studied category of supply chain management in comparison to other categories of supply chain management (Ghijsen et al., 2010, Giunipero et al., 2008). The buying firm expects improvement in buyer-supplier performance through the compliance to supplier development activities. Literature describes buyer-supplier performance with three dimensions such as supplier performance, buyer competitive advantage and buyer-supplier relationship (Humphreys et al., 2004a). Several eminent studies reported numerous substantial benefits for buying firm and supplier through utilization of supplier development approaches (Humphreys et al., 2011, Krause et al., 2007, Krause et al., 2000, Rogers et al., 2007, Toni and Nassimbeni, 2000, Wagner, 2010, Watts and Hahn, 1993).

Few studies are conducted to investigate supply chain management in the textile industry as compared to other industries such as automobile and electronics (Bruce et al., 2004). Additionally, investigations of supply chain management are mostly conducted in developed economies of America and Europe (Bozarth et al., 2007, Bruce et al., 2004, Bruce and Moger, 1999, Cárdenas et al., 2009, Chen et al., 2007, Jørgensen et al., 2010, Kogg, 2003, Masson et al., 2007, Romano and Vinelli, 2001, Teng and Jaramillo, 2005, Teng and Jaramillo, 2006,

Thaver and Wilcock, 2006) while few studies are conducted in Asia (Au and Danny, 2002, Lam and Postle, 2006, Cao et al., 2008). There is scarcity of SCM studies for textile industry of a developing economy. Turkish textile industry was explored to examine the benefits and barriers linked to supply chain collaboration (Cetindamar et al., 2005).

Recently, Bangladeshi textile industry is explored to create competitive advantage in business procedures with the utilization of SCM (Nuruzzaman et al., 2010). The literature depicts that SCM investigations are predominantly prevailing for the developed economies. There is dearth of discussion about SCM in textile industry of a developing economy like Pakistan (Rajput and Abu Bakar, 2011); this dearth initiated the study to expand insights for indirect supplier development and direct supplier development approaches. In the new global economy, supplier development has become a central issue for investigation (Reuter et al., 2010). This study is an attempt to present a viewpoint of literature through identification of empirical research gap for the investigation of indirect supplier development approach and direct supplier development approach for the textile industry of Pakistan.

Supplier development is described as the struggle of an industrial buyer for enhancing the effectiveness and competencies of a supplier in such a way that the industrial buyer's temporary or permanent supply requirements are to be fulfilled (Krause and Ellram, 1997). The industrial buying firm tries to improve buyer-supplier performance through supplier development (Humphreys et al., 2004b).

There are few studies which are conducted specifically in the textile industry to investigate indirect and direct supplier development approaches. Some of the studies are reported here with varying objectives. The studies were conducted in the textile industry to investigate supplier development activities. Johnsen and Ford (2008) conducted an investigation for size asymmetric buyer-supplier relationship in the textile industry of UK. The study concluded that asymmetry balanced the buyer and supplier relationships. Size asymmetry in buyer-supplier relationship reflects one dimension of supplier development.

Normally, buying firms are larger than suppliers in the context of supplier development. Alptekin and Alptekin (2009) proposed a methodology for the buying firm to select the optimum suppliers set for maximizing quality, performance and delivery time as well as minimizing cost in the textile industry. The study discussed the effective purchasing system for the buying firm. The study lacked the depiction of supplier development context. Additionally, Chen (2011) utilized enterprise competitive strategy to integrate various suppliers of Taiwanese textile industry to manage the suppliers for increasing product development capability to increase product marketability of the buying firm. Irrefutably, little research has been found that surveyed supplier development approaches with divergence of indirect and direct approach in relation to buyer-supplier performance for the textile industry of a developing country.

3. Conclusion

An attempt is made to identify and present a research gap for further future investigation of supplier development approaches and their impact on buyer-supplier performance in textile industry of a developing country. This study deals directly with identification of empirical research gap for indirect supplier development approach and its impact on buyer-supplier performance in textile industry. As well as this study presents a viewpoint for the future empirical investigation of direct supplier development approach and its impact on buyer-supplier performance in the textile industry of a developing country.

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