Just-in-time purchasing: an empirical study of operational practices, supplier development and performance

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Abstract

This paper examines the role of supplier development in establishing and managing efficient buyer–supplier operational links. The paper develops and assesses a measurement instrument for “operational” and “supplier development” just-in-time purchasing practices, followed by an examination of the relationships between the two sets, and an investigation into whether the use of “operational” and “supplier development” practices has a bearing on higher plant performance. A plant-level survey was carried out on a sample of electronics and machinery plants. The study empirically:

- documents the close connection between the buyer–supplier operational link and the buyer’s practices for supplier development;
- demonstrates that recourse to supplier development programs and their nature depend on the kind of vendor–vendor–deeni operational connection;
- test whether different plant performance outcomes result from the implementing of different “operational” and “supplier development” practices. It demonstrates that better-performing plants exhibit more advanced design and logistic links with sources, more formalised vendor-rating and ranking procedures, greater use of organisational devices for supplier-organisational integration and place greater importance on supplier assistance and training.

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1. Introduction

World-class manufacturing, that is, the “set of pro-

cesses designed to achieve a suitable global competitive advantage” [41], places particular emphasis on buyer–supplier interaction practices and on the role of the suppliers in the same extended production system [54]. However, the role of procurements in the effective implementation of modern approaches to operations has been a relatively recent rediscovery. Since the early 1980s studies on just-in-time (JIT) have shown a need