

**Research  
Paper**

Received 16/02/2010

Accepted 09/08/2010

SAFA = 0.56

Chief Editor: Mohammad Safa  
Special Issue Editor: Keng-Boon Ooi & Alain Yee-Loong Chong

## The Effects of SRM Capability on Supply Management Performance

<sup>a</sup>Katrina Lintukangas\* and <sup>a</sup>Anni-Kaisa Kahkonen

<sup>a</sup>School of Business, Lappeenranta University of Technology, Finland

**Abstract:** Supplier relationship management (SRM) connects the firm's supply organization to the external supplier network. Firms aim to increase firm competitiveness by exploiting the synergy of mutual business activities with the suppliers. To increase the effectiveness of SRM the drivers of performance need to be examined and regular monitoring of the success of SRM is required. This study examines the effects of SRM capability on monitoring and measuring supply management performance. The supply management performance is divided into monitoring of non-financial measurements measuring supply management's internal service ability and into financial measurements measuring supply management's monetary impact on firm's overall results. The effects were tested using survey data collected from 100 Finnish firms. The results indicated that the SRM capability has a positive effect on monitoring of supply management performance. Moreover, it was found that the effect of capability is more powerful on non-financial measurements than on financial measurements.

**Keywords:** Supply management, supplier relationship management (SRM), performance measurement, hierarchical multiple regression analysis

### INTRODUCTION

The multidimensionality of supply management is derived from the history of the Porter's value chain (1985) arguments, where supply management was defined to be a support activity with several interfaces with primary activities such as logistics, operations, marketing and service. However, present studies have shown that supply

---

\* katrina.lintukangas@lut.fi 