

**COMPETITIVE SOURCING INITIATIVES AND SUPPLY CHAIN
PERFORMANCE OF SUPERMARKETS IN NAIROBI COUNTY,
KENYA**

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FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF
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DECLARATION

I declare that this research project is my original work and has not been presented for the award of a degree in any other university/institution or for any other purpose.

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D61/72947/2012

This research project has been submitted with my approval as the university supervisor.

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Last and not least to God almighty for the gift of life and protection.

DEDICATION

I dedicate this research project to my Dad; Simon Munyua, Mum; Grace Munyua, Sisters, and Brothers for their love, support and encouragement.

ABSTRACT

The objectives of the study were to determine the competitive sourcing initiatives implemented by the supermarkets in Nairobi County, Kenya; and to establish the relationship between competitive sourcing initiatives and supply chain performance as applied by the supermarkets in Nairobi, Kenya. This study adopted descriptive research design. The target population of study consisted of 102 supermarkets operating in Nairobi. The study adopted stratified and simple random sampling methods to choose the study sample size where a sample of 30% was taken to give a sample size of 31 supermarkets operating in Nairobi. This study used structured questionnaires to collect primary data. The questionnaires were administered through drop and pick later method. The respondents included, the supply chain manager, purchasing manager, operations manager or head of purchasing in the supermarkets in Nairobi, Kenya. Data collected was analyzed using both descriptive which included frequency tables, percentages, mean scores and standard deviation and inferential statistics which included regression analysis and ANOVA. The analysis was aided by statistical software. The analyzed data was presented using tables, graphs and bar charts. The results found out that the supermarket practiced transparency in supplier selection to a very great extent and that the tendering process exhibited honesty and accountability. However, factors such as high competition, lack of enough finances, lack of effective communication and lack of knowledge when it comes to implementation of sourcing practices affected the implementation of competitive sourcing initiatives to a moderate extent. The study concludes that there was a positive and significant relationship between supply chain performance and competitive sourcing initiatives. The study recommends that there is need for more training to the employees on the best competitive sourcing practices and the best achieved so as to encourage the management in supermarkets to adopt such practices. There is also need to adopt the appropriate technologies and ensure effective communication and cooperation among the supply from all parties involved.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Organizations have been facing stiff competition from their counterparts in the same fields of operation. With the threat of high competition and the need to reduced operational costs, they have been forced to find ways to become competitive. One of the ways being implemented is the use of competitive sourcing initiatives to improve the performance of the supply chain. Sourcing has become an integral activity in a supply chain and has great influence on the performance of an organization. Sourcing decisions include, identifying of buying centers or teams, buying situations and deciding where to buy (Lysons & Farrington, 2006).

A supply chain success can be attributed to its performance and how well it is managed. There is therefore the need to monitor all the costs that are incurred in its operations, this in return ensures it is successful. The overall value of a supply chain is increased when activities such as inventory management product design and testing are done. These activities ensure that there is value addition in a supply chain (Handfield, Monezka, Giuipero & Patterson, 2009).

Organization should note that in order to attain their goals they have to manage the performance of their supply chains and this can be attained by adopting the best strategies that lenders them at a competitive edge. Competitive sourcing initiatives if adopted can help in achieving efficiency and effectiveness in a supply chain thereby increasing its performance (Demio, Moore & Badolato, 2002). Effective sourcing and supply chain management contributes significantly to organizational success.

The acquisition of materials services and equipment – of the right quantities, at the right prices, at the right time and on continuing basis contributes directly to the performance of a supply chain. Organizations would wish to obtain maximum contribution from its activities there by achieving a competitive advantage (Johnson & Fearon, 2010).

1.1.1 Competitive Sourcing Initiatives

Sourcing is the process of identifying, selecting and developing suppliers; it is a key purchasing activity. Sourcing helps in the attainment of good, services or materials in a supply chain Sourcing can be either at tactical and operational or strategic level (Lysons & Farrington, 2006). The sourcing process has a number of interrelated tasks. A typical model is that of Navock and Simco who represented the following eleven stages sourcing process: identify or re-evaluate needs; define or evaluate users' requirements; decide to make or buy; identify type of purchase; conduct market analysis; identify possible suppliers; prescreen possible suppliers; evaluate the remaining supplier base; choose supplier; deliver product/service; post purchase/ make performance evaluation (Lysons & Farrington, 2006).

For a supply chain to perform it has to practice strategic sourcing which include making long term decisions relating to high-profit and high supply risk strategic items. Strategic sourcing is also concerned with making long-term purchasing policies the supplier base, partnership sourcing, reciprocal and intra-company trading and globalization. Strategic Sourcing activities includes analyzing expenses, identifying potential suppliers,

requesting quotations, negotiating contracts, monitoring and improving suppliers (Kumar, Bragg, Creinin, 2003).

Competitive sourcing is one of the strategies undertaken in sourcing, where the identification, selection, development of suppliers is done in order to achieve a competitive benefit to the organization. When sourcing competitively the issue of reducing cost in the supply chain is put in mind this in return is done to enhance the overall performance of a supply chain (Demaio et al, 2002).

For competitive sourcing to work as an advantage to a supply chain, there is the use of competitive sourcing initiatives which include: tenders, bidding, supplier analysis, supplier firm collaboration, remote sourcing, crowd sourcing, multi sourcing and second-tier sourcing. These initiatives works best at ensuring the best supplier is selected which in return help improve the supply chain performance.

According to Kamensky & Morales (2006), the challenges experienced in the implementation of competitive sourcing initiatives are; it's expensive and time consuming, it has negative impacts on the morale of the work force. This happens in the case when employees think that they might lose their jobs when the competitive sourcing initiatives are adopted. The use of competitive sourcing initiatives has adverse benefits to the whole supply chain performance, there is reduction of costs associated with procurement process, and they also help in gaining a competitive advantage over the competitors when the best supplier is selected. They help ensure that customers are satisfied when whatever they need is available and at the right price.

1.1.2 Supply Chain Performance

Performance measurements are important for an organization success. They “enable an organization to plan measure and control its performance and helps ensure that sales and marketing initiatives, operating practices, it resources business decision and people’s activities are aligned with business strategies to achieve desired business results and create shareholders value” (ACIPA, 2001).

Modern supply chain performance measurement and evaluations systems contain a variety of measures. Most of this measures fall into two categories: effectiveness measures and efficiency measures. Effectiveness refers to the extent to which, by choosing a certain course of action, management can meet a previously established goal or standard. Efficiency refers to the relationship between planned and actual sacrifices made to realize a previously agreed-upon goal (Handfield et al., 2009).

Capturing supply chain contribution to the organization is a necessary and challenging task. Traditionally, firms have concentrated on analyzing their own past performance, to determine improvement. Increasingly senior supply executives are focusing on developing metrics that capture both the direct contribution and the indirect supply chain contributions (Johnson & Fearon, 2010).

There are a number of reasons for measuring supply chain performance, for instance it helps support better decision making which in return benefit an organization. It helps in supporting better communication across the supply chain. Also helps to provide a performance feedback, which supports the prevention or correction of problems

identified during the performance measure. Last but not the least it helps motivate and direct behavior toward desired results (Handfield et al, 2009).

1.1.3 Supermarkets in Nairobi

There are one hundred and two (102) supermarkets in Nairobi Kenya this is according to Kenya business directory (2014). The supermarket industry has changed with time where supermarkets have been forced to minimize their operating cost so as to be at an advantage to their competitors. This has been seen as a result of changing customers taste and preferences, creating customers loyalty and the changing consumer needs. Supermarkets have to identify ways to make sure they beat their competitors and this can be achieved by measuring their performance and ensuring that they offer profitable services (Reurdon & Gulati, 2008; Bosire at al., 2011).

The recent trends shows that supermarkets in Kenya have diversified their services where they used to only sell goods but now they have incorporated other services like catering, delis and bakeries, banking services and subcontracting segments inside the supermarkets. These have been brought about by the need to increase their profit making capabilities and avenues and increase customers satisfaction. The nature of supply chain is that of retail and distribution chains. Here they have many customers but relatively few suppliers and customized methods such as Vender- Managed Inventory (VMI) of facilitating dealing with suppliers (Reurdon & Gulati, 2008; Bosire at al., 2011).

Supermarkets are classified to be leading when they have more than five retail outlet and when the sales turnover is more than half of the leading supermarket. Some of the leading supermarket include: Nakumatt Holdings, Tuskys supermarkets, Naivas Ltd, Uchumi Supermarket, Ukwala supermarket, and Tumaini Supermarket. There are others supermarkets like Chandarana, Easy mart and Eastmart supermarket (Wamugunda, 2013). According to Bosire, Kongere, Ombati & Nyaoga (2011) the growth of supermarket has been driven by rapid urbanization, the policy changes of 1993 which were taking effect by 1995 which included liberalization and stabilization policies, the competition between Uchumi and Nakumatt also contributed largely to growth of the supermarket in Kenya.

The leading supermarkets seem to be expanding very first where they are establishing many branches upcountry and also into the estates. They have managed to identify their market segment where a supermarket like Nakumatt targets the high end market while Tuskys supermarket and Naivas limited are targeting the middle class and low income urban consumers. The leading supermarkets are embracing loyalty programs strategy where they are rewarding their customers. All this is being triggered by the increased competition among the various players in the retail industry and the desire for increased market share (Bosire at al., 2011).

1.2 Statement of the Problem

Competitive sourcing initiatives and supply chain performance are important to every organization success. Supply chains have been forced to adopt initiatives that will help reduce the overall cost and also adopt competitive sourcing measures which help to

source the best suppliers and source them competitively. The changing customers taste and preferences have affected the performance of organizations, they have been forced to ensure they have what the customer needs, at the right time and place (Reurdon & Gulati, 2008).

Supermarkets have recently been affected by the increasing competition where, customers have become more empowered and their propensity to spend has gone up and hence supermarkets are being forced to come up with ways to provide goods at the best price and have the most variety that will leave their customers satisfied. With this challenges supermarkets need to adopt sourcing initiatives that will lender them a competitive advantage and be able to control a large market share. For supermarkets to overcome the rising challenges they have to monitor their supply chain performance which is reflected by the price the goods and services and the total cost incurred in a supply chain. There is therefore the need for the study to determine the relationship between competitive sourcing initiatives and supply chain performance of supermarkets in Nairobi, Kenya.

A number of studies have been done on the concept of competitive sourcing and supply chain performance, but most of them are study by the federal government. An example is that of Federal Acquisition Council (2003) which guides on competitive sourcing. The guidelines fails to state how other sectors apart from the government are affected by use of competitive sourcing initiatives. Demaio et al (2002) conducted a study and he found out that there exist a relation between the competitive sourcing initiatives and the performance of agencies in federal government. The research also indicated that there

were many challenges associated with competitive sourcing initiatives. The study only concentrated on the federal government agencies but not in retail shopping.

Competitive sourcing has often been confused with outsourcing and most studies have been conducted on outsourcing. Kamah (2012), the study was based on outsourcing on how it influences supply chain performance. The study was done on mobile telephone and not the retail industry. Nyagari (2012) conducted a study on strategic sourcing and he concluded that banks take into account the aspect of sourcing economically viable products and making strategic sourcing decisions as well as shareholders wealth maximization, the study fails to show how competitive sourcing initiatives can be used as a sourcing strategy in increasing the performance of a supply chain.

Having been no conclusive study that shows how competitive sourcing initiatives affect the performance of a supply chain and more so of supermarkets, this study assisted to answer the following questions; which competitive sourcing initiatives are being implemented by the supermarkets in Nairobi, Kenya? Is there any relationship that exists between competitive sourcing initiatives and supply chain performance of supermarkets in Nairobi, Kenya?

1.3 Objectives

The objectives of the study were:

- i. To determine the competitive sourcing initiatives implemented by the supermarkets in Nairobi county, Kenya; and

- ii. To establish the relationship between competitive sourcing initiatives and supply chain performance as applied by the supermarkets in Nairobi, Kenya.

1.4 Value of the study

The findings of the study would be of great value to the existing supermarkets and upcoming ones. It would be of most help when it comes to making of sourcing decisions and when enhancing supply chain performance.

For academicians and scholars this study would be of help as the basis of reference point. It would also provide relevant material in case one is interested in this area of study and further research. The academic fraternity can use the information for training purposes on the impact of supply chain on developing competitive advantage. The government would also benefit from this research when it comes to making policies that govern the supermarkets industry.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter discusses the empirical literature on competitive sourcing initiatives and supply chain performance. It gives accounts of what has been published by accredited scholars and researchers with the purpose of conveying to the readers the knowledge and ideas that have been established on the topic. The study lastly presents the conceptual framework which shows the variables of the study.

2.2 Competitive Sourcing Initiatives

According to the Federal Acquisition Council (2003) competitive sourcing is about management vigilance, it's a tool that helps organizations benchmark against other service providers. It's also a way of using competition to enhance business results in organizations. The one certainty about Competitive Sourcing is that it will produce change in all parts of an organization, not just the business unit undergoing a competition. Unlike other business process reengineering or performance improvement initiatives, Competitive Sourcing has real implications for you, your employees, and your organization. Competitive sourcing uses competition to help ensure organizations are receiving best value from their activities.

Competitive sourcing involves the examination of an activity to determine whether the activity should continue to be carried by the organization or should be purchased from an outside entity. It's simply the decision if an organization should "make" or "buy" this activity. The purpose of competitive sourcing is to analyze organization's various options for achieving the desired performance of their activities.

Competitive sourcing goes beyond the decision of “make” or “buy” to examine considerations such as: whether an activity is needed, whether an activity should be re-engineered to be more efficient and whether should be sourced differently (Demaio et al., 2002).

Competitive sourcing involves three areas which include; the fair act inventory and its compilation, the competition process and post-competition management and accountability. The mentioned areas are used to ensure that organizations are positioned to compete effectively and enhance their performance. Fair act inventory is used to define if organizations activities are of competitive nature and if they would compete with other private processes. The competition process is a way of placing the identified competitive processes in a competitive way so as to compete effectively. Post-competition and accountability process is used to evaluate if there is something more an organization can do to improve their performance or re-engineer their processes to enhance future performance. In this stage organizations can choose to change their behavior and practices. Competitive sourcing can play a strategically important role in reforming and improving the performance of an organization if effectively implemented (Federal Acquisition Council, 2003).

Through competitive sourcing initiative organizations are required to deliver their commercial activities on a competitive basis and also be able to monitor on management costs of delivering services (Thai, 2004). The ultimate goal of competitive sourcing initiative is to improve organization performance and efficiency which should be measured by the results achieved in terms of providing value to the customers.

Inadequate cost accounting systems that make cost comparisons suspect at best has also been a greater challenge (Gao, 2004; Demaio, 2002). The implementation of competitive sourcing initiatives has been faced with challenges of obtaining adequate personnel with skills needed to run a competitive sourcing program. Also identifying competitive activities and linking them to the overall goal of increasing performance has proved to be a challenge within the organizations. There is also the focus on meeting targets rather than weighing potential improvements against the costs and risks associated with performing the competitions (Gao, 2004).

Competitive sourcing has with considerable controversy in both the public and private sectors. The concern expressed is that the process does not provide for holding the winner of the competition accountable for performance. This was later addressed when recommendations that included ten sourcing principles was to provide a better foundation for competitive sourcing decisions in federal government. The principles stressed on the importance of linking sourcing policy with organization missions, promoting sourcing decisions that provide value and ensuring greater accountability for performance (Gao, 2004).

2.2.1 Tendering Initiatives

A tender or bid is a formal offer to supply goods or services for an agreed price. From a purchasing prospective tendering is also known as competitive bidding is: a purchasing procedure whereby potential suppliers are invited to make a firm and unequivocal offer of the price and terms on which they will supply specified goods or service, which, on acceptance shall be the basis of a subsequent contract (Lysons & Farrington, 2006).

Tendering is based on the principle of competition, fairness and accountability, transparency and openness and probity. The process of obtaining tenders should also aim at obtaining the best value and not necessarily the lowest price. The types of tenders include; open tenders, restricted open tenders, selective tenders, serial tenders and negotiated tenders (Lysons & Farrington, 2006). Tendering can be used as one way of enhancing competitive sourcing, these is achieved when suppliers are selected competitively, there by obtaining the best value and the best price.

2.2.2 Supplier Firm Collaboration Initiatives

While the ‘competitive sourcing’ initiative has tried to maximize competition in organization’s commercial activities, a new procurement approach has emerged: ‘partnering’ or partnership arrangements which in other words can be described as supplier firm collaboration (Thai, 2004). Supplier firm collaboration is an activity undertaken in collaborative sourcing. Collaborative sourcing is developing supplier relationships to generate suitable competitive advantages that create mutual shareholders value (Phillippart et al. 2005).

In supplier collaboration the goals of the supplier and the firm are aligned through a process of bargaining and negation. What binds the party together is a strong and shared commitment to a successful experience. There are varies benefits associated with collaboration which include reduced purchasing cost by lowering contracting cost, frequent communication, improved coordination, and a joint approach to operational problem-solving. On the other hand collaboration is linked to negative outcomes which include costly asset co-specialization and increase in the vulnerability to opportunism by the exchange partner (Barratt, 2004).

Supplier firm collaboration serves as a good sourcing initiative that helps a supply chain to get the best value from sourcing. A firm should select the best supplier that will give then the maximum advantage when it comes to selections of a collaborative supplier partner (Phillippart et al. 2005; Barratt, 2004).

2.2.3 Remote In-Sourcing Initiatives

In-sourcing is physically bringing in external human resources to perform work, these external resources maybe from different organizations within the same company. It's the opposite of outsourcing. It's the location and acquisition of services, specialized skills raw materials or manufacturing capabilities from an internal department, division or subsidiary of a company. In-sourcing generally refers to the in-sourcing of services, but also include materials, component parts or manufacturing capabilities (Hinkelman, 2008).

The advantages associated with in-sourcing include; maintaining control over a process, using existing internal resources and capabilities, reducing costs or keeping profits within the company and having loyal workforce. It also empowers a business with offshore development resources and benefits coupled with direct project management. In-sourcing also have some disadvantages when compared to outsourcing where, a firm is unable to compete with firms that outsource and also increased labour costs relative to outsourcing competition (Hinkelman, 2008; Schniederjans, 2005).

2.2.4 Second Tier Sourcing Initiatives

'First' and 'second' tiers are used to indicate the degree of influence the supplier exerts in a supply chain, rather than some fixed position in the hierarchy and definitions are as follows: first- tier suppliers are those that integrate for direct supply to the assembler or

who have a significant technical influence on the assembly while supplying direct. Second-tier suppliers are those that supply components to first-tier firms for integration into systems or provide some support service, such as metal finishing. The key word at all levels of tiering is collaboration as much of competitive advantage required for a successful supply chain derives from the ability to deal with subcontractors as collaborators or partners (Lysons & Farrington, 2006).

The reasons for tiering are; to integrate diverse technologies not possessed by one organization, in the case where components required for systems will be very specialized and thus made by small number of large firms and in large quantities. An organization benefits from tiering by having a relationship that is more of strategic joint venture than that of a purchasing link. The product technology resides in both firms. Tiering gives a firm a sourcing advantage over its competitors hence a competitive edge while conducting its sourcing activities (Lysons & Gillingham, 2003).

2.2.5 Crowds Sourcing Initiatives

Crowd sourcing is an online, distributed problem solving and production model that leverages the collective intelligence of online communities to serve specific organizational goals (Brabham, 2013). Crowd sourcing is the act of taking a job traditionally performed by a designated agent and outsourcing it to an undefined, general large group of people in the form of an open call. Crowd sourcing is not a single strategy; it's an umbrella for highly varied group of approaches that share one attribute in common: they all depend on some contribution from the crowd. The types of crowd

sourcing you get and what you get from it depends on how you gather the crowds, what you ask them to do, and how you ask them to do (Sloane, 2011).

2.2.6 Multi Sourcing Initiatives

The division of activities or services involved in the execution of an essential business function among a combination of providers, both internal and outsourced, in order to gain more control over costs and accountability while reducing dependence on any one provider. Multi sourcing improves the likelihood of higher number of bidders. Its strategic objective is to maximize long term benefit, which is the sum of short term benefits from capacity reservation and development from sourcing. The optimal degree of multi sourcing balances marginal costs from an additional supplier with marginal gains (Seshandri, 2005).

2.2.7 Supplier Analysis Initiative

The effective selection of supplier is important to the success of a supply chain in an organization. There are 4 major components to analyzing the suppliers' ability to provide materials and services for today's environment: Capability, Stability, Resourcefulness, and Competitiveness. Supplier analysis is done through a self-disclosure of vendors which provides a cost efficient ways to gather relevant information regarding the suppliers. Supplier analysis is done on the concrete demands and requirements of a buying firm. The analysis aims on pre selection of a small number of suppliers (Kirst, 2008).

The supplier analysis initiative is important and serves as an advantage to the sourcing organization because it lends the organization the power to select the suppliers who are of more benefit. It also helps in maintaining those suppliers who are able to meet the demands of an organization when it comes to timely delivery of materials. When the supplier analysis is conducted it offers an organization a competitive edge over its competitors (Kirst, 2008).

2.3 Supply Chain Performance

Supply chain performance evaluation may be defined as the quantitative or qualitative assessment over a given time towards the achievement of corporate or operational goals and objectives relating to supply chain economies, efficiency and effectiveness (Lysons & Farrington, 2006). A purchasing and supply chain performance represents a formal systematic approach to monitor and evaluate purchasing performance. It is often difficult to develop measures that direct behavior or activity exactly as intended. Some firms still rely on measures that could be harmful depending on performance objective, rather than supporting long-term performance (Handfield et al., 2009).

According to Handfield et al (2009) companies focused on supply chain measurement, their approach should follow a systematic process to maximize results and achieve vertical and horizontal alignment of purpose. Alignment of strategies, measures and actions will bring together top down direction and bottom up targeting to produce positive contributions. In a single enterprise, this could deliver a competitive advantage.

He gave a number of supply chain measures which include: price performance, cost effectiveness, revenue, quality, responsiveness, technology or innovation, supplier performance, strategic performance, administration and efficiency.

Approaches for performance can be grouped into four main headings: the purchasing management audit approach, comparative approaches which has benchmarking and ratio, management by objectives, miscellaneous approaches such as six sigma and SERVQUAL and accounting approach which consists of profit centers, activity based costing, standard costing and budgetary control (Lysons & Farrington, 2006). Today organizations are competing in complex environments so that an accurate understanding of their goals and methods for attaining their goals is vital. The balanced scorecard can be used to measure supply chain performance, it provide managers with the instruments they need to navigate to future competitive success. The balance scorecard measures organization performance across four balanced perspective: financials, customers, internal business processes and learning and growth (Kaplan & Norton, 1996).

The problems experienced with supply chain performance are that there is too much data and wrong data. Having too much data is a problem for organizations measurement system and when the data being relied on y managers is wrong. These two cases can give results which are not accurate. There is also the problem of managers relying on measures and data which are short-term focused. Also lack of detail where the data reported is summarized so much as to make information meaningless. Another problem is having measures that drive the wrong performance, this is seen when behavioral change is see but the overall performance doesn't change (Handfield et al 2009).

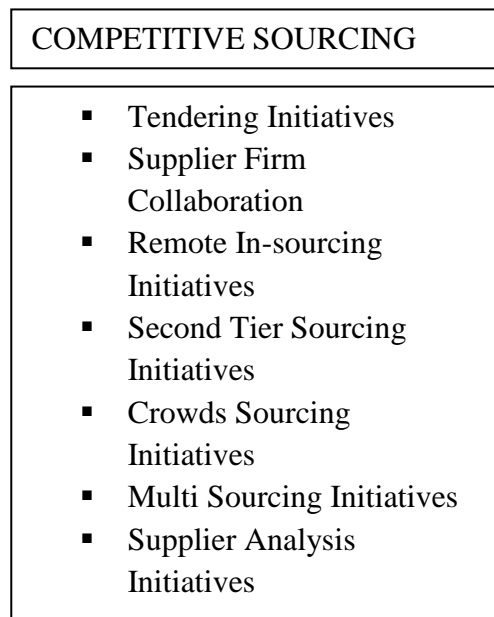
2.4. The Conceptual Framework

A conceptual framework is a visual or written product, one that ‘explains either graphically or in a narrative form, the main things to be studied – the key factors, concepts, or variables – and the presumed relationships among them’ (Miles & Huberman, 1994).

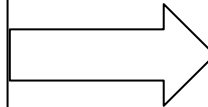
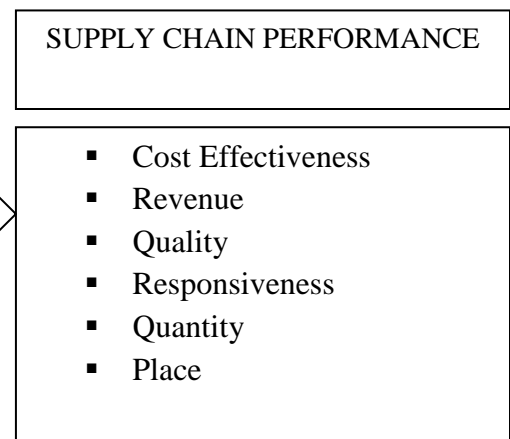
This study considered four dependent variables and seven independent variables as detailed in the conceptual framework below:

Figure 2.1: The Conceptual Framework

Independent variables



Dependent variables



Source: Author (2014)

CHAPTER THREE: RESEARCH METHODOLOGY

3.1. Introduction

This chapter looks at the methodology that was used to achieve the objectives of the study. It looked at the research design, target population, sampling design, data collection and analysis methods that were used.

3.2. Research design

This study adopted a descriptive research design studying the relationship between competitive sourcing initiatives and supply chain performance of supermarkets in Nairobi, Kenya. A descriptive design focuses on the investigation of the elements in their current state without necessarily making any changes on them. Descriptive research is devoted to the gathering of information about prevailing conditions or situations for the purpose of description and interpretation (Salaria, 2012).

3.3. Population of the Study

The population of study consisted of 102 supermarkets operating in Nairobi. This formed the population of this research.

3.4. Sampling Design

Sampling refers to the process of selecting a sample from a defined population with the intent that the sample accurately represents that population. A sample is a smaller group of the population selected for study which is thought to be a representation of a large population (Borg & Gall, 1996).

This population sampling employed stratified and simple random sampling methods to choose the study sample size. The study grouped the population into two strata, that is, the large, medium and small supermarkets. From each stratum the study took a 30% sample. The researcher then selected randomly, in this case each unit had a fair chance of being selected. This is guided by Mugenda and Mugenda (2003), who asserts that a good population sample is between 10% and 30% of the entire population. Therefore the sample size for this study was 31 supermarkets operating in Nairobi as shown in table 3.1 below.

Table 3.1: Sample Size

Category	Number	Sampling	Sample Size
Leading	12	30%	4
Medium	38	30%	11
Small	52	30%	16
Total	102		31

3.5. Data Collection

This study used structured questionnaires to collect primary data. The administration of the questionnaires was through drop and pick later method, and the respondents for this study were either, the supply chain manager, purchasing manager, operations manager or head of purchasing in the supermarkets in Nairobi, Kenya. The targeted respondents were the most competent to answer the questions on competitive sourcing initiatives. The questionnaires were structured in the form of Likert scale and were seeking the views of the respondents on a scale of 1-5. The reasons for using Likert scale are: it's simple to

construct, it's likeliness to produce a highly reliable scale and it is easy to read and complete for participants (Kothari, 2004). Secondary data was also used.

3.6. Data Analysis

Data collected for objective one was analyzed using descriptive statistics and ANOVA. This involved the use of frequency tables, percentages, mean scores and standard deviation. Objective two was analyzed using multivariate data analysis techniques such as regression analysis. These techniques were important to allow simultaneous investigation of more than two variables. The analyzed was presented using tables, graphs and bar charts.

The analysis used the Statistical software, to regress equation:

$$S = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + b_6X_6 + b_7X_7 + e.$$

Whereby:

S = Supply chain performance;

a = the constant of regression, b_1 , b_2 , b_3 , b_4 , b_5 , b_6 , b_7 will be the regression coefficients of respective variables;

e is the error term;

X_1 is Tendering Initiatives;

X_2 is Supplier Firm collaboration initiative;

X_3 is Remote in-sourcing initiatives;

X_4 is Second Tier Sourcing initiatives;

X_5 is Crowds sourcing initiatives;

X_6 is Multi Sourcing initiatives;

X_7 is Supplier analysis initiatives.

CHAPTER FOUR: DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter presents the results and findings as analyzed from the data collected. The main objective of this study was to determine the competitive sourcing initiatives implemented by the supermarkets in Nairobi County, Kenya; and the relationship between competitive sourcing initiatives and supply chain performance as applied by the supermarkets in Nairobi. The responses were analyzed using descriptive statistics and results were presented in tables and figures.

4.2 Response Rate

Table 4.1 Response Rate

Response Rate	Frequency	Percentage
Actual Response Rate	22	71.0
None Response	9	29.0
Total	31	100.0

Source: Author, 2014

The study targeted 31 respondents who included the supply chain manager, purchasing manager, operations manager or head of purchasing in the supermarkets in Nairobi, Kenya as shown in Table 4.1. A total of 22 questionnaires were successfully filled in time for data analysis. This represented 71% of the total respondents.

According to Mugenda and Mugenda (2003) a 50 percent response rate is adequate, 60 percent good and above 70 percent rated very well. The response rate of 71% was therefore considered appropriate to derive the inferences regarding the objectives of the research.

4.3 General Information

The researcher found it important to establish the general information of the respondents since it forms the basis under which the study can rightfully access the relevant information. The general information presented respondents issues such as designation in the company, number of years worked in the position, level of education and number of years the supermarket has been in existence.

4.3.1 Designation in the Company

Table 4.2: Designation in the Company

Designation	Frequency	Percent
Supply chain manager	2	9.1
Operations manager	13	59.1
Purchasing manager	5	22.7
Head of purchasing	2	9.1
Total	22	100.0

Source: Author, 2014

The findings in Table 4.2 shows that majority of the respondents (59.1%) were operations managers while 22.7% were purchasing managers. On the other hand, 9.1% of the respondents revealed that they were supply chain managers and head of purchasing respectively.

4.3.2 Number of Years Worked in the Position

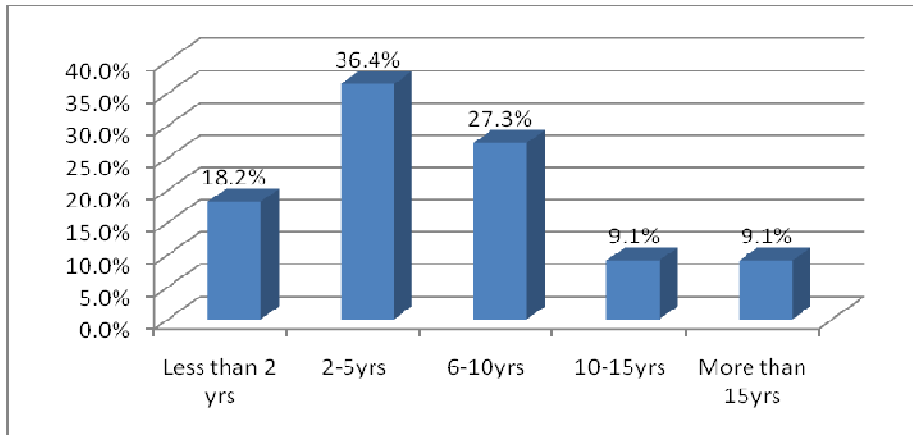


Figure 4.1: Number of Years worked in the Position

Source: Author, 2014

The study shows that 36.4% of the respondents had worked in their respective positions for a duration of 2-5 years while 27.3% indicated that they had worked for a duration of 6-10 years. On the other hand, 18.2% revealed that they had worked in their respective positions for less than 2 years while 9.1% indicated that they had worked for a longer duration of 10-15 years and more than 15 years respectively as shown Figure 4.1.

4.3.3 Level of Education

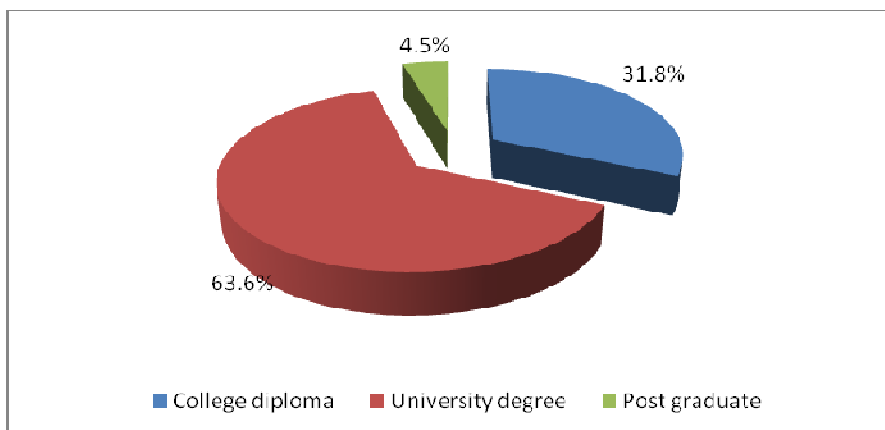


Figure 4.2: Level of Education

Source: Author, 2014

The findings in Figure 4.2 shows that majority (63.6%) of the respondents indicated that they had attained a University degree; 31.8% indicated that they had attained a college diploma while 4.5% revealed that they had attained a post graduate degree.

4.3.4 Period of Supermarket Existence

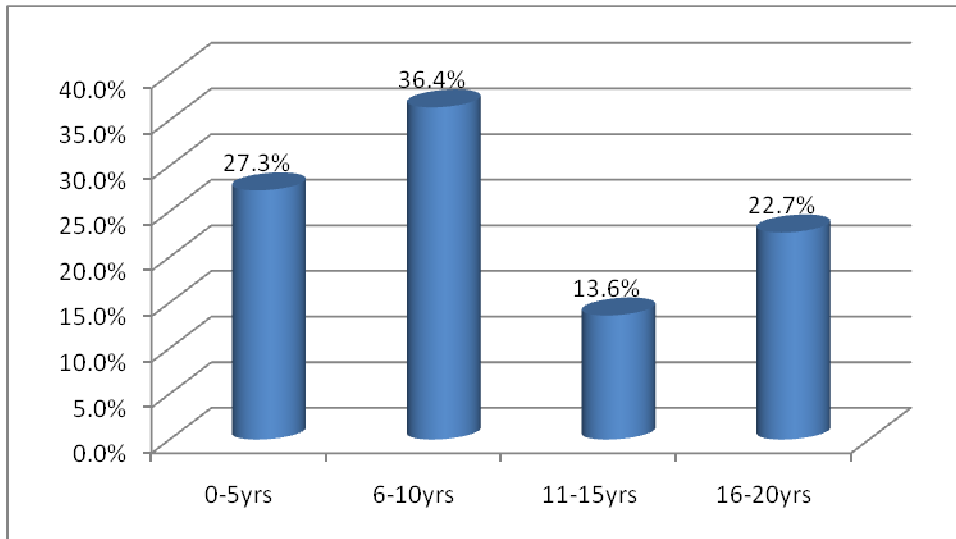


Figure 4.3: Period of Supermarket Existence

Source: Author, 2014

The study shows that 36.4% of the respondents indicated that their supermarkets had been in existence for 6-10 years while 27.3% indicated that the supermarket had been in existence for 0-5 years. On the other hand, 22.7% revealed that their supermarket had been in existence for a longer duration of 16-20 years while 13.6% revealed that the supermarket had been in existence for 11-15 years as shown in Figure 4.3.

4.4 Competitive Sourcing Practices Being Implemented

In this section, the respondents were asked to indicate the extent to which the supermarket had implemented the various sourcing practices in its competitive sourcing activities. A scale of 1-5 was used to interpret the results of the study. The scores “very

great extent” and “great extent” were represented by mean score, equivalent to 1 to 2.5 on the continuous Likert scale ($1 \leq \text{great extent} \leq 2.5$). The scores of ‘moderate extent’ were equivalent to 2.6 to 3.5 on the Likert scale ($2.6 \leq \text{moderate extent} \leq 3.5$). The score of “small extent” and “very small extent” represented were equivalent to 3.6 to 5.0 on the Likert scale which means that the agreement was to a small extent. The results are presented below.

Table 4.3: Tendering Practices

Tendering Practices	Mean	Std. Deviation
The supermarket uses a formal offer in its sourcing activities	1.95	1.161
The supermarket tendering process is competitive and fair	1.73	.883
The supermarket tendering process is able to obtain the best value for its supplies	1.68	.839
The supermarket practices transparency in supplier selection	1.50	.673
The supermarket tendering process exhibit honesty and accountability	1.55	.739
The supermarket follows a code of ethics when it comes to its sourcing activities	1.68	1.041
The supermarket selects the suppliers who can be relied on	1.59	1.054

Source: Author, 2014

Table 4.3 shows the findings on how the supermarket has implemented tendering practices in its competitive sourcing activities. The study found that the supermarket practices transparency in supplier selection to a very great extent as shown by a mean of 1.50, the supermarket tendering process exhibit honesty and accountability to a great extent as shown by the mean of 1.55, the supermarket selects the suppliers who can be relied on to a great extent as shown by a mean 1.59.

The supermarket tendering process is able to obtain the best value for its supplies greatly as shown by mean of 1.68, the supermarket follows a code of ethics when it comes to its sourcing activities greatly as shown by a mean of 1.68 and that the supermarket uses a formal offer in its sourcing activities as shown by the mean of 1.95. This agrees with the findings of Lysons and Farrington, (2006) that the process of obtaining tenders should aim at obtaining the best value and not necessarily the lowest price. It should be a way of enhancing competitive sourcing, there by obtaining the best value and the best price.

Table 4.4: Supplier Collaborative Practices

Supplier Collaborative Practices	Mean	Standard Deviation
The supermarket has good relationship with its suppliers	1.68	0.945
The supermarket suppliers relationships offer competitive advantages to the supermarket supply chain	1.95	0.999
The supermarket suppliers and the supermarkets goals mutual	2.09	0.971
There is shared commitment between the suppliers and the supermarket to a successful experience	1.86	0.941
There exists mutual trust among the supermarket suppliers	2.05	0.950
The supermarket values supplier collaboration	1.59	0.796
The supermarket has partnered with some of its suppliers where they each play distinctive roles in the supply chain	2.09	1.109

Source: Author, 2014

Table 4.4 shows the findings on how supplier collaborative practices have been implemented in the supermarket competitive sourcing activities. The study found that the supermarket values supplier collaboration to a great extent as shown by a mean of 1.59, the supermarket has good relationship with its suppliers as shown by the mean of 1.68. There is shared commitment between the suppliers and the supermarket to a successful experience as shown by a mean 1.86.

The supermarket suppliers relationships offer competitive advantages to the supermarket supply chain greatly as shown by mean of 1.95, there exists great mutual trust among the supermarket suppliers as shown by a mean of 2.05, supermarket suppliers and the supermarkets goals are mutual as shown by a mean of 2.09 and the supermarket has partnered greatly with some of its suppliers where they each play distinctive roles in the supply chain as shown by the mean of 2.09. This is agreement in with Phillippart et al. (2005) who revealed that supplier firm collaboration is an activity undertaken in collaborative sourcing. Collaborative sourcing is developing supplier relationships to generate suitable competitive advantages that create mutual shareholders value; and that a firm should select the best supplier that will give then the maximum advantage when it comes to selections of a collaborative supplier partner.

Table 4.5: Remote in – Sourcing Practices

Remote in – Sourcing Practices	Mean	Standard Deviation
The supermarket sources some activities from people within the supply chain	2.18	.795
The supermarket is able to take control of the processes that it in-sources	2.05	.722
The supermarket has a loyalty working force because of in-sourcing	2.19	1.123
The supermarket is able to access skilled personnel from within the supply chain instead of outsourcing the function	2.62	1.284
The supermarket sources remotely when products are available from within	2.30	1.174

Source: Author, 2014

Table 4.5 shows the findings on how remote in sourcing practices has been implemented in the supermarket competitive sourcing activities. The study found that the supermarket is able to take control of the processes that it in-sources greatly as shown by a mean of

2.05, the supermarket sources some activities from people within the supply chain greatly as shown by the mean of 2.18. The supermarket has a loyal working force because of in-sourcing as shown by a mean 2.19, the supermarket sources remotely greatly when products are available from within as shown by mean of 2.30 and that the supermarket is able to access skilled personnel from within the supply chain instead of outsourcing the function as shown by the mean of 2.62. This is in line with Hinkelman (2008), who revealed that in-sourcing brings benefits such as maintaining control over a process, using existing internal resources and capabilities, reducing costs or keeping profits within the company and having loyal workforce.

Table 4.6: Tiering Practices

Tiering Practices	Mean	Standard Deviation
The supermarket suppliers has a degree of influence in the supply chain	2.18	.907
The supermarket partners with suppliers who give them a strategic competitive edge	2.00	1.024
There is direct supply by the supplier i.e. first tier	2.09	1.109
There is a collaborative relationship between the supermarket and its suppliers	2.00	.926
The supermarket supply chain has some subcontractors i.e second tier	2.86	1.207
The supermarket has suppliers who supplies specified direct supplies in the supply chain	2.05	.785
The supermarket makes use of diverse technology availed from tiering practice in the supply chain	2.14	1.207

Source: Author, 2014

The study found that the supermarket partners with suppliers who give them a strategic competitive edge to greatly as shown by a mean of 2.00, there is a collaborative relationship between the supermarket and its suppliers as shown by the mean of 2.00.

The supermarket has suppliers who supplies specified direct supplies in the supply chain as shown by a mean 2.05, there is direct supply by the supplier i.e. first tier as shown by mean of 2.09, the supermarket makes use of diverse technology availed from tiering practice in the supply chain greatly as shown by a mean of 2.14. The supermarket suppliers has a great degree of influence in the supply chain as shown by a mean of 2.18 and the supermarket supply chain has some subcontractors i.e second tier as shown by the mean of 2.86 as shown in Table 4.6. These findings are in line with those of lysons and Gillingham, (2003). By the fact that the supermarkets supermarket partners with suppliers who give them a strategic competitive edge agrees with lysons and Gillingham (2003) who revealed that organization benefits from tiering by having a relationship that is more of strategic joint venture than that of a purchasing link.

Table 4.7: Crowd Sourcing Practices

Crowd Sourcing Practices	Mean	Standard Deviation
The supermarket practices online sourcing by having part of its activities done online	2.95	1.214
The supermarket uses an online distributed problem solving group to solve problems in the supply chain	3.23	1.020
The supermarket Sourcing is done through undefined large group of people in an open call.	3.68	1.323
The supermarket uses varied group of approaches when sourcing in the supply chain	2.68	1.211
The supermarket benefits by Sourcing from large group of people	2.45	1.224

Source: Author, 2014

Table 4.7 shows the findings on how crowd sourcing practices have been implemented in the supermarket competitive sourcing activities, the respondents also agreed that the supermarket benefits by Sourcing from large group of people as shown by a mean of

2.45, the supermarket uses varied group of approaches when sourcing in the supply chain as shown by the mean of 2.68 and that supermarket practices online sourcing by having part of its activities done online as shown by 2.95. The respondents agreed to a moderate extent that the supermarket uses an online distributed problem solving group to solve problems in the supply chain as shown by a mean of 3.23 and the supermarket Sourcing is done through undefined large group of people in an open call as shown by a mean of 3.68. The study shows that majority of the supermarkets had not adopted crowd sourcing practices; this may be attributed to inability by the supermarkets to gather the crowds. According to Sloane (2011) what you get from it depends on how you gather the crowds, what you ask them to do, and how you ask them to do. The benefits also depend on some contribution from the crowd.

Table 4.8: Multi Sourcing Practices

Multi Sourcing Practices	Mean	Standard Deviation
There is division of activities & services among suppliers of the supermarket	2.05	.899
The supermarket has control over cost and accountability in the supply chain	2.32	.995
The supermarket has reduced dependence on one supplier in the supply chain	1.95	.950
The supermarket has a higher number of bidders in the supply chain	2.14	1.037
The supermarket suppliers come from both internal and external.	2.18	.958
The supermarket enjoys long term benefits for having distinctive role for each supplier	2.00	.976
The supermarket enjoys the balance of marginal costs from an additional supplier with marginal benefits	2.18	.958

Source: Author, 2014

The study found that the supermarket has reduced dependence on one supplier in the supply chain to greatly as shown by a mean of 1.95. It was also found out that the supermarket enjoys great long term benefits for having distinctive role for each supplier as shown by a mean of 2.00; there is great division of activities & services among suppliers of the supermarket as shown by the mean of 2.05 as shown in Table 4.8.

The respondents also agreed to a great extent that the supermarket has a higher number of bidders in the supply chain as shown by a mean 2.14, the supermarket enjoys the balance of marginal costs from an additional supplier with marginal benefits as shown by mean of 2.18, the supermarket suppliers come from both internal and external as shown by a mean of 2.18, the supermarket has control over cost and accountability in the supply chain as shown by a mean of 2.32. This agrees with findings of Seshandri (2005) who revealed that multi sourcing improves the likelihood of higher number of bidders. Its strategic objective is to maximize long term benefit, which is the sum of short term benefits from capacity reservation and development from sourcing.

Table 4.9: Supplier Analysis Practices

Supplier Analysis Practices	Mean	Standard Deviation
There Increased supplier capability in the supermarket supply chain	2.14	.834
There is competitive supplier selection in the supermarket supply chain	2.00	.926
The supermarket suppliers are resourceful and can handle and meet the supply chain demands	1.90	.831
The supermarket suppliers are stable hence can be relied upon	2.00	.949
The supermarket encourages self-disclosure of vendors so as to have all information regarding the selected suppliers	2.10	1.091
The supermarket is able to identify the suppliers who should be retained in the supply chain and those who won't	1.81	.814
The supermarket suppliers offer a competitive advantage over the supermarket competitors	2.24	.831

Source: Author, 2014

Table 4.9 shows the findings on how supplier analysis practices have been implemented in the supermarket competitive sourcing activities, the study found that the supermarket is able to identify the suppliers who should be retained in the supply chain and those who won't to a great extent as shown by a mean of 1.81, supermarket suppliers are resourceful and can handle and meet the supply chain demands as shown by a mean of 1.90, the supermarket suppliers are stable hence can be relied upon as shown by a mean of 2.00, supermarket encourages self-disclosure of vendors so as to have all information regarding the selected suppliers as shown by the mean of 2.10.

The respondents also agreed to a great extent that there is increased supplier capability in the supermarket supply chain as shown by a mean 2.14 and the supermarket suppliers offers a competitive advantage over the supermarket competitors as shown by a mean of

2.24. This is in line Kirst (2008) who revealed that supplier analysis initiative is important and serves as an advantage to the sourcing organization because it lenders the organization the power to select the suppliers who are of more benefit.

4.5 Challenges Implementing Competitive Sourcing Initiatives

The study sought to establish the extent to which the respondents agreed with the various statements concerning the challenges implementing competitive sourcing initiatives in the supermarkets. A scale of 1-5 was used to interpret the results of the study. The scores “very great extent” and “great extent” were represented by mean score, equivalent to 1 to 2.5 on the continuous Likert scale ($1 \leq \text{great extent} \leq 2.5$). The scores of ‘moderate extent’ were equivalent to 2.6 to 3.5 on the Likert scale ($2.6 \leq \text{moderate extent} \leq 3.5$). The score of “small extent” and “very small extent” represented were equivalent to 3.6 to 5.0 on the Likert scale which means that the agreement was to a small extent. The results are presented below.

Table 4.10: Challenges Implementing Competitive Sourcing Initiatives

	Mean	Std. Deviation
Lack of knowledge when it comes to implementation of sourcing practices	3.33	1.317
Lack of enough finances to help follow the right procedures	3.05	1.161
The supermarket employees lacks motivation hence neglecting the necessary procedures	2.95	1.234
The supermarket lacks the appropriate technology	3.43	1.207
The supermarket lacks tools and techniques to measure supply chain performance	3.19	.873
High competition	2.20	1.473
Lack of effective communication among the supply chain team	3.24	1.091
Lack of cooperation from the suppliers	3.29	1.102
Lack of commitment from all parties involved	3.43	1.076

Source: Author, 2014

The study findings show that the respondents agreed that high competition greatly affected the supermarkets in implementing competitive sourcing initiatives; this is shown by a mean score 2.20. However, the respondents revealed that the supermarket employees lack motivation hence neglecting the necessary procedures thus the implementation of competitive sourcing initiatives to a moderate extent as shown by a mean score of 2.95. Moreover, lack of enough finances to help follow the right procedures, lack of tools and techniques to measure supply chain performance, lack of effective communication among the supply chain team, lack of cooperation from the suppliers, and lack of knowledge when it comes to implementation of sourcing practices affected the implementation of competitive sourcing initiatives to a moderate extent as shown by mean scores of 3.05, 3.19, 3.24, 3.29 and 3.33 respectively as shown in Table 4.10. The study also shows that the respondents reported that supermarkets' lacks the appropriate technology and lack of commitment from all parties involved also affected the implementation of competitive sourcing initiatives to a moderate extent; this is shown by a mean score of 3.43 and 3.43 respectively.

4.6 Relationship between Competitive Sourcing Initiatives and Supply Chain Performance

In this section, the study used a multivariate regression to establish the form of relationship between competitive sourcing initiatives and supply chain performance as applied by the supermarkets in Nairobi, Kenya. The results are presented below.

Table 4.11: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.817(a)	0.668	0.489	0.696

a Predictors: (Constant), Tendering Initiatives, Supplier Firm collaboration initiative, Remote in-sourcing initiatives, Second Tier Sourcing initiatives, Crowds sourcing initiatives, Multi Sourcing initiatives, Supplier analysis initiatives

Source: Author, 2014

The R is the co-efficient value used to show the linear relationship between two numerical variables in the regression analysis. The value of R as shown in Table 4.11 above is 0.742 which shows a high correlation between the dependent and the independent variables. R-Squared explains how well the model predicts the observation; is a statistical measure of how close the data are to the fitted regression line. The R Square is the coefficient of determination and tells us how competitive sourcing initiatives varied with supply chain performance. The regression model summary results above shows that the value of the Adjusted R-squared is 0.489. This implies that the competitive sourcing initiatives (tendering initiatives, supplier firm collaboration initiative, remote in-sourcing initiatives, tier sourcing initiatives, crowds sourcing initiatives, multi sourcing initiatives, supplier analysis initiatives) explained 48.9% of supply chain performance in Supermarkets in Nairobi, Kenya.

Table 4.12: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.654	7	1.808	3.732	0.019(a)
	Residual	6.298	13	.484		
	Total	18.952	20			

a Predictors: (Constant), Tendering Initiatives, Supplier Firm collaboration initiative, Remote in-sourcing initiatives, Second Tier Sourcing initiatives, Crowds sourcing initiatives, Multi Sourcing initiatives, Supplier analysis initiatives

b Dependent Variable: Supply Chain Performance

Source: Author, 2014

The study used ANOVA to establish the significance of the regression model from which an f-significance value of $p=0.019$ was established as shown in 4.12. This shows that the regression model has a 0.019 (1.9%) likelihood or probability of giving a wrong prediction. This therefore means that the regression model has a confidence level of over 95% hence high reliability of the results.

Table 4.13: Coefficients Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.898	.766		1.173	0.262
	Tendering services	0.027	.233	.032	3.116	0.014
	Supplier collaborative practices	0.510	.224	.501	2.279	0.040
	Remote in Sourcing practices	0.199	.232	.166	2.857	0.047
	Tiering Practices	0.318	.241	.303	3.318	0.010
	Crowd Sourcing practices	0.161	.174	.206	0.924	0.373
	Multi sourcing Practices	0.683	.283	.624	2.411	0.031
	Supplier analysis practices	0.170	.313	.142	2.543	0.046

a Dependent Variable: Supply Chain Performance

Source: Author, 2014

The study results shows that there was a positive relationship between supply chain performance and all the competitive sourcing initiatives as shown: tendering services (0.027), supplier collaborative practices (0.510), remote in sourcing practices (0.199), tiering practices (0.318), crowd sourcing practices (0.161), multi sourcing practices (0.683), supplier analysis practices (0.170) as shown in Table 4.13.

The study shows that there was a significant relationship between supply chain performance and competitive sourcing initiatives such as: tendering services ($p=0.014<0.05$), supplier collaborative practices ($p=0.040<0.05$), remote in sourcing practices ($p=0.047<0.05$), tiering practices ($p=0.010<0.05$), multi sourcing Practices ($p=0.031<0.05$), Supplier analysis practices ($p=0.046<0.05$). However, the study found

an insignificant relationship between supply chain performance and crowd sourcing practices as shown by $0.373 > 0.05$.

4.7 Discussion of the Research Findings

On supplier collaborative practices the study found that the supermarket values supplier collaboration to a great extent, the supermarket had good relationship with its suppliers; and that there was shared commitment between the suppliers and the supermarket to a successful experience. The supermarket suppliers' relationships greatly offered competitive advantages to the supermarket supply chain. This is in agreement with the findings of Phillipart et al. (2005) who revealed that collaborative sourcing is developing supplier relationships to generate suitable competitive advantages that create mutual shareholders value. The study also established that through supplier collaborative practices, there existed great mutual trust among the supermarket suppliers and the goals were also mutual. This is also in agreement with the findings of Phillipart et al. (2005) and Barratt (2004) who also revealed that in supplier collaboration the goals of the supplier and the firm are aligned through a process of bargaining and negotiation; which binds the party together thus shared commitment.

On remote in-sourcing practices, the study found that the supermarket was able to take control of the processes that it in-sources greatly, the supermarket sourced some activities from people within the supply chain greatly; and that the supermarket had a loyalty working force because of in-sourcing. This is in agreement with the findings of Hinkelman, (2008); and Schniederjans (2005) who revealed that in-sourcing in a firm enhanced maintaining control over a process, using existing internal resources and

capabilities, reducing costs or keeping profits within the company and having loyal workforce.

On tiering practices, the study found that the supermarket partnered with suppliers who gave them a strategic competitive edge to a great extent, there was a collaborative relationship between the supermarket and its suppliers and that the supermarket had suppliers who supplies specified direct supplies in the supply chain. Moreover, the study found out that the supermarket made use of diverse technology availed from tiering practice in the supply chain and the supermarket suppliers had a great degree of influence in the supply chain. This is in line with lysons and Gillingham (2003) who indicated that an organization benefits from tiering by having a relationship that is more of strategic joint venture than that of a purchasing link. They revealed that through tiering a firm was able to integrate diverse technologies not possessed by one organization and it also gave a firm a sourcing advantage over its competitors hence a competitive edge while conducting its sourcing activities.

On crowd sourcing practices, the study found that the supermarket had reduced dependence on one supplier in the supply chain to greatly, the supermarkets enjoyed great long term benefits for having distinctive role for each supplier, and there was great division of activities and services among suppliers of the supermarket. The study also found out that the supermarket had a higher number of bidders in the supply chain, the supermarket enjoyed the balance of marginal costs from an additional supplier with marginal benefits; and the supermarket had control over cost and accountability in the supply chain.

According to Sloane (2011), crowd sourcing it's an umbrella strategy for highly varied group of approaches that share one attribute in common and they all depend on some contribution from the crowd. However, the impact of the crowds is said to be highly dependent on how a firm gathers the crowds and integrates them to the firm.

On supplier analysis practices, the study found out that the supermarket was able to identify the suppliers who should be retained in the supply chain and those who won't to a great extent; and that the supermarket suppliers were resourceful and could handle and meet the supply chain demands. It was also found out that, the supermarket suppliers were stable hence could be relied upon; the supermarket encouraged self-disclosure of vendors so as to have all information regarding the selected; and that there was increased supplier capability in the supermarket supply chain. This is in agreement with Kirst (2008) who revealed that the capability, stability, resourcefulness, and competitiveness were the major components that determined the suppliers' ability to provide materials and services for today's environment. The respondents also agreed to a great extent that the supermarket suppliers offered a competitive advantage over the supermarket competitors; this is also in line with Kirst (2008), who stated that when the supplier analysis is conducted, it offers an organization a competitive edge over its competitors.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a summary of findings, conclusions and recommendations of the study based on the objectives of the study. It entails a synthesis of key issues of the objectives of the study as deduced from the entire research.

5.2 Summary of the Findings

In the competitive sourcing practices being implemented, the findings on how the supermarket has implemented tendering practices in its competitive sourcing activities, found that the supermarket practices transparency in supplier selection to a very great extent as shown by a mean of 1.50, the supermarket tendering process exhibit honesty and accountability to a great extent as shown by the mean of 1.55, the supermarket selects the suppliers who can be relied on to a great extent as shown by a mean 1.59. The supermarket tendering process is able to obtain the best value for its supplies greatly as shown by mean of 1.68, the supermarket follows a code of ethics when it comes to its sourcing activities greatly as shown by a mean of 1.68 and that the supermarket uses a formal offer in its sourcing activities as shown by the mean of 1.95.

The findings on how supplier collaborative practices have been implemented in the supermarket competitive sourcing activities, the study found that the supermarket values supplier collaboration to a great extent as shown by a mean of 1.59, the supermarket has good relationship with its suppliers as shown by the mean of 1.68.

There is shared commitment between the suppliers and the supermarket to a successful experience as shown by a mean 1.86. The supermarket suppliers relationships offer competitive advantages to the supermarket supply chain greatly as shown by mean of 1.95, there exists great mutual trust among the supermarket suppliers as shown by a mean of 2.05, supermarket suppliers and the supermarkets goals are mutual as shown by a mean of 2.09 and the supermarket has partnered greatly with some of its suppliers where they each play distinctive roles in the supply chain as shown by the mean of 2.09.

The findings on how remote in sourcing practices has been implemented in the supermarket competitive sourcing activities, the study found that the supermarket is able to take control of the processes that it in-sources greatly as shown by a mean of 2.05, the supermarket sources some activities from people within the supply chain greatly as shown by the mean of 2.18. The supermarket has a loyalty working force because of in-sourcing as shown by a mean 2.19, the supermarket sources remotely greatly when products are available from within as shown by mean of 2.30 and that the supermarket is able to access skilled personnel from within the supply chain instead of outsourcing the function as shown by the mean of 2.62.

The findings on how tiering practices have been implemented in the supermarket competitive sourcing activities, the study found that the supermarket partners with suppliers who give them a strategic competitive edge to greatly as shown by a mean of 2.00, there is a collaborative relationship between the supermarket and its suppliers as shown by the mean of 2.00. The supermarket has suppliers who supplies specified direct supplies in the supply chain as shown by a mean 2.05, there is direct supply by the supplier i.e. first tier as shown by mean of 2.09, the supermarket makes use of diverse

technology availed from tiering practice in the supply chain greatly as shown by a mean of 2.14. The supermarket suppliers has a great degree of influence in the supply chain as shown by a mean of 2.18 and the supermarket supply chain has some subcontractors i.e second tier as shown by the mean of 2.86.

The findings on how crowd sourcing practices have been implemented in the supermarket competitive sourcing activities, the study found that the supermarket has reduced dependence on one supplier in the supply chain to greatly as shown by a mean of 1.95, the supermarket enjoys great long term benefits for having distinctive role for each supplier as shown by a mean of 2.00, there is great division of activities & services among suppliers of the supermarket as shown by the mean of 2.05. The respondents also agreed to a great extent that the supermarket has a higher number of bidders in the supply chain as shown by a mean 2.14, the supermarket enjoys the balance of marginal costs from an additional supplier with marginal benefits as shown by mean of 2.18, the supermarket suppliers come from both internal and external. as shown by a mean of 2.18, the supermarket has control over cost and accountability in the supply chain as shown by a mean of 2.32, the supermarket benefits by Sourcing from large group of people as shown by a mean of 2.45, the supermarket uses varied group of approaches when sourcing in the supply chain as shown by the mean of 2.68 and that supermarket practices online sourcing by having part of its activities done online as shown by 2.95. The respondents agreed to a moderate extent that the supermarket uses an online distributed problem solving group to solve problems in the supply chain as shown by a mean of 3.23 and the supermarket Sourcing is done through undefined large group of people in an open call as shown by a mean of 3.68.

On how supplier analysis practices have been implemented in the supermarket competitive sourcing activities, the study found that the supermarket is able to identify the suppliers who should be retained in the supply chain and those who won't to a great extent as shown by a mean of 1.81, supermarket suppliers are resourceful and can handle and meet the supply chain demands as shown by a mean of 1.90, the supermarket suppliers are stable hence can be relied upon as shown by a mean of 2.00, supermarket encourages self-disclosure of vendors so as to have all information regarding the selected suppliers as shown by the mean of 2.10. The respondents also agreed to a great extent that there is increased supplier capability in the supermarket supply chain as shown by a mean 2.14 and the supermarket suppliers offers a competitive advantage over the supermarket competitors as shown by a mean of 2.24.

On the challenges affecting the implementation of competitive sourcing initiatives, the study findings show that the respondents agreed that high competition greatly affected the supermarkets in implementing competitive sourcing initiatives; this is shown by a mean score 2.20. However, the respondents revealed that the supermarket employees lack motivation hence neglecting the necessary procedures thus the implementation of competitive sourcing initiatives to a moderate extent as shown by a mean score of 2.95. Moreover, lack of enough finances to help follow the right procedures, lack of tools and techniques to measure supply chain performance, lack of effective communication among the supply chain team, lack of cooperation from the suppliers, and lack of knowledge when it comes to implementation of sourcing practices affected the implementation of competitive sourcing initiatives to a moderate extent as shown by mean scores of 3.05, 3.19, 3.24, 3.29 and 3.33 respectively.

The study also shows that the respondents reported that supermarkets' lacks the appropriate technology and lack of commitment from all parties involved also affected the implementation of competitive sourcing initiatives to a moderate extent; this is shown by a mean score of 3.43 and 3.43 respectively.

5.3 Conclusion

The study concludes that the supermarket practices transparency in supplier selection, the supermarket tendering process exhibit honesty and accountability, and also the selects the suppliers who can be relied on. The supermarket tendering process is able to obtain the best value for its supplies greatly and follows a code of ethics when it comes to its sourcing activities greatly.

The study concludes that high competition greatly affected the supermarkets in implementing competitive sourcing initiatives. However, factors such lack of enough finances to help follow the right procedures, lack of tools and techniques to measure supply chain performance, lack of effective communication among the supply chain team, lack of cooperation from the suppliers, and lack of knowledge when it comes to implementation of sourcing practices affected the implementation of competitive sourcing initiatives to a moderate extent. The study also concludes that supermarkets' lacks the appropriate technology and lack of commitment from all parties involved also affected the implementation of competitive sourcing initiatives to a moderate extent.

The study concludes that there was a positive and significant relationship between supply chain performance and competitive sourcing initiatives such as: tendering services,

supplier collaborative practices, remote in sourcing practices, tiering practices, multi sourcing Practices, Supplier analysis practices.

5.4 Recommendations of the Study

The study recommends that there is need for more training to the employees on the best competitive sourcing practices and the best achieved so as to encourage the management in supermarkets to adopt such practices based on the benefits they want to achieve. This would go a long way in achieving supply chain performance. ‘

The study found out that lack of appropriate technology and lack of tools and techniques to measure supply chain performance hindered the implementation of competitive sourcing initiative. Hence, the study recommends that the supermarkets should adopt the appropriate technologies which should include the integration of e-procurement in the organization to enhance them achieve supply chain performance.

The study also recommends for improved and effective communication among the supply chain team, cooperation from the suppliers and commitment from all parties involved. This would ensure that the competitive sourcing initiatives are implemented effectively.

5.5 Suggestion for Further Research

This study sought to establish the relationship that exists between competitive sourcing initiatives and supply chain performance of supermarkets in Nairobi, Kenya. The researcher suggests that a similar study be conducted on other forms of business in different sectors for comparison of results. The study should also cover a larger scope as this study only concentrated on Nairobi County only.

There is need for another research study to be conducted to seek and establish the challenges that affects firms while adopting competitive sourcing initiatives in their supply chain. This would help future firms that seek to adopt such strategies to be aware of the challenges that the mitigation strategies they can employ to ensure successful adoption and implementation of the competitive sourcing strategies.

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APPENDICES

APPENDIX I: Letter of Introduction



UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAMME

Telephone: 020-2059162
Telegrams: "Varsity", Nairobi
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P.O. Box 30197
Nairobi, Kenya

DATE 27/10/2014

TO WHOM IT MAY CONCERN

The bearer of this letter ANN MANGARI MUKILWA

Registration No. D6172947/2012

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.


PATRICK NYABUTO
MBA ADMINISTRATOR
SCHOOL OF BUSINESS



APPENDIX II: Research Questionnaire

Introduction

This questionnaire is designed to collect data on competitive sourcing initiatives of supermarkets in Nairobi, Kenya. Kindly answer these questions. The information collected will be treated with the highest degree of confidentiality.

SECTION A: GENERAL INFORMATION

1. What is your designation in the company?

Supply Chain Manager ()

Operations manager ()

Purchasing manager ()

Head of purchasing ()

2. How long have you worked in this position?

Less than 2 years () 2-5 years ()

6-10 years () 10-15 years ()

More than 15 years ()

3. What is your level of education?

Secondary () college diploma ()

University degree () post graduate degree ()

Others specify

4. Years of supermarket existence.

0 – 5 ()

6 – 10 ()

11 – 15 ()

16 – 20 ()

SECTION B: Competitive sourcing practices being implemented

5. State the extent to which your supermarket has implemented the following sourcing practices in its competitive sourcing activities

(i) For the following questions use the scale of:

1= very great extent 2= great extent 3= moderate 4= small extent 5=very small extent

NO	Tendering practices	1	2	3	4	5
1	The supermarket uses a formal offer in its sourcing activities					
2	The supermarket tendering process is competitive and fair					
3	The supermarket tendering process is able to obtains the best value for its supplies					
4	The supermarket practices transparency in supplier selection					
5	The supermarket tendering process exhibit honesty and accountability					
6	The supermarket follows a code of ethics when it comes to its sourcing activities					
7	The supermarket selects the suppliers who can be relied on					
	Supplier collaborative practices					
8	The supermarket has good relationship with its suppliers					
9	The supermarket suppliers' relationship offer competitive advantages to the supermarket supply chain.					
10	The supermarket suppliers and the supermarkets goals mutual					
11	There is a shared commitment between the suppliers and the supermarket to a successful experience					

12	There exists mutual trust among the supermarket suppliers					
13	The supermarket values supplier collaboration					
14	The supermarket has partnered with some of its suppliers where they each play distinctive roles in the supply chain					
	Remote in-sourcing Practices					
15	The supermarket sources some activities from people within the supply chain					
16	The supermarket is able to take control of the processes that it in-sources					
17	The supermarket has a loyalty working force because of in-sourcing					
18	The supermarket is able to access skilled personnel from within the supply chain instead of outsourcing the function					
19	The supermarket sources remotely when products are available from within					
	Tiering Practices					
20	The supermarket suppliers has a degree of influence in the supply chain					
21	The supermarket partners with suppliers who give them a strategic competitive edge					
22	There is direct supply by the supplier i.e. first tier					
23	There is a collaborative relationship between the supermarket and its suppliers					
24	The supermarket supply chain has some subcontractors i.e second tier					
25	The supermarket has suppliers who supplies specified direct supplies in the supply chain					
26	The supermarket makes use of diverse technology availed from tiering practice in the supply chain					

	Crowd sourcing Practices					
27	The supermarket practices online sourcing by having part of its activities done online					
28	The supermarket uses an online distributed problem solving group to solve problems in the supply chain					
29	The supermarket Sourcing is done through undefined large group of people in an open call.					
30	The supermarket uses varied group of approaches when sourcing in the supply chain					
31	The supermarket benefits by Sourcing from large group of people					
	Multi sourcing Practices					
32	There is division of activities & services among suppliers of the supermarket					
33	The supermarket has control over cost and accountability in the supply chain					
34	The supermarket has reduced dependence on one supplier in the supply chain					
35	The supermarket has a higher number of bidders in the supply chain					
36	The supermarket suppliers come from both internal and external.					
37	The supermarket enjoys long term benefits for having distinctive role for each supplier					
38	The supermarket enjoys the balance of marginal costs from an additional supplier with marginal benefits					
	Supplier analysis practices					
39	There Increased supplier capability in the supermarket supply chain					

40	There is competitive supplier selection in the supermarket supply chain					
41	The supermarket suppliers are resourceful and can handle and meet the supply chain demands					
42	The supermarket suppliers are stable hence can be relied upon					
43	The supermarket encourages self-disclosure of vendors so as to have all information regarding the selected suppliers					
44	The supermarket is able to identify the suppliers who should be retained in the supply chain and those who won't					
45	The supermarket suppliers offer a competitive advantage over the supermarket competitors					

SECTION C: SUPPLY CHAIN PERFORMANCE

6. How has competitive sourcing initiatives affected the supply chain performance for the year 2010, 2011, 2012, 2013, and 2014. Indicate your answers in numeric and ksh.

BALANCE SCORECARD MEASUREMENT	SUPPLY CHAIN PERFORMANCE OUTCOME	2010	2011	2012	2013	2014
CUSTOMER	Total expenditure for department					
	Total order received					
	Actual average cycle					
	Targeted average cycle					
SUPPLIER	Number of rejects/early / late shipments					
	Total number of items received					
	Actual average cycle time					
	Targeted average cycle time					
	Number of suppliers that meet objectives					
	Total number of suppliers evaluations					
PROCESS	total expenditure					
	total number of purchase orders					
	Total expenditure of department					

	Total purchase value					
IT SYSTEMS	System down-time					
	total number of hours in operation					
	Number of order requested					
	Number of employees in the department					
LEARNING AND GROWTH	Number of training places utilized					
	Number of planned training					
	Number of participants in engagement survey					
	Total number of employees in department					
OVERALL	Total expenditure of the department					
	Budget of the department					

SECTION D: CHALLENGES IMPLEMENTING COMPETITIVE SOURCING INITIATIVES.

7. State the extent to which you agree with the following statements concerning the challenges implementing competitive sourcing initiatives in your supermarket.

Use the scale of:

1= very great extent 2= great extent 3= moderate 4= small extent 5=very small extent

NO	Challenges	1	2	3	4	5
1	Lack of knowledge when it comes to implementation of sourcing practices					
2	Lack of enough finances to help follow the right procedures					
3	The supermarket employees lacks motivation hence neglecting the necessary procedures					
4	The supermarket lacks the appropriate technology					
5	The supermarket lacks tools and techniques to measure supply chain performance					
6	High competition					
7	Lack of effective communication among the supply chain team					
8	Lack of cooperation from the suppliers					
9	Lack of commitment from all parties involved					

APPENDIX III: List of Supermarkets In Nairobi, Kenya

1. Eastmatt Supermarket, Nairobi
2. Tumaini Supermarket, Nairobi
3. Quickmart Supermarket, Nairobi, Nairobi
4. Kamindi Self Ridges, Nairobi
5. Tuskys Supermarket OTC Branch, Nairobi
6. Jowinka Supermarket
7. Elipa Supermarket, Nairobi
8. Nakumatt Highridge, Nairobi
9. Naivas Ltd, Nairobi
10. Horyal Supermarket, Nairobi
11. Cosby Supermarket, Nairobi
12. Marketways supermarket, Nairobi
13. DnD Supermarket-Innercore Branch, Umoja., Nairobi
14. Bluemart supermarket, Nairobi
15. north view supermarket, Nairobi
16. Ukwala supermarket, Nairobi
17. Happy view supermarket
18. Woolmatt Ltd, Ronald Ngala Street, Nairobi
19. Muhindi Mweusi Supermarket
20. Naks Supermarket
21. Vantage Supermarket Ltd, Nairobi
22. Uncle Jim's Supermarket, Nairobi
23. Ukwala Supermarket, Nairobi
24. Uchumi Supermarkets Ltd, Adams Arcade, Nairobi

25. Tusker Mattresses Ltd, Mfangano Street, Nairobi
26. Trolleys and Baskets, Nairobi
27. Tesco Corporation Ltd, Nairobi
28. Superbargains Cash and Carry Ltd, Nairobi
29. Sunshine Supermarket, Nairobi
30. Stagen Enterprises Ltd, Nairobi
31. Spring Valley Supermarket (1979), Nairobi
32. Shoppers Paradise, Nairobi
33. Savannah Selfridge Supermarket, Nairobi
34. Satellite Supermarket Ltd, Nairobi
35. Safeway Hypermarkets Ltd, Nairobi
36. Rosjam Supermarket, Nairobi
37. Rikana Supermarkets, Nairobi
38. Raken Supermarket Ltd, Nairobi
39. Portway Stores Ltd, Nairobi
40. Parklands Pricerite Ltd, Nairobi
41. New Westland Stores Ltd, Nairobi
42. Nakumatt Holdings Ltd, Enterprise Road, Nairobi
43. Naivasha Supermarkets Ltd, Nairobi
44. Naivasha Self Service Stores, Nairobi
45. Muthaiga Mini Market, Nairobi
46. Mustard Supermarket, Nairobi
47. Mulika Mini Market, Nairobi
48. Midas Touch Supermarket Ltd, Nairobi
49. Metro Cash and Carry (K) Ltd, Nairobi
50. Mesora Supermarket Ltd, Nairobi
51. Marketway Ltd, Nairobi

52. Kenton Supermarket, Nairobi
53. Kaymambunguba Supermarket, Nairobi
54. Karen Supermarket, Nairobi
55. Kalumos Trading Company Ltd, Nairobi
56. Kaka Self Services Ltd, Nairobi
57. Kaaga Mini Market Ltd, Nairobi
58. K and A Self Selection Store Ltd, Nairobi
59. Juja Road Fancy Store Ltd, Nairobi
60. Joster Mini Market, Nairobi
61. Jopampa Provision Store, Nairobi
62. Jey Supermarket , Nairobi
63. Jeska Supermarket Ltd, Nairobi
64. Jawa's Supermarket Ltd, Nairobi
65. Janamu Supermarket, Nairobi
66. Jack and Jill Supermarket Ltd, Nairobi
67. Jack and Jill Extravaganza Ltd, Nairobi
68. Homechoice Supermarket, Nairobi
69. Happy Valley Supermarket Ltd, Nairobi
70. Guestcare Ideal Homes Ltd, Nairobi
71. Fairdeal Shop and Save Ltd, Nairobi
72. Esajo Supermarket, Nairobi
73. Ebrahim and Company Ltd, Nairobi
74. Eastleigh Mattresses Ltd, Nairobi
75. Eagles Supermarket, Nairobi
76. Deepak Cash and Carry Ltd, Nairobi
77. Country Mattresses Ltd, Nairobi
78. Continental Supermarket Ltd, Nairobi

79. Clean Way Ltd, Nairobi
80. City Mattresses Ltd, Nairobi
81. Chandarana Supermarkets Ltd, Nairobi
82. Centaling Supermarket, Nairobi
83. Centaline Supermarket, Nairobi
84. Cash and Carry Ltd, Nairobi
85. Buru Buru Mini Market, Nairobi
86. Builders Supermarket Ltd, Nairobi
87. Broadway Supermarket, Nairobi
88. Betccam Savers Supermarket, Nairobi
89. Armed Forces Canteen Organization, Nairobi
90. Amal Supermarket Ltd, Nairobi
91. African Grocers Ltd, Nairobi
92. Aflose Supermarket Ltd, Nairobi
93. Karrymatt Supermarket
94. Gmart Supermarket
95. Maathai Supermarket
96. Cleanshelf Supermarket
97. Mesora Supermarket
98. Kassmart Supermarket
99. Jaharis Supermarket
100. Mesora Supermarket
101. Easymart Supermarket
102. Eastmatt Supermarket

APPENDIX IV: Balance Score Card Measurements

Proposed balanced Perspective Outcome/driver		Formulation
Customer	Percentage of line items on backorder to total line items	<u>Average number of items on back order per month</u> Total number of line items
	Cost per order by customer	<u>Total expenditure of the department</u> Total IRF received
	Effectiveness of ordering time	<u>Actual average cycle time</u> Targeted average cycle time
Supplier	Quality of delivery	<u>Number of rejects/early/late shipments</u> Total number of items received
	Cost per order to suppliers	<u>Total expenditure of the department</u> Total number of purchase orders
	Effectiveness of delivery time	<u>Actual average cycle time</u> Targeted average cycle time
	Supplier evaluation	<u>Number of supplier evaluations that meet objectives</u> Total number of supplier evaluations
Process	Solvability rate	<u>Number of cases solved within 60 days</u> Number of cases reported
	Stock take discrepancy	<u>Total variance</u> Total stock value
	Supply chain costs	<u>Total expenditure of department</u> Total purchase value
	Effectiveness of processing time	<u>Actual average cycle time</u> Targeted average cycle time
	GPO participation rate	<u>Number of items under GPO</u> Total number of items
	Requisition completion rate	<u>Number of IRFs completed</u> Number of IRFs received
IT system	Efficiency of IT system	<u>Number of EIRFs</u> Number of employees handling the system
	Effectiveness of IT system	<u>System down-time</u> Total number of hours in operation
Learning and growth	Training utilization rate	<u>Number of training places utilized</u> Number of planned training
	Employee engagement index	<u>Number of participants in engagement survey</u> Total number of employees in department
Overall	Effectiveness of department	<u>Total expenditure of the department</u> Budget of the department
	Effectiveness of policies/ projects/procedures	<u>Total number of policies/projects/procedures that meet objectives</u> Total number of policies/projects/procedures
	Efficiency of policies projects/procedures	<u>Total savings from policies/projects/procedures</u> Total number of policies/projects/procedures

