



EXAMINING THE NEXUS BETWEEN SUPPLIERS' RELATIONSHIP AND ORGANISATIONAL PERFORMANCE OF LISTED MANUFACTURING FIRMS IN LAGOS, NIGERIA

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ABSTRACT

This study examined the influence of supplier relationships on performance measurement of quoted manufacturing firms in Lagos state, Nigeria. Specifically, the influence of supplier relationships on the financial and non-financial performance measurements of quoted manufacturing firms was examined. The need for this study stemmed from sourcing for alternative financing of businesses, other than debt financing from debtors/suppliers of a given firm, especially those in the manufacturing sector, therefore, there is a need to investigate the effect of suppliers' relationship on the overall performance of manufacturing firms. The data for this study were collected based on a purposive sampling technique and 188 responses were captured. Results were analysed using PLS-SEM and Smart PLS 4 software. The result of the hypothesized paths showed that supplier's relationship has a strong influence on both financial and non-financial performances based on the strength of the relationships and the effect sizes. The findings of this study imply that relationship with suppliers is of utmost importance, giving its overall influence on access to raw materials, and related input materials upon which other firm activities depend in the manufacturing sector. In essence, the relationship maintained with the firm's suppliers has significant effects on the overall organizational performance.



Keywords: Suppliers' relationship, firms performance; financial performance; non-financial performance.

1. INTRODUCTION

The recurring collapse of firms, especially those at the infancy category is alarming and calls for concern. Although this phenomenon is not exclusive to the developing countries of Africa, it has manifested popularity in the region, especially in Nigeria. In rejuvenating the downturn, several policy initiatives have been taken, prominent among which was the border closure initiative of restricting importation of consumable products since 2018. The purpose of this move was to reduce the competition that has assumed prominence between imported products and those manufactured locally. In addition to boosting of the Gross Domestic Product (GDP) of the country, this will significantly create the needed haven for the sustainable claim of the manufacturing product market by indigenous firms.

Aside the concerted move by the Nigeria government to promote the development of local industries and products, there is equally the need for a more strategic and dynamic business monitoring on the part of the firm owners and managers, to reduce the level of firms' failure in Nigeria as a developing economy. To monitor business activities, the owner(s) needs to design a yardstick or prototype of laid down guides that will make the attainment of its firm success easy through a well-articulated mechanism. Thus, this articulated mechanism is what this study refers to as a critical success factor. These are standardized measures or variables to be integrated into business management for its survival and to inform quantifiable metrics that will look beyond the ordinary business control but rather a kind of psychological intent into the management accounting fold (Mustapha, 2022). These are what this study is trying to actualize by the way of performance measurement practice - bringing up ideas into firms' management (Jitmaneroj, 2016 and Valaei & Rizaeei, 2017).

The key indices needed for evaluating companies' performance are not available in their financial statements because some measures are hard to find while many are impossible to measure because they are psychological in nature (subjective). Fraser and Ormiston (2013) are of the view that "some of the information needed for evaluating the company performance is not available in financial statements" thus,



leading to a newly invented measurement yardstick of subjectivity (non-financial performance measures). This study is therefore an attempt to solve the problems of the traditional technique (Financial Performance measures) for organizational performance measurement. The non-financial measures are highly necessary as it serves as a mechanism for motivating and controlling an organization. These include suppliers' relationships, public relation and customer service, thus, all these help in strengthening the business environment (Zabri 2016).

Of all these measures, the relationship with suppliers is of utmost importance, giving its overall influence on access to raw materials and related input materials upon which other firm activities depend. In essence, the relationship maintained with the firm's suppliers has significant effects on the overall organizational performance. In measuring the performance of firms, Ahmad and Zabri (2016) noted that a performance measurement system helps to strengthen a firm's competitiveness by providing important additional information that can indirectly reflect the strengths and weaknesses of operations of the business viewing performance measurement outside the box context.

Thus, the measurement of a firm's performance is often linked to its success (Cocca & Albert, 2010). It is, highly necessary for firms to designed measurement practice from which such firm will deep into and get set for in order to triumph instead of concentrating on the traditional means of evaluating performance (Mustapha, 2022). Simeons (2000) indicates that the measurement of performance assists a business to set goals and provide feedback on the progress towards those goals. Given the importance of performance and its measurement to the survival of firms, especially those in the manufacturing sector, there is the need to investigate the effect of suppliers' relationship on the overall performance of manufacturing firms in Nigeria. It is sequel to this background that this study assumes importance.

2. LITERATURE REVIEW

Firm Performance

The totality of a firm performance seems to be an indicator for the organization process of achieving its objectives or goals in small, medium or large organizations.



According to Richard, Devinney, Yip and Johnson (2009). Firm's performance is a factor that determines how well a firm achieve its objectives. Mirza and Javed (2013) sees performance of a company as the ability of such firm to achieve its goals using available resources. Amelia (2012) was of the opinion that, evaluation of company performance is seen as an evaluation that is carried out periodically and systematically to determine the achievement of company objectives. Performance is interchangeably used as the terms success and growth (Gerba & Viswanadham, 2016). Chittithawon, Slam, Keawchana & Yusuf (2011) see performance as the ability to create acceptable outcomes and actions. In simple term, it is defined as an output in the achievement of quantified objectives. It is not only what people achieve but how they achieve it. High-performance results from the appreciation of behaviour and the effective use of the required knowledge, skills and competencies. Brumbach, (1988) sees performance as means of both behaviour and results.

Performance is seen as; measuring, appraising and improving the activities of an organization including the activities of individual employees or group of employees to ensure the achievement of desired organizational outcomes. At an individual level, it entails identifying the activities required of the individual to achieve defined organizational outcomes and judging the performance of these activities to improve performance. In addition, performance is always bench-marked in accordance with mutual standards as set at every point in time. It is on this premise that further discussion on performance was proxy with financial and non-financial performance for the purpose of this study.

Financial Performance

Financial Measures of performance can be defined in terms of business growth which is measured by change in turnover, increase in number of employees, increase in the firm's assets and profit. Fitzgerald *et al* (1991) opines that financial performance as a tool for financial management, reporting to external stakeholders – (shareholders supplies creditors and debtors) and for motivating, controlling activities of managers and employees. Maduekwe and Kamala (2016) and Gerba and Viswanadham (2016), placed emphasis on financial performance as a means of measuring performance in a manufacturing firm. Maduekwe and Kamal (2016) proclaimed that going by history most studies on performance from the accountancy discipline placed more emphasis



on financial performance. Otley (2007) identified three main roles of financial performance measures in an organization namely: being a tool for financial management report to external stakeholders (debtors, creditors, suppliers and shareholders: for motivating and controlling activities of managers and employees. The study further outlined the below financial measures as a tool for financial management: cash flow used for cash flow planning to meet short term obligation; return on assets which measures the efficiency and effectiveness of the firms asset and profitability used to measure the balance between revenue and costs Elhakeem and Hegazy (2012) stressed further that these measures together with the debt to equity ratio also measure the firm's financial risk.

Non-Financial Measures of Performance

There is a growing literature on the use of non-financial measurement in the Western World, like U.K. companies are receptive to the use of non-financial measures and measurement system need to be comprehensive enough because it involves multiple activities that can be measure either through financial, non-financial or psychological intent (subjective). Hitt, Black and Porter (2005) stated that if only some aspects of performance are measured, the results can be misleading and can skew the data that are used for taking actions to improve performance measurement. Pierce and O'Dea (1998) opined that over 50% of respondents in Ireland reported that the use of non-financial measures are either more frequently or often. Ittner and Larcker (2003) carried out a study on the implementation of non-financial performance measures and the study concluded that financial performance has become a shabby and thus, needs substitute that will offer little guidance unless the process for choosing and analyzing it, becomes less on generic frameworks. Managerial guesswork and more sophisticated quantitative and qualitative inquiring into the factors that actually contributes to economic results.

In recent times, a number of scholars have broadened the performance measures by introducing subjective performance measures which enhance organizational performance. Mustapha (2022) posited that subjective performance measures have an incentive that will make managers to concentrate on activities for which their performance is measured and this often involves the sacrifice of relevant but unmeasured activities. Baiman and Rajan (1995) identified the potential benefits of



subjective performance measures including mitigating distortions in a managerial effort by removing dysfunctional behaviour induced by objective performance measures. In summary, subjective performance measures reduce noise in the overall performance evaluation in that they are influenced by uncertain and uncontrollable events. A good example of this is the balanced Scorecard by (Kaplan 2006). Wall, Michie, Patterson, Wood, Wood, Shehan, Clegg and West (2004) sees subjective measures of a firm's performance as equivalent to objective measures. The study indicated that there is convergent validity, that the subjective measures are associated with corresponding objective measures. Discriminant validity and construct validity were also found to hold between subjective and objective business performance. Thus, this study worked towards achieving this with practical exemplification in the Nigerian context.

Gerba and Viswanadham (2016), perceived the shortcomings of financial measures as what led to a paradigm shift to non-financial performance measures. Kaplan and Norton (1992) opened a debate for the incorporation of non-financial performance measure in an enterprises performance measurement framework. Non-financial measures like employees' performance, employee turnover delivery time and community and environmental factors should be included in performance measurement (Wach, *et al.*, 2016).

Suppliers' Relationship.

As evidence in literature, performance measurements seem to suggest that management of suppliers are not highlighted to a very large extent as a success factor for manufacturing firms' survival and performance. Balanced scorecard by Kaplan and Norton (1992) did not suggest supplier's management in their framework as success factor for manufacturing firms to strive. Equally the result of Fitzgerald *et al* (1991) on determinant framework failed to consider Supplier's management as an important success driver to be used in measuring financial performance.

Furthermore, Ramukumba, (2014) added that firms should establish good relationships with their suppliers so as to get goods on credit. Although, Bulak *et al.*, (2016) advocated that firm should develop a relationship with their suppliers for such firm to achieve competitive advantage and long-term organizational performance. It



is plausible that a performance measurement framework should identify the drivers of this relationship with suppliers and measures the extent of relationship in order to attain financial independence through non-interest means of credit supply.

The rate at which businesses collapses, fails, winding up and seizing calls for an investigation on how to determine the possible critical success factors, causes and other inherent factors that leads to these shortfalls in business performance. It is a topical issue among academia's drawing attentions of researchers in the developing countries on way forward towards business survival and sustainability. Ates, Garengo, Ccca, and Bitici (2013), Asah, Fatoki, Rungani and (2015), Lampadarios (2016), and Maduekwe and Kamala (2016) posited that the biggest challenge which most firms face is for the business not being able to sustain their performance and survival for a long time. Okpara (2011) was of the opinion that firms fails in the developing countries at a higher rate than those in the developed world and that business in the developing countries faced unique problems from those in the developed countries. Many of these problems may have nothing to do with the well-known; lack of fund, infrastructures and nearness to market. Frazer, Weaven and Grace (2012) were of the opinion that having access to finance will not always result in the success and survival of the business, this assertion brought about this study, by investigating the possible roles that suppliers could play to overcome this menace of access to finance without interest.

Some studies: Chingwaaaru, (2016) and Sorooshhian, Aziz, Ahmad, Jubidin and Mustapha., (2016) focused on identifying the causes of business failures through conceptualization, activity – based costing, balanced scorecard, employees performance management and profitability index adequate attention has not been given to supplier relationship as one of the measures of improving firms' performance, through zero interest financing. Even though some empirical studies in Europe and America had established that supplier relationship influences performance management.

In the study of Kennerley and Neely (2003), an understanding of how measurement systems can be managed so that a dynamic and relevant set of performance measures can be maintained was provided, reflecting an organization's changing requirements by raising and answering to key research questions viz what factors affect the way in



which measurement systems change over time? How can organizations manage their measurement systems so that they continually remain relevant? The study discussed many issues of relevance to the growing literature in the field of performance measurement whilst providing organizations with a practical tool to help them establish an effective performance measurement system. The study commenced with a review of the literature relating to performance measurement and the evolution of performance measurement systems, concentrating on the interface between literature in the fields of operations management and strategy, in order to maintain appropriate focus. It went further to present the empirical research which was undertaken in two phases. In the first phase, seven case studies were undertaken to identify the factors that affect the evolution of performance measurement systems, resulting in a framework of these factors. In the second phase, an in-depth case study that provides a longitudinal evaluation of a performance measurement system as it changed and investigated the validity of the findings of the initial case studies.

Pongatichat and Johnston (2008) explored the possibility that some degree of misalignment between performance measures and strategy, far from being counterproductive, could indeed have some benefits. The research question underpinning this study, is what are the benefits of misalignment between performance measurement and strategy. Senior managers in the agencies studied had the ability to reformulate strategy in response to government policy and internal requirements and also to select the measures they used. While understanding and accepting that measures should reflect strategy, in the main, the study, chose to select, and indeed report on, measures that had a limited, or a tenuous, or no relationship with the strategy. The study, suggested that misalignment is a frequent and indeed natural state as a result of alignment deterioration. It would be contended that alignment deterioration, in both private and public organizations, is a natural phenomenon resulting from either continuous changes in the external environment and/or frequent, or at least occasional, changes in the internal environment. The study, further suggested that further research is needed to ascertain whether such benefits apply in other, for example European, contexts, in both public and private sector contexts. It would also be interesting to compare misalignment in public and private sectors.



In the Nigerian context, some businesses failed despite the finance and other aids received from government. Chingwaru (2016), Sorooshian et' al (2016) are of the views that most of these failures may be avoided if business have strategies in place to monitor their business performance. Therefore, the need to investigate the performance measurement practice and suppliers' management relationship by manufacturing firms in Lagos, Nigeria as a critical success factor to enhance firms' performance and survival becomes imperative. According to Adeola (2015), Nigerian manufacturing sector has been totally neglected through inconsistent economic policies as a result of oil discovery. Despite this, Nigerian manufacturing sector witnessed a tremendous growth in recent years. This is as a result of government ban on imported goods since 2018. According to Nairametrics, a business intelligence firm, five local vegetable oil brands dominate Nigerian market as a result of the ban on imported goods and interestingly, Nigeria is now 12th largest instant noodle market globally.

However, despite all these tremendous achievements, Nigerian manufacturing firms face the inability to sustain their operations within short period. Maduekwe & Kamala (2016) study indicated that the failure rate of firms are very high and most do not survive beyond their first year of operation. According to Varma et' al (2008) successful organizations know that the win in today's competitive marketplace, they must attract, develop a good supplier's relationship. The inability of firms to take into cognizance performance measurement practice variables like suppliers relationship has greatly affects both the survival and sustainability of many firms in the developing nations in which Nigeria belonged and it is bridging this gap in knowledge and practice that this study assumes urgency and importance.

Theoretical Background

This study is anchored on the stakeholder theory as it explains the relationship between suppliers and organizational performance. Seeing suppliers as a major stakeholder in the running of a firm by providing short term finances without interest to a business and equally as an external stakeholder that will fail if the enterprise's fails. The stakeholder theory was first put forward by Freeman (1984) who argued that an enterprise should consider the interests of all the groups it relates to and not shareholders only. The stakeholder theory identifies employees, customers,



suppliers, communities, government, trade unions and providers of finance as other stakeholders of the enterprise other than shareholders (Freeman, 2010 and Miles, 2012). There is no consensus on the exact definition of stakeholders (Miles, 2012). However, extant literature highlights the need for retail enterprises to have a cordial and symbiotic relationship with their external stakeholders such as customers, suppliers and the government (Yu, 2011; Hutchinson *et al*, 2015). Performance measurement framework from the perspective of stakeholder theory may result in the enterprise meeting the needs of its entire stakeholder community in a way that enhances the performance of the entire enterprise. Therefore stakeholder theory formed the backbone and hallmark of the performance measurement framework to be examined in this study.

Stakeholder theory holds that organization success is not solely dependent on the contributions of stakeholders rather it is dependent on the amalgamation of the efforts of a body of stakeholders (Freeman, 1984). Thus, organisational decisions should be made while recognizing the interest of all stakeholders (Jensen, 2001). Stakeholders are described as groups or individuals that affect or are affected by an organization's achievement of its objectives (Freeman, 1984). However, this theory has been criticized for being too abstract without providing any succinct criterion for making decisions. Generally, a wide body of stakeholders (for example creditors, shareholders, government, employees, customers and in extreme cases blackmailers) with conflicting interests exist for every organization making a decision that satisfies this interest must involve a trade-off of one interest for the other. This is only achievable if a standard criterion exists for determining which interest best satisfies a company's objective at a point in time.

The stakeholder provides necessary legal (financial controls) and market infrastructure for the firms' activities (Clarkson 1995). The purpose of the firm is, according to stakeholder model, to create wealth or value for its stakeholder by converting their stakes into goods and services. This view is supported by Blair (1995) who proposes that the goal of directors and management should be maximizing total wealth creation by the firm through effective fund management. This model is relevant to this study as it states clearly that business organization operate to create value for stakeholders through compliance with rules, professional ethics and legal framework.



Jensen (2001) propounded the enlightened stakeholder theory to address this problem of traditional stakeholder theory. He argued that the long-term objective of a firm should be shareholder wealth maximization while satisfying other stakeholders' interest should be instrumental to achieving this objective, thus, supplier's management is instrumental to maximization of shareholders wealth by providing credit without interest to manufacturing firms in Nigeria. Hence, in the short-run, an organization ensures stakeholders are satisfied to ensure long-run value maximization for shareholders.

The stakeholder theory provides all legal framework that tends to protect and maximize the shareholders wealth while protecting the interest of related stakeholders, especially that of the suppliers both at the short run, long runs and see how the firm will excel in its commercial undertakings. It emphasizes amalgamation of all efforts of stakeholders in order to attain firm's success. From the measurement variables suppliers and customer's falls in the categories of stakeholders that this study evaluated, as how they affect firms' performance positively, thus incidentally (suppliers and customers) are major stakeholders of any firm in terms of provision of short time credit facility with no interest.

Conceptual Framework

This study is conceived based on the assumption as shown in Figure 1 that suppliers relationship serves as the independent variable which positively influences the dependent variables that is, both financial and non-financial performances.

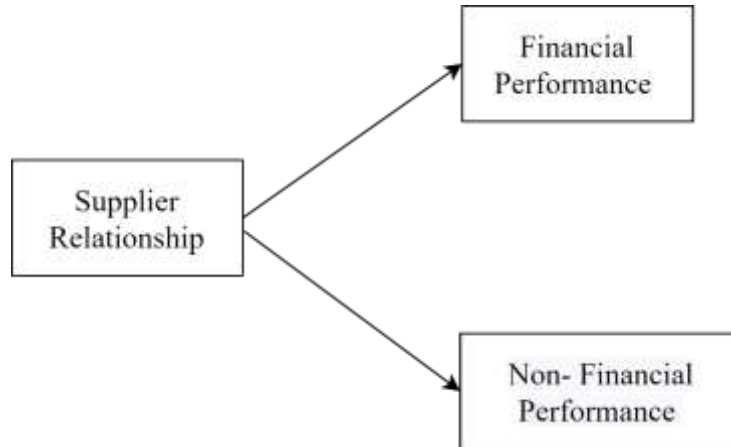


Figure 1: Conceptual Framework (2022).

Hypotheses Formulation

From the above background, conceptual definitions, empirical review, theoretical background and conceptual framework the following null hypotheses were generated;

H1: supplier relationship has no positive and significant relationship with financial.

H2: supplier relationship has no positive and significant relationship with non-financial performances.

3. METHODOLOGY

This study used quantitative method of data collection to examine the nexus between suppliers' relationship and organizational performance among listed manufacturing firms in Lagos, Nigeria. This study also employed cross sectional design that entailed the collection of data on two or more variables from more than one case at a single point in time. In addition, structured questionnaires were adopted in pursuing the objective of the study. This study used all the listed manufacturing firms in Lagos, Nigeria as the population. The choice of Lagos State was based on the fact that,



Lagos has the highest number of listed and registered firms in Nigeria source (2018 Nigeria Stock Exchange fact book). As criteria for inclusion in this study, the firms must possess the under listed characteristics; quoted and listed on the Nigeria Stock Exchange Market for not less than five years. On this basis, thirty-seven (37) listed manufacturing companies operating in Lagos State were selected. The manufacturing firms included in this study were manufacturers specializing in clothing, furniture and electrical gadgets, grocery (food items) and pharmaceutical companies.

Using a purposive sampling technique, ten (10) respondents from each of the companies selected were adopted for data collection. These respondents included Production Manager, Marketing Managers, Accountants, Auditors, Store Managers, Managing Directors/General Managers, Personnel /Human Resources Manager, Head of Research and Planning and two each from the owners/shareholders. Therefore, the population of the study was (37×10) 370. From the population of 370, using Taroyamane sample size determinant and random sampling technique respectively, the sample size was pegged at 185. However, a total of 200 questionnaires were distributed to give room for unreturned and uncompleted questionnaires. A five-point Likert scale was used in the design of the questionnaire where respondents were asked to rate their opinion from two extremes “never and always”.

Financial and non-financial performance serves as the dependent variables and measured with Bedford (2015); Kaplan and Norton (1992); Maduekwe and Kamala (2016) measurement items comprising of 5 items each. Also, the independent variable was proxy with supplier relationship measured using Tari *et al* (2007); Shi and Yu (2013); Bulak *et al* (2016) measuring items comprising of 5 items.

4. DATA PRESENTATION AND ANALYSIS

Descriptive and inferential statistics were used to analyze data that provides answers to the research questions and to determine the acceptance or rejection of research hypotheses. Partial Least Square-Structural Equation Modelling (PLS-SEM) was adopted in analyzing the collected data. Out of the 200 questionnaires distributed, 188 were returned and properly filled, the response rate was 94% which could be relied upon for conversion and policy direction. This is in line with the suggestion of



Sivo, Sanders, Chang and Jiang (2006) that average response rate between 30% and 50% of total sampled population is sufficient for the survey results. There are 60% male among the respondents while 40% are female. The majority of the respondents are between 35-44 years (43%), 32% are between 25-34 years and 6% are above 54 years. Half of the respondents are bachelor's degree holders, 28% have master degree, 10% have professional qualifications. There are 62 managers, 71 accountants and 55 auditors in the respondents. Majority of the respondents have spent 10 years in their career, and only 13% have spent more than 11 years.

Table 1
Demographic Data of Respondents

Parameters	Items	Frequency	Percentage
Gender	Male	112	60
	Female	76	40
Age	25-34	60	32
	35-44	81	43
	45-54	35	19
	54 and above	12	6
Highest Educational Qualification.	Diploma/NCE	23	12
	Degree	94	50
	Master	53	28
	Professional qualification	18	10
Designation	Manager	62	33
	Accountant	71	38
	Auditor	55	29
Year of Experience	1-5 Years	81	43
	6-10 Years	82	44
	11 Years and Above	25	13



Measurement Model

The measurement model in table 2 was assessed based on the standard guideline of PLS-SEM (Hair, Rishers, Sarstedt & Ringle 2019). The internal consistency reliability, convergent validity and discriminant validity were examined. For the internal consistency reliability, the indicator loadings were examined and found satisfactory based on the threshold of 0.708. Most of the items of measurement were above 0.708 except for a few, more so, NFIN3 was deleted due to lower loading and caused the AVE to go the 0.5 threshold. Also, the composite reliability test results showed that all the constructs have value above 0.7. The convergent validity test was examined using the Average Variance Extracted. The result showed that all the constructs have their AVEs > 0.5 for the discriminant validity, the HTMT result showed that all construct values were below that 0.9 threshold. Moreso, the multicollinearity test was also observed, the Variance Inflation Factor (VIF) result showed that all values were below the 3.3 threshold, therefore, there are no collinearity problems with the constructs.

Table 2
Supplier Relationship

Constructs	Items	Loadings	CR	AVE
Supplier Relationship	SR1	0.760	0.871	0.575
	SR2	0.689		
	SR3	0.800		
	SR4	0.718		
	SR5	0.814		
Financial Performance	FIN1	0.745	0.889	0.616
	FIN2	0.745		
	FIN3	0.834		
	FIN4	0.806		
	FIN5	0.789		
Non-Financial Performance	NFIN1	0.823	0.833	0.556
	NFIN2	0.763		
	NFIN4	0.695		
	NFIN5	0.693		

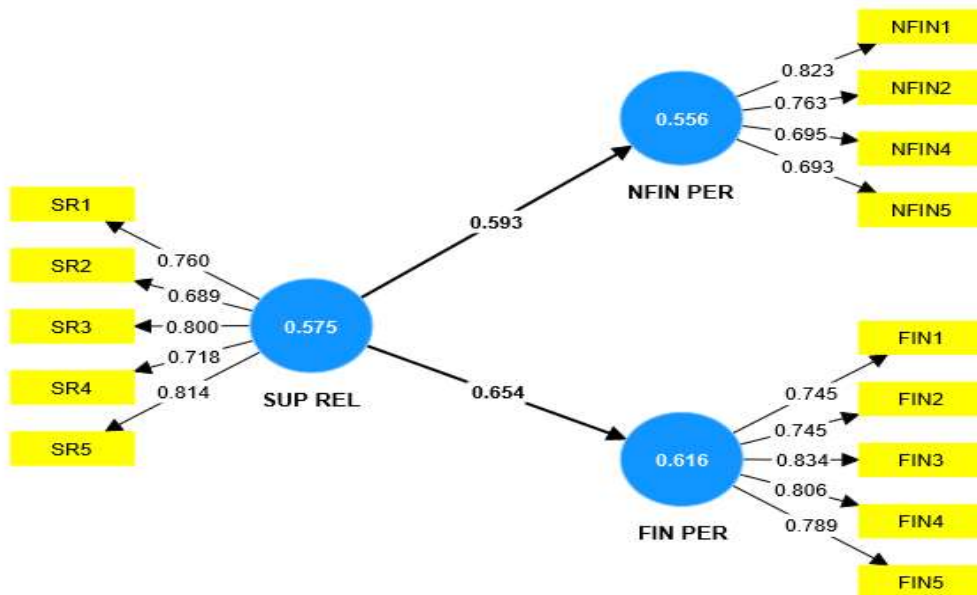


Discriminant Validity

Discriminant validity is the extent to which a construct is completely distinct from other constructs empirically in the same model (Hair *et al.*, 2013). Similarly, a high level of discriminant validity implied that, a construct is unique and captures phenomena not accessible by other constructs in the model.

Table 3
Discriminant Validity

	FIN PER	NFIN PER	SUP REL
FIN PER			
NFIN PER	0.847		
SUP REL	0.764	0.738	





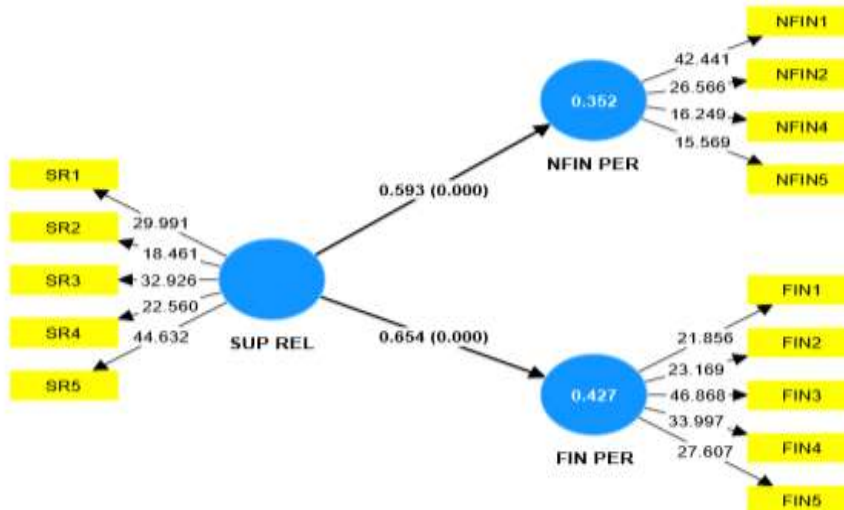
Structural Model

This study's structural model was examined based on the PLS-SEM 5000 resample bootstrapping procedure on SmartPLS4. The significance of the hypothesized relationships were examined based on the coefficient value, t- value, p value, coefficient of determination (R^2) effect size (f^2), and the predictive relevance of the model (Q^2). The significance of the hypothesized path analysis showed that the two hypotheses were supported, that is, supplier relationship has a positive and significant relationship with both financial ($\beta = 0.654$; $P < 0.001$) and non-financial performances ($\beta = 0.593$; $P < 0.001$). More so, the R^2 result showed that supplier relationship explains 43% and 35% of financial performance and non-financial performance variances. The f^2 result showed that effect size between supplier relationship and financial performance is 0.746, while for non-financial performance is 0.543, the Q^2 result based on the PLS-predict algorithm showed that the relationship between supplier relationship and financial performance is 0.42 and non-financial performance is 0.344, therefore, since the Q^2 values are above, 0.1, the model is deemed satisfactory and relevant.

Hypothesized Paths Result

Table 4
Hypothesized Paths Result

	β	Std Error	T-Values	P values	5.00%	95.00%	R^2	f^2	Q^2
SUP REL -> FIN PER	0.654	0.030	21.720	0.000	0.597	0.697	0.427	0.746	0.420
SUP REL -> NFIN PER	0.593	0.035	17.196	0.000	0.529	0.645	0.352	0.543	0.344



5. CONCLUSION AND RECOMMENDATION

This study examined the influence of suppliers’ relationship on performance of quoted manufacturing firms in Lagos State, Nigeria, specifically, the influence of supplier relationship on financial and non-financial performance of quoted manufacturing firms were examined. The data were collected based on a purposive sampling technique and 188 responses were captured. Results were analysed using PLS-SEM and SmartPLS 4 software. The result of the hypothesized paths showed that supplier relationship has a strong influence on both financial and non-financial performances based on the strength of the relationships and the effect sizes. The result of this study, is in tandem with the result of previous studies such as the study of Varma et’ al (2008) which identifies supplier relationship as one of the main ingredients of firms survival, particularly in developing countries. Similarly, the result of this study is in consonance with the study of Kennerley and Neely (2003), which showed that the performance measurement of organization is enhanced through identification and maintenance of a healthier supplier relationship. More so, this study aligns with the findings of the study of Pongatichat and Johnston (2008) which states the alignment of supplier capture as a confidence booster for organizations.



The findings of this study implied that maintaining good relationship with suppliers is of utmost importance, given its overall influence on access to raw materials and related input materials upon which other firm activities depend. In essence, the relationship maintained with firm's suppliers has significant effects on the overall organizational performance measurement. In measuring performance of firms, performance results help to strengthen firm's competitive ability by providing additional information that can indirectly reflect the strengths and weaknesses of operations of the business, that is, viewing performance measurement outside the box context (Ahmad & Zabri, 2016). Firm should develop a relationship with their suppliers for such firm to achieve competitive advantage and long-term organizational performance (Bulak *et al.*, 2016). Furthermore, the establishment of good relationship with suppliers help firms to get goods on credit without interest charges. Therefore, it becomes important for firms to integrate supplier relationship in their performance measurement framework in order to get financial independence through non-interest means of credit supply and as such a kind of reliable alternative debt financing.

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