

**INFLUENCE OF STRATEGIC SUPPLY CHAIN MANAGEMENT
PRACTICES ON THE GROWTH OF SMALL ENTERPRISES IN TRANS-
NZOIA WEST SUB-COUNTY, KENYA**

By

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award of the Degree of Master of Arts in Project Planning and Management**

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DECLARATION

This project is my original work and has not been presented for the award of a degree in any other university.

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DEDICATION

I dedicate this work to my loving family and friends for their unending support and contribution. Their continuous encouragement, support and inspiration to progress is also very much appreciated.

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ACRONYMS

SCM	Supply Chain Management
SMEs	Medium Sized Enterprises
MSMEs	Small and Medium Sized Enterprises
SPSS	Statistical Package for Social Science
ANOVA	Analysis of Variance

ABSTRACT

Supply chain management (SCM) is a philosophy and a set of business practices that allow firms to more closely coordinate their activities with suppliers, distributors, retailers and consumers. This study sought to establish the influence of strategic supply chain management practices on the growth of small micro enterprises in Trans Nzoia West Sub- County. The study objectives were: establish whether strategic supply chain management customer relationships influence the growth of SME; determine whether strategic supply chain management training policy influence the growth of SME; determine whether strategic supply chain management level of information sharing influence the growth of SME; and determine whether strategic supply chain management partnership influence the growth of SME in Trans-Nzoia West Sub- County. The study will utilize a descriptive survey research design and its target population will be 785 small enterprises. A sample of 235 small enterprises owners will be used in the study. The study utilized the frequency distribution tables and percentages to analyze data with the help of SPSS version seventeen computer programme. The study established that many of the businesses had maintained and balanced customer demand by keeping updated demand information; long-term customer relationships by developing information continuously and long-term customer relationships by understanding what customers want. Many of the small business owners also engaged in training courses in product development with their suppliers in addition to training with the suppliers through regular communication by providing feedbacks and guidance. Majority of the small business owners also observed that they had created a learning environment with the suppliers within the supply chain through open innovation networks and supplier associations. Many of the small business owners frequently interacted with their customers and the relationship they had with them influenced them to purchase more of the product. The small business owners confirmed that the information they receive from small enterprise suppliers influences their purchasing decisions. Majority of the small business owners indicated that the delivery process had an impact on their purchases which indicated that delivery dependency had a positive impact on customers' purchases.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Problem

Every successful organization owes some of its success to effective supply chain management and logistics. These processes focus on the flow of goods and information from the source of raw materials through the distribution channels to the final consumer, and beyond, to recycling and disposal. In today's competitive environment, managing transportation, inventory, product plans and schedules, and information flows are critical to satisfying customers and creating competitive advantages. Organizations compete globally by working with international suppliers, outsourcing, and marketing to consumers worldwide.

Globalization and intensive world-wide competition along with the technological advancements create an entirely new business environment for the manufacturing organizations. Initially, manufacturing companies have accomplished massive productivity gains through the implementation of lean production in response to this intensifying competition. Currently such type of massive productivity improvements for many manufacturing organizations is very limited.

Instead, there is a huge improvement potential to reduce the inefficiencies caused by the poor performance of the suppliers, unpredictable customer demands, and uncertain business environment. An integrated supply chain has a clear advantage on the competitiveness of the individual companies. As a result, the chain-chain competition

has started to take over the enterprise-enterprise competition, although many enterprise-enterprise competitions do exist particularly in the less developed economies (Koh, Saad & Arunachalam, 2006). The forward-looking enterprises today are dynamic; they collaborate with suppliers, customers and even with competitors; share information and knowledge aiming to create a collaborative supply chain that is capable of competing if not leading the particular industry. Hence, gaining competitive edge under such a cut-throat environment becomes increasingly difficult, if not impossible. ‘

The strategic supply chain concept is theorized from the formation of a value chain network consisting of individual functional entities committed to providing resources and information to achieve the objectives of efficient management of suppliers as well as the flow of parts (Lau and Lee, 2000). Strategic supply chain management (SCM) includes a set of approaches and practices to effectively integrate suppliers, manufacturers, distributors and customers for improving the long-term performance of the individual firms and the supply chain as a whole in a cohesive and high-performing business model (Chopra and Meindl, 2001). As defined by the Council of Supply Chain Management Professionals (CSCMP), SCM encompasses the planning and management of all activities involved in sourcing and procurement, conversion and all logistics management activities as well as coordination and collaboration with channel partners.

SCM and related strategies are crucially important to the success of a manufacturing firm. This is because the cost and quality of goods and services sold are directly

related to the cost and quality of goods and services purchased. Therefore, supply chain policies such as procurement and supplier selection have an important role in the SCM (Hartley and Choi, 1996; Degraeve et al., 2000). Lean practices to improve the internal processes of an organization in line with the principles of just in time (JIT) supply are other highly recognized practices in SCM (Burgess, Singh & Koroglu, 2006; Cigolini, Cozzi, & Perona, 2004). Integration of internal processes of the organization with the suppliers and customers forms the essence of the whole idea behind SCM. With the widespread use of internet, web-based systems enable organizations to form strong customer and supplier integration for inventory management, demand forecasting, customer and supplier relationship management (Frohlich and Westbrook, 2002).

The importance of better tracking of products logistics, improved efficiency in information processing, improved security, reduced counterfeit, fast-tracked quotation and ordering, improved customer relationships, better control of supplies on the SCM performance has been repeatedly reported by the cases such as Frankfurt Airport in Germany and Wal-Mart in the USA, even though these cases often are from more developed countries where appropriate infrastructure is in place. In all of these efforts, strategic planning for the manufacturing organizations has an integral role.

Regarding the implementation of SCM practices by manufacturing firms in Kenya, Kim (2006) provides an excellent overview of the manufacturing firms with special emphasis on machinery and equipment industry. Predominantly, Kenya manufacturing industry relies on low cost strategy with respect to supply and uses

“low cost” as a main supplier selection criterion in machinery and equipment industry. This is not particularly surprising as far as the share of material costs within the total manufacturing costs are concerned (ranging from 56 per cent in machinery and equipment to 87 per cent in automotive). Quality appears to be order qualifier where the price is order-winner from the suppliers’ perspective (Kim, 2006).

The purpose of this study was to determine the underlying dimensions of strategic SCM practices and to empirically test a framework identifying the relationships among SCM practices, operational performance and SCM-related organizational performance with special emphasis on small and medium size enterprises (SMEs) in Trans-Nzoia west Sub-county. Although the needs and operating environment of SMEs are very different from those of large firms, there is a dearth of literature regarding the use of SCM practices and its effect on performance of SMEs in emerging market economies such as Kenya. SMEs have significant impacts on supply chain performance, where they may serve the roles of suppliers, distributors, producers and customers (Hong and Jeong, 2006). In several sub-saharan countries, SMEs form the largest group of manufacturing firms which essentially provide specialty manufacturing and support services to large firms (Huin et al., 2002). SMEs also play a very crucial role to the economies of most emerging nations from the viewpoint of generating employment and economic growth.

SMEs account for more than half of the employment and added value in most countries (UNCTAD, 1993). Similar trend is also observed in Kenya where SMEs constitute a majority of all business establishments and employ the highest percentage

of the workforce (Kim, 2006). In view of the fact that the success of small business has a direct impact on the national economy, this paper sought to add to the body of knowledge by providing new data and empirical insights into the relationship between SCM practices and performance of SMEs operating in TransNzoia West Sub-County.

1.2 Statement of the Problem

The growth of SMEs is dependent on many other factors both in the external environment and in the task environments. However, the supply chain should be adequately and efficiently managed by managers of SMEs so as to realize enterprise growth and profitability. Owner managers are responsible for the establishment and the management of their businesses with the principal purposes of business growth characterized by innovative behaviour through employment of strategic management of their supply chains which have great impact on the liquidity of an organization. Strategic supply chain management is one of the challenges facing SMEs. Given that lack of adequate knowledge on supply chain management combined with the uncertainty of the business environment often results serious problems for SMEs regarding their growth. According to Wandia (2013) inappropriate decisions on strategic supply chain management often affect growth of enterprises in Trans-Nzoia County. Consequently, Wandia (2013) further observes that SME growth could be impaired due to inefficient management and inability by management to view supply chains as a strategic tool for growth hence the need for the study.

1.3 Purpose of the Study

The purpose of this study was to investigate the influence of strategic supply chain management practices on the growth of SME's in Trans-Nzoia West Sub- County, Kenya.

1.4 Research Objectives

The specific objectives of this study were:

1. To investigate whether strategic supply chain management customer relationships influence the growth of SME in Trans-Nzoia West Sub- County.
2. To determine whether strategic supply chain management training policy influence the growth of SME in Trans-Nzoia West Sub- County.
3. To determine whether strategic supply chain management level of information sharing influence the growth of SME in Trans-Nzoia West Sub- County.
4. To determine whether strategic supply chain management partnership influence the growth of SME in Trans-Nzoia West Sub- County.

1.5 Research questions

This study sought to answer the following questions:

1. How do strategic supply chain management customer relationships influence the growth of SME in Trans-Nzoia West Sub- County?
2. How does strategic supply chain management training policy influence the growth of SME in Trans-Nzoia West Sub- County?

3. How does strategic supply chain management level of information sharing influence the growth of SME in Trans-Nzoia West Sub- County?
4. How does strategic supply chain management partnership influence the growth of SME in Trans-Nzoia West Sub- County?

1.6 Significance of the Study

By developing and validating a multi-dimensional construct of SCM practices and by exhibiting its value in improving operational performance of SMEs, it provides SCM managers with useful tool for evaluating the efficiency of their current SCM practices. Second, the analysis of the relationship between SCM practices and growth indicates that SCM practices might directly influence operational performance of SMEs.

The focal point of supply chain management is innovative value creation on the assumption that value creation is a prerequisite for transaction and relationships. The study's task was to discover untapped sources of customer value and to create unique combinations of resources to produce value. This study sought for creative approaches to customer acquisition, retention and development. Moving estimates of lifetime value and customer equity was the guide regarding to customer investment and customization levels. Entrepreneurial supply chain management supported new product development, activities of research and development and other technical research areas.

1.7 Limitation of the Study

The study suffered from several limitations such as participants' insincerity while responding to the questionnaire. Thus, further probing was required so as to gather enough information from the respondents so that credible data could be collected. Other factors such as cultural fear limited respondent's participation of giving out information. However, this was countered by building confidence among the participants through bringing forth the benefits that they, as a community, stood to gain by being part of the study.

1.8 Delimitation of the Study

The study mainly focused on retail distributors and wholesalers within Trans-Nzoia West Sub-County as registered by the County of Trans-Nzoia. It also limited itself to registered wholesalers and distributors. The study only investigated the influence of supply chain management practices and supply chain characteristics on SME growth in Trans-Nzoia West Sub-County since the sub-county may have its own peculiar problems, which may not pertain to other municipalities in Kenya.

1.9 Assumptions of the study

The following assumptions were made in this study: - The researcher assumed that all respondents cooperatively, honestly and accurately responded to all the items in the research instruments. All registered wholesalers and distributor in Trans-Nzoia West Sub- County engaged in supply chain management practices.

1.10. Definition of Significant Terms

Supply Chain Management (SCM) is the management of the flow of goods and services. It includes the movement and storage of raw materials, work-in-process inventory, and finished goods from point of origin to point of consumption. Interconnected or interlinked networks, channels and node businesses are involved in the provision of products and services required by end customers in a supply chain.

Management Practices: These are methods or techniques found to be the most effective and practical means in achieving an objective while making the optimum use of the firm's resources.

Small and Medium Micro Enterprises: These are non-subsidary, independent firms which employ less than a given number of employees. The most frequent upper limit designating an SME is 250 employees, as in the European Union or 500 employees as in the United States. Small firms are generally those with fewer than 50 employees, while micro-enterprises have at most 10 workers.

Growth: Increase in volume of sales among the SME's

Strategic management: Identification and description of the strategies that managers can carry so as to achieve better performance and a competitive advantage in supply chain management for their organization

1.11 Organization of the study

The project is organized into five chapters; Chapter one covers the introductory part of the study. The background section is a presentation of the problem being identified;

objective of the study; the significance of the study. Chapter two provides an overview of both the existing literature and the international studies in this area, and draws upon key themes within the literature which inform the design of this study. It also contains the conceptual frame work. Chapter three then provides an overview of the design for this descriptive study and of the methods used. It includes an explanation of the survey tool developed and the research approach which was questionnaire based. It will also deals with the validity and reliability of the research instruments and the ethical issues in research. Chapter four dealt with the research findings and discussion as per the objectives of the study. Chapter five focuses on the summary of the findings and practical implications. It outlines the main findings of the study as drawn from the results in chapter four. These findings are closely tied to the objectives of the study. This chapter also provides the conclusions as well as the recommendations from the study which were systematically drawn in terms of contribution to practice.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter contains the literature review of the influence of influence of strategic supply chain management practices on the growth of small enterprises. The chapter focuses on the theoretical model of supply chain management, review of present and previous researches on supply chain management. The chapter analyses the strategic supply chain management practices, strategic supply chain management training policy, the implementation of supply chain management practices and strategic supply chain management practices on the growth of SME. This chapter also contains the theoretical and conceptual framework of the study.

2.2 Theoretical model

Supply chain management (SCM) has evolved from two main perspectives, the upstream-focused procurement orientation of the manufacturer and supplier and the downstream-focused transportation and logistics orientation of the distributor and retailer (Mentzer et al., 2001; Tan, 2001). SCM is a fairly recent concept and although numerous models have been proposed no standardized definition has emerged to date (Gibson, Mentzer & Cook, 2005; Quayle, 2002; Tan, 2001). The various supply chain paradigms can encompass elements that range from the comparatively narrow to the very broad. Gibson, Mentzer and Cook (2005) develop a confined definition of SCM that emphasizes the importance of collaboration as well as alignment with the organization's strategy.

In contrast, the Supply Chain Operations Reference Model (SCOR) takes a more extensive approach which spans the entire supply chain from the supplier's supplier to the customer's customer, but does omit certain activities such as product design, quality, information technology and elements of service after the sale (Schultz, 2003; Supply Chain Council, 2005). The Council of Supply Chain Management Professionals defines SCM more expansively in its Supply Chain Management Process Standards (2004 abcdef), including all of the activities involved in planning for SCM, sourcing the required inputs, manufacturing the product, delivering the product and processing returns, as well as incorporating supply chain facilitators such as quality, information technology and security.

2.3 Practices used in strategic chain supply management

Riggs and Robbins (1998) observes that in today's economic environment, doing what you have always done—even if you do it very well—is no longer acceptable. Under pressure to contain costs and produce results despite challenging circumstances, you (and many other supply chain managers) must transform rather than simply improve your operation. That means adopting the philosophies, methods, and processes that will make your organization "best in class." According to Riggs and Robbins (1998) some of these practices may be simple, straightforward, and familiar. Others may be new to your company. Implement them all and you will have a strong foundation for supply chain excellence.

First is to establish a governing supply chain council. A governing council's purpose is to give direction and help align supply chain strategy with the company's overall

strategy. The council's membership should include the leader of the supply chain organization as well as corporate executives, business unit managers, and other influential company leaders. Ideally the council should hold regularly scheduled meetings. But even if it doesn't, its mere existence will indicate that supply chain management has the endorsement and commitment of senior leadership.

We often see supply chain organizations struggling for recognition because their objectives and strategies differ from their companies' stated objectives and strategies. A governing council can prevent that from happening by providing constant, consistent validation that the supply chain strategy directly correlates with the corporate strategy.

The council can also help to remove barriers to success that exist within the organization. Every company has such barriers—usually individuals or organizations that don't see or accept the value that a well-managed supply chain provides. By addressing these barriers, members of the council help to ensure that the supply chain organization is given the opportunity to perform up to its potential. When it is clear that the executive leadership is fully embracing the supply chain organization, it is likely that key business-unit stakeholders will be more willing to work with and support supply chain efforts and initiatives.

Finally, the council provides an effective forum for cross-functional communication. An active governing council creates an opportunity for business unit leaders to

provide the supply chain management leadership with information regarding future strategies and projects.

Second is to properly align and staff the supply chain organization. It can be difficult to organize the supply chain function in a way that will maximize its effectiveness and bring commensurate benefits to the company. Some companies are best served by embedding proficient supply chain management professionals in various business units. For others, a more centralized operation is most effective. Many of the progressive companies we have worked with, however, have adopted a hybrid approach that combines a centralized strategy to gain consensus with decentralized execution to improve service.

Another emerging trend we have seen involves placing procurement, logistics, contract management, and forecasting/demand planning and similar management functions under the supply chain leader. This approach, depicted in Figure 1, is not appropriate for all companies, but it does give an idea of current thinking about supply chain management and the reporting structure.

Whatever structure you adopt, correctly staffing the supply chain organization is vital to success. Elevating staff members' supply chain management skills and knowledge is always a priority, of course. But top leadership focuses more on strategy and is less concerned about transactional ability. As supply chain leaders move up to join their companies' management teams, therefore, they must have additional characteristics. Best-in-class companies hire supply chain managers who have strong communication

and relationship management skills (both internally and externally), the ability to think strategically, and a focus on value creation.

Third is to make technology work for you. Too many companies select software they hope will make them more efficient, and they structure their workflows and processes around that chosen technology. Instead, they should first review the processes that need improvement, and only then select the technology that best satisfies those process needs. That may seem self-evident, but I have seen more than a few companies buy first and figure things out later.

Perhaps that is why in many companies, the supply chain organization seems to be "feeding the system" (such as an enterprise resource planning system) with information, and they have difficulty retrieving the type of data they need for making sound strategy and business decisions.

At best-in-class companies, by contrast, managers understand that "the system" should help them better manage their supply chains. They find a way to use technology to produce beneficial information without having to perform various "work-arounds" to extract and view the data. They recognize the importance of an efficient purchase-to-pay process and have adopted strategies and mechanisms to get the greatest benefits from technology.

Fourth is to establish alliances with key suppliers. Best-in-class companies work closely with suppliers long after a deal has been signed. In most circles today, this is

called "supplier relationship management." But that implies one-way communication (telling the supplier how to do it). Two-way communication, which requires both buyer and seller to jointly manage the relationship, is more effective. A more appropriate term for this best practice might be "alliance management," with representatives from both parties working together to enhance the buyer/supplier relationship.

The four primary objectives of an effective alliance management program with key suppliers include: providing a mechanism to ensure that the relationship stays healthy and vibrant; creating a platform for problem resolution; developing continuous improvement goals with the objective of achieving value for both parties and ensuring that performance measurement objectives are achieved.

With a sound alliance management program in place, you will be equipped to use the talents of your supply base to create sustained value while constantly seeking improvement.

Many leading companies have adopted these 10 best practices. Some may be familiar while others may be new to your company. Implement them all and you will have a strong foundation for supply chain excellence: establish a governing supply chain council, properly align and staff the supply chain organization; make technology work for you; establish alliances with key suppliers; engage in collaborative strategic sourcing; focus on total cost of ownership, not price; put contracts under the supply

chain function; optimize company-owned inventory; establish appropriate levels of control and minimize risk and take green initiatives and social responsibility seriously

Fifth is to engage in collaborative strategic sourcing. Strategic sourcing is a cornerstone of successful supply chain management. But a collaborative strategic sourcing initiative produces even better results. Rather than consider strategic sourcing as just a matter for the purchasing department, best-in-class organizations get internal "customers" actively involved in the decision-making process. More importantly, they solicit feedback and information regarding their objectives and strategies from those customers, which may include functional areas such as finance and accounting, engineering, operations, maintenance, safety/health/environment, and quality assurance—any internal business unit or function that will contribute to the initiative's success. This approach not only ensures availability of supplies but also results in lower total cost, streamlined processes, and increased responsiveness to customers' changing needs.

Sixth is to focus on total cost of ownership (TCO), not price. One benefit of strategic sourcing is that it shifts the focus from looking only at the purchase price to understanding the total cost of owning or consuming a product or service. For significant spend areas, procurement teams at best-in-class companies are abandoning the outmoded practice of receiving multiple bids and selecting a supplier simply on price. Instead, they consider many other factors that affect the total cost of ownership. This makes good sense when you consider that acquisition costs account for only 25 to 40 percent of the total cost for most products and services. The balance (and

majority) of the total comprises operating, training, maintenance, warehousing, environmental, quality, and transportation costs as well as the cost to salvage the product's value later on.

Identifying the total cost of ownership requires looking at the entire process of procuring and consuming the product or service, something that can only happen with cooperation and input from both the buyer and the seller. Best-in-class organizations do not stop there, however. They also ask suppliers and internal stakeholders the following important question: "How can we work together to reduce the total cost of ownership?"

Establishing a "total cost of ownership" mindset is a goal that the supply management organization needs to embrace and perpetuate throughout the entire enterprise. It will not be easy, however, to convince your company's executive leadership to truly prioritize value over price. Since the global financial collapse in 2009, most chief executives have focused on cost reductions, which they expect will translate to reduced prices.

Seventh is to put contracts under the supply chain function. Purchasing and procurement teams often negotiate significant potential savings during the sourcing process but never fully realize those savings. The reasons for this vary, but they often include a failure to communicate contract terms to the affected organizations and a failure to monitor contract compliance.

All too often, in fact, the executed contract is filed away in some drawer and forgotten. This is no exaggeration; several years ago, the research firm Aberdeen Group asked supply managers the following question in a survey: "How do you manage your company's contracts?" Their answers were startling. Two thirds of the respondents stated, "We can't even find the contracts, much less manage them."

More companies are moving responsibility for contract management to the supply chain organization rather than leaving it in purchasing, legal, finance, or operations. One benefit of this shift is that it ensures the contracts are collected and maintained in a central repository. The migration of the contract management function to the supply chain organization also allows the supply chain leader to more effectively leverage the company's spend, particularly in the area of services, where there is a great opportunity for cost reduction and risk mitigation.

Eighth is to optimize company-owned inventory. The global economic downturn means that more chief financial officers have put inventory on their radar screens, and their financial teams are constantly looking for new ways to improve the bottom line and reduce working capital. Supply chain organizations should therefore constantly review their inventory quantities and strive to keep them at an optimal level.

It's no surprise that best-in-class companies are paying attention to inventory at the highest levels. The "real" cost of holding inventory often is higher than the generally assumed 20 to 25 percent. In fact, recent research reveals that inventory holding costs could represent up to 60 percent of the cost of an item that is held in inventory for 12

months. Those findings included the holding cost of insurance, taxes, obsolescence, and warehousing.

Poor planning and forecasting are direct causes of inventories that are out of balance with a business's needs. Accordingly, best-in-class companies also are placing more emphasis on demand planning and forecasting as an additional means of ensuring optimal inventory levels.

Ninth is to establish appropriate levels of control and minimize risk. Supply chain management policies and procedures should follow an appropriate sequence and structure, and it is important to review them frequently (if not constantly) and bring them up to date. Keeping them realistic and easy to understand and follow will help to ensure compliance.

It is certainly possible to go too far in establishing policies and procedures, however. That is why best-in-class companies periodically review their policies and controls to ensure that they are not creating bottlenecks. Their objective is to streamline them without sacrificing the ability of those controls to deter theft, fraud, and other problems.

Risk mitigation goes hand-in-hand with policies and controls, and best-in-class supply chain organizations integrate risk-mitigation methodologies into their sourcing decision process. This is a complicated subject that we can touch on only briefly here, but in short, these organizations are adopting sound methodologies that include: (1)

identifying all of the risk elements, (2) determining the probability of the risk event occurring, (3) assessing the dollar impact on the sourcing decision if the risk event actually takes place, and (4) prioritizing risks for monitoring and prevention.

Tenth is to take "green" initiatives and social responsibility seriously. Reducing a supply chain's carbon footprint is no longer a "nice but not necessary" practice. It's likely that a carbon- trading regime will be established in the United States at some point. But here's another reason why best-in-class companies "go green": buyers and consumers are taking environmental impact into consideration when they choose suppliers. That is why organizations such as Dun & Bradstreet now produce reports that evaluate "green" companies. We're also seeing more and more requests for proposal (RFPs) that ask suppliers and service providers to provide information about their green initiatives.

Buyers and consumers are also considering social responsibility when making purchases. Social responsibility consists of a framework of measurable corporate policies and procedures that result in behavior designed to benefit the workplace, the individual, the organization, and the community. Social responsibility is playing an increasingly significant role in best in class supply management organizations' decisions, not just when it comes to purchasing but also in regard to risk evaluation. A company that does not have a meaningful social responsibility program risks criticism from workers and/or consumers.

2.4 Influence of strategic supply chain management customer relationships on the growth of SME's

Customer relationship comprises the entire array of practices that are employed for the purpose of managing customer complaints, building long-term relationships with customers, and improving customer satisfaction (Claycomb, Droge, Germain, 1999; Tan, Kannan, and Handfield, 1998). Noble (1997) and Tan et al. (1998) consider customer relationship management as an important component of SCM practices. As pointed out by Day (2000), committed relationships are the most sustainable advantage because of their inherent barriers to competition. The growth of mass customization and personalized service is leading to an era in which relationship management with customers is becoming crucial for corporate survival (Wines, 1996). Good relationships with supply chain members, including customers, are needed for successful implementation of SCM programs (Moberg, Cutler, Gross, Speh, 2002). Close customer relationship allows an organization to differentiate its product from competitors, sustain customer loyalty, and dramatically extend the value it provides to its customers (Magretta, 1998).

2.5 Influence of strategic supply chain management training policy on the growth of SME's

To evaluate the impact of supply chain development or maturity level on company performance, the Performance Measurement Group (PMG) conducted a survey in 2003 where the relationship between companies' supply chain capabilities and their performance was investigated. The main conclusions from this study were: the survey found that 36% of the responding companies' practices are at the mature stage 2.3.

They expect to achieve the average of 2.9, by the end of 2003; maturity differs widely among industry segments. Consumer goods companies are currently the leaders in supply chain practice maturity (average of 2.5), due to an ongoing focus on cost management and reduction. At the other end of the spectrum, life sciences companies remain more functionally focused (average of 1.9); analysis also showed that mature companies outperform their peers in three of the four supply chain performance areas: delivery, flexibility and responsiveness, and cost. The fourth performance area - asset turns - does not directly correlate to supply chain maturity as it is defined by this study.

In addition, mature organizations have a 10-25% advantage in three components of overall supply chain management costs - order management, materials acquisition, and inventory carrying. As a result, total supply chain costs for mature companies only amount to 9% of the revenue on average, versus 10.7% in immature companies. Mature companies can deliver products six days faster, meet customer requirements almost 100% of the time, and have total supply chain management costs that are 20% lower; the research showed high correlation between supply chain maturity and financial performance. Mature companies leverage their supply chain expertise to achieve an overall business advantage. In fact, based on earnings before interest and taxes (EBIT), mature companies are 40% more profitable. Although other factors, such as product innovation and channel management, likely contribute to this profit edge, supply chain management is a key driver. Besides having lower cost of goods sold (COGS) as a percentage of revenue, best performers are continuing to reduce COGS overall, while their competitors are actually seeing these costs increase; best in

class practice: Improvement in "overall" supply chain management lags behind the four process components. Make and deliver process are often the "low hanging fruit" of supply chain improvement efforts - far more visible and easier to understand than plan. But the companies that were best in class (the top 20%) in the key metrics had uniformly higher levels of plan practices in place.

Also, this study as many others that can be found in the literature, confirms that supply chain management can contribute significantly to service level improvement as well as cost optimisation which is closely linked to the financial performance of the company and is therefore seen as a key driver of long term competitiveness of the companies. Given the correlation between mature supply chain practices and financial performance, the companies were also asked how much they expect to increase their development level in the next two years. Participants expect to advance only about 0.6 stages of maturity over the next two years. These expectations reflect their understanding of the challenges involved in developing new supply chain capabilities and practices.

When companies view supply chain as a strategic asset, supply chain strategy is part of the overall business strategy, designed around a well-defined basis of competition (innovation, low cost, service, quality). It is integrated with marketing strategy and with customers' needs, product strategy as well as power position. On the other hand, supply chain strategy must adapt as market conditions and competitive advantages change.

In that way, supply chain strategy designs a unique supply chain configuration that drives strategic objectives forward. A supply chain strategy consists of five building blocks (Cohen, 2004): manufacturing strategy; outsourcing strategy; channel strategy; customer service strategy; asset network.

2.6 Influence of strategic supply chain management level of information sharing on growth of SME

Information sharing has two aspects: quantity and quality. Both aspects are important for the practices of SCM and have been treated as independent constructs in the past SCM studies (Monczka, Petersen, Handfield and Ragatz, 1998). Level (quantity aspect) of information sharing refers to the extent to which critical and proprietary information is communicated to one's supply chain partner. Shared information can vary from strategic to tactical in nature and from information about logistics activities to general market and customer information. Many researchers have suggested that the key to the seamless supply chain is making available undistorted and up-to-date marketing data at every node within the supply chain. By taking the data available and sharing it with other parties within the supply chain, information can be used as a source of competitive advantage (Novack, Langley and Rinehart, 1995). Lalonde (1998) considers sharing of information as one of five building blocks that characterize a solid supply chain relationship. According to Stein and Sweat (1998), supply chain partners who exchange information regularly are able to work as a single entity. Together, they can understand the needs of the end customer better and hence can respond to market change quicker.

Moreover, Tompkins and Ang (1999) consider the effective use of relevant and timely information by all functional elements within the supply chain as a key competitive and distinguishing factor. The empirical findings of Child house and Towill (2003) reveal that simplified material flow, including streamlining and making highly visible all information flow throughout the chain, is the key to an integrated and effective supply chain. The SCM field has taken a route to understanding strategic issues via the strategic management field that is in line with its dominant traditions. One example is Porter's value chain concept that has been related to the supply chain concept (Persson 1997) and the firm's competitive advantage, such as cost advantage or customer closeness (Chopra and Meindl 2001; Morash 2001; Sandberg 2007). Hitherto, most of the applied strategy theories and conceptual models are used for hypothesis testing in supply chain studies (Cheng and Grimm 2006), and cross-sectional studies involving few variables dominate the literature (Craighead, Hanna, Gibson and Meredith 2007; Giunipero et al. 2008). Thick descriptions that provide holistic understanding are rare.

An exception is Sandberg, who studied the role of top management in SCM practices (2007). In a multiple-case study of three "best SCM practice" companies, the strategy content, the strategy formation process, the supply chain orientation, coordination and continuous development of Dustin, Clas Ohlson and Bama were analysed. A common denominator among these cases was the capability in operational logistics and IT support. Their strategic development was driven by lower hierarchical levels rather than by the top management level. Top management is actually described as absent when it comes to the strategically important capabilities. Sandberg's analysis is based

on the positioning perspective in order to categorise the cases, on the resource-based view in order to outline capabilities and on Mintzberg's (1998) view on the strategy formation process. The positioning perspective and the resource-based view are the most preferred strategy theories in SCM literature (Burgess, Singh and Koroglu 2006). In order to explain the absence of top management influence, Sandberg has to go outside his theoretical framework; he draws on Regnér's (2003) findings that inductive strategy making improves the development of supply chain practices. Regnér's (2003) argumentation draws on how strategy in practice is created and developed by micro-level processes and activities. Strategy in practice, thus, focuses on understanding action (Burgess et al. 2006).

The theoretical directions of strategic management, earlier mentioned as the most preferred in SCM research, are within the strategic management field argued to be of little relevance to strategising practitioners. However, these theoretical directions fit with popular methods in use in SCM. First, the positioning perspective (with Porter 1985 as the main character) implies that a firm can strive to achieve a competitive cost advantage by performing value chain activities at a lower cost than its rivals or by differentiating its offerings from competitors' offerings. In such propositions, the shaping of strategy and the firm's external relations are not sufficiently emphasised (see, e.g., Melin 1985). In the strategy literature the term value chain (Porter 1985) is more common than the term supply chain (Harland 1996a), which implies a slightly different metaphorical perception and focal interest. The main difference is that the term value chain says little about actors involved, i.e., about the supply chain

relationships and structure. Rather, a contextual added product value and business models seem to be scrutinised.

The generic strategic alternatives of low cost and differentiation can be pursued in the context of a broad target market or a narrow target market. Second, the resource-based theory is described in its origins, assumptions and implications by Barney and Arikan (2001); it implies that valuable, rare, costly-to-imitate and non-substitutable bundles of resources, controlled by a firm, are the source of competitive advantage. The content in the resource-based view is close to “the capabilities view”, “the dynamic capabilities view”, “the competence view” or “the knowledge-based view”, because they all draw on firm attributes as critical independent variables, specify roughly the same conditions under which these firm attributes will generate persistent superior performance and lead to largely interchangeable empirically testable assertions (Barney and Arikan 2001). Both these perspectives are in line with the content school, i.e., they are about what causes a performance as in what variables are statistically significant. Content is important but dynamics in development is needed in order to understand what happens. Melin (1992) argues that when we study strategy processes also content needs to be in focus and that the dichotomy of process and content in strategy research has been misleading because one is needed to understand the other. What is a process study, then?

Process research with Pettigrew as its leading figure is about how strategic processes develop, especially strategic change. Process studies have focused on strategic change over time involving organisational complexity, people and their behaviour and the

contextual situation of the change (see, e.g., Pettigrew 1992; 1997). In a process study the wholeness and the ambiguity of change are needed in theorising of industrial reality (Melin 1987). How a strategy develops is often characterised as “muddling through” (Lindblom 1959), or as a process of logical incrementalism (Quinn 1980) and as a deliberate and emergent process (Mintzberg and Waters 1985). The process perspective on strategy assumes plural outcomes and a pragmatic process forward (Mintzberg and Waters 1985). Process studies are often case studies in order to account for ambiguities, complexity and dynamics in strategic processes (Langley 1999).

The IMP Group’s view of strategy (Gadde et al. 2003) is based on process studies but has only made modest contributions to the understanding of supply chain strategising. Few SCM studies question rationales and aim to understand strategic supply chain processes (Fabbe-Costes and Jahre 2007). The supply chain literature is abstract and gives little insight into the strategic process and practices involved (Fabbe-Costes and Jahre 2007; Storey et al. 2006). Research into supply chain strategies, for example that by Fisher (1997), draws on the planning and position school (see descriptions of schools in Mintzberg, Ahlstrand and Lampel 1998). The focus of the SCM literature on content explanations rather than process explanations of supply chain strategy might result in lost relevance (see, e.g., March and Sutton 1997). Explanations of emergent supply chain strategies are neglected (Sebastiao and Golicic 2008), and interpretative process research is unusual (Craighead et al. 2007). Separating content and process issues in strategic development has negative implications both for a

holistic theoretical advancement and for relevance and application (Johnson et al. 2007; Johnson et al. 2003).

Practice is based on process issues as well as content issues; these are inseparable in the happening, such as in the development of a strategic idea (Chia and MacKay 2007). Thus, a practice study is likely to challenge the Fisher paradigm that strategies need to be either physically efficient or market-responsive (also challenged by Selldin 2005; Selldin and Olhager 2007) because it draws on a social process of how the either/or content is affected over time by, for example, conditions and consequences. The strategising perspective focuses on particularities, people, routines and activities (Johnson et al. 2003; Whittington 2003; Whittington and Melin 2003), which are key elements of practice.

The strategising perspective focus is on “the detailed processes and practices which constitute the day-to-day activities of organization life and which relate to strategic outcomes” (Johnson et al, 2003:14), thus, strategic practice is based on an objective of long-term or short-term result of operations. A challenge seen in the strategising perspective is to capture how micro processes contribute to general macro outcomes (Johnson et al. 2003). However, seeing strategy in the logic of practice reformulates the problem of agency and structure and sidesteps the ‘micro/macro’ distinction (Chia and MacKay 2007), in line with the suggestion by Kjellberg and Andersson (2003) that action does not follow predetermined categorisations and levels of analysis. Micro and macro issues are always together in the happening.

The contribution of strategy in practice to understanding supply chain action is potentially in inductive versus deductive strategy making, which are described as based in different logics. Regnér (2005) argues that both adaptive and creative strategy logics are basic strategy logics. A logic means the underlying procedures, activities and reasoning that generate a particular type of strategy. Regnér argues that in a complex context, a creative logic is likely to be more applicable than an adaptive one, but suggests that this holds only generally and in the long term. In the short term, the two logics complement each other within and across strategy processes. Inductive strategy making is externally oriented and exploratory strategy activities in the periphery of the organisation, such as a project's trial and error, informal noticing and experiments (Regnér 2003). In contrast, strategy making in the centre is more deductive, involving an industry and exploitation focus and activities like planning, analysis, formal intelligence and the use of standard routines (Regnér 2003). These findings are interesting to SCM research because others than the top management team are seen as influential in the strategic development.

Strategising in an inter-organisational context is little researched beyond Regnér's work (Regnér 1999; 2003), which is problematic because the inter-organisational network makes strategic sense (Baraldi et al. 2007; Gadde et al. 2003; Harrison and Prencert 2009) and is important in order to understand dynamics of supply chain interdependencies and complexity of the supply chain structure involved in interorganisational interactions. Despite the increased interest in supply chain management practices (Fabbe-Costes and Jahre 2007; Fawcett and Magnan 2002; Sandberg 2007; Storey et al. 2006; Tan 2002) and integrative practices of strategic

development (Abrahamsson and Helin 2004; Elter 2004; Regnér 1999; 2003), little attention is directed to practice studies, based on sociological metatheories (Gammelgaard 2004).

Practice-based studies have created a practice turn in many related streams of literature, such as strategy-as-practice (Johnson et al. 2007) and marketing-as-practice (Araujo et al. 2008), and the practice perspective is applied to projects (Hällgren 2009), to management studies (Orlikowski 2000) and to social practice such as learning (Elkjaer 2004; Gherardi 2009). The lack of practice-based supply chain management studies is problematic if we like to explore whether supply chain strategy is the Emperor's new clothes (Fabbe-Costes and Jahre 2007), whether the supply chain actually impacts organizational strategizing (Jarzabkowski and Spee 2009), and whether a micro view of strategic development actually gives relevance and meaning (Johnson et al. 2007). Particularly Gammelgaard (2004) indicates that such an approach enables exploration of the human side of logistics strategies and implementation in a new and alternative way with potential to benefit both research and practice by increased closeness.

Strategizing in supply chains is meaningful to further theorize about, based on the case of customer ordered production and a purposeful combination of several theoretical fields. SCM and logistics, IMP research and strategizing research are bridged in order to understand the problem outlined. These have paradigmatic similarities in assumptions made but also a basic incompatibility in terms of vocabulary and goals. Development in practice of customer ordered production has

implications that make sense to these fields. The pluralistic approach is beneficial both because of theory building in itself and because it might cultivate the use of multiple approaches in the theory building of others (Gioia and Pitre 1990; Schultz and Hatch 1996). Strategizing in supply chains involves integration that we know little about in practice.

2.7 Influence of strategic supplier partnership on growth of SME

Strategic supplier partnership is defined as the long term relationship between the organization and its suppliers. It is designed to leverage the strategic and operational capabilities of individual participating organizations to help them achieve significant ongoing (Noble, 1997). A strategic partnership emphasizes direct, long-term association and encourages mutual planning and problem solving efforts (Gunasekaran, Patel and Tirtiroglu, 2001). Such strategic partnerships are entered into to promote shared benefits among the parties and ongoing participation in one or more key strategic areas such as technology, products, and markets (Yoshino and Rangan, 1995). Strategic partnerships with suppliers enable organizations to work more effectively with a few important suppliers who are willing to share responsibility for the success of the products. Suppliers participating early in the product-design process can offer more cost effective design choices, help select the best components and technologies, and help in design assessment (Tan, Kannan, and Handfield, 1998).

Strategically aligned organizations can work closely together and eliminate wasteful time and effort (Balsmeier and Voisin, 1996). An effective supplier partnership can be

a critical component of a leading edge supply chain (Noble, 1997). Given that a majority of micro-enterprises are located in the developing world, literature relevant to supply chain management in developing countries is of particular value to our research. Prior studies (Prasad *et al.*, 2005) have noted the importance of information, uncertainty, market orientation, linkages, social/cultural conditions, political/legal systems, and economic resources in examining operations in developing countries.

Just as information systems are important for shop floor control (e.g. Chen *et al.*, 2003), the type of information available and its degree of complexity within an operation can affect the management of the micro-enterprise and, eventually, its profitability. Operations in developing countries also tend to be greatly affected by the degree of uncertainty. Risk and uncertainty can raise havoc in supply chains. In addition, the degree of interdependence with markets can have a significant effect on operations (Hart, 1995) because customer input may require operational flexibility in terms of quality, design, lead-times, and production quantities. Similarly, micro-operations often require suppliers to quickly provide parts and supplies upon request, requiring high degrees of coordination and linkages with suppliers. According to Oliff *et al.* (1989), the social/cultural, political/legal, and economic conditions of the host country can also exert an influence on supply chains and shape their effectiveness.

Although there are examples of supply chain failures, many low economies have achieved significant success through the implementation of SCM (Chapman *et al.*, 2000). Kopezak and Johnson (2003) observed that supply chain management's ability to leverage the skills and resources of partner entities allows for increased

differentiation that can develop customer loyalty. Furthermore, SCM is being encouraged by such issues as global competition, outsourcing, cost reduction requirements, e-commerce, and decreased product life cycles (Ericksen, Suri, El-Jawhari & Armstrong, 2005).

These factors mature to extended supply lines, new members in the supply chain and longer as well as more complex distribution channels that must be coordinated. The knowledge of the abilities of each partner in the chain joined with an increased comprehension of the end users' needs allows businesses to add services and features which create value beyond the cost to the chain members (Brewer & Speh, 2000). The chain's sharing of both demand and supply related information enables more effective planning which results in better utilization of assets, lower inventory, reduced costs and improved customer service.

In theory, smaller firms may have some characteristics that prove advantageous when implementing supply chain management. MSMEs tend to be less bureaucratic, more agile and more entrepreneurially oriented. Despite these potential advantages MSME's have some limitations due to their small size that may inhibit their implementation of SCM, notably a lack of resources (Hvolby, Trienekens & Carrie, 2001). Moreover, controversy concerning how SCM affects SMEs exists, especially with respect to findings that suggest SCM is negatively related to SME performance.

A study conducted by Arend and Wisner (2005) was particularly discouraging. Arend and Wisner (2005) demonstrated that successful SMEs were more likely to employ

SCM methods than less successful organizations but that, surprisingly, supply chain utilization tended to harm these more successful firms. Several alternative explanations are proposed by the authors for this finding including the proposition that SMEs did not select partners based on strategic alignment but rather on ease of integration. For example, partners might be selected on the criteria of compatible computer systems.

SMEs implement SCM differently than LEs and may not be qualified to utilize SCM as effectively (Gammelguard & Larson, 2001). SMEs could have been bullied into SCM by a larger and more powerful supply chain partner (Maloni & Benton, 2000), with this tendency toward bullying increasing as competitive pressures on LE's intensify (Maloni & Benton, 2000). Simatupang and Sridharan (2004) noted the importance of having an incentive system designed to encourage SMEs to perform in an effective and efficient manner in the roles assigned to them by the supply chain. Arend and Wismer (2005) suggest that SMEs might have difficulty executing SCM as an important component of their strategy, the choice of supply chain partners could impede or propel SCM and some firms may employ SCM only when it is easy to do so.

Songini (2001) reported that numerous LEs were frustrated by the lack of information technology expertise demonstrated by many of their smaller suppliers. Quayle (2002) noted that many LEs were developing strategies to leverage their skills in order to align this skill set with the suppliers, but these strategies were undermined by the smaller suppliers' inability or unwillingness to fully integrate with the LEs. Quayle's

(2002) research discovered that SMEs resisted SCM for numerous reasons: the inability to overcome traditional practices, a lack of knowledge concerning SCM, insufficient management time, inadequate capital, deficient resources and the incapacity to proceed without external support.

Larson, Carr and Dhariwai (2005) discovered manufacturers communicate less frequently with small suppliers compared to large suppliers and manufacturers believe small companies obstruct supply chain implementation more than large suppliers. Therefore, the internet may not be the great leveling agent it has been professed to be (Larson, 2005). Additionally, small firms tend to be more risk-averse and more concerned with survival (Pollard & Hayne, 1998). SCM reluctance might also be attributable to the role that managers play in smaller entities.

Typically managers in smaller businesses are required to be involved in the day-to-day and hour-to-hour operations of the organization and have less time to develop the strategy necessary to guide supply chain implementation. Smaller companies with limited resources and skills may simply elect not to implement closer ties with suppliers and customers for numerous reasons, including a loss of freedom and sense of individuality, the required cooperation with other supply chain members, and difficulty integrating information technology (Gales & Blackburn, 1990; Fulantelli et al., 2002; Hvolby et al., 2001; Lyons & Bailey, 1993; Spekman, 1988). Although the concerns raised are not unreasonable, SCM's potential ability to provide more benefits than the traditional model of arms-length supplier relationships demands that SMEs form closer and more collaborative relationships with a reduced set of channel

members to achieve this goal (Anderson & Narus, 1990; Dwyer, Schurr & Oh, 1987; Helper, (1991)

2.7 Theoretical Framework

The study will be based on the Customer relationship Theory by Zeng (2003). It posits that relationship management is a customer-oriented feature with service response based on customer input, one-to-one solutions to customers' requirements, direct online communications with customer and customer service centers that help customers solve their issues. The theory involves the following characteristics.

Sales force automation: This function can implement sales promotion analysis, automate tracking of a client's account history for repeated sales or future sales, and also coordinate sales, marketing, call centers, and retail outlets in order to realize the sales force automation.

Use of technology: This feature is about following the technology trend and skills of value delivering using technology to make "up-to-the-second" customer data available. It applies data warehouse technology in order to aggregate transaction information, to merge the information with CRM products, and to provide key performance indicators.

Opportunity management: This feature helps the company to manage unpredictable growth and demand and implement a good forecasting model to integrate sales history with sales projections.

CRM in developing and maintaining client relationships. Increasingly CRM is expanding outside of the core sales and marketing areas and systems are available that incorporate support and finance data also into the CRM view that a user gets, enabling a wider holistic view of a customer from one screen for a user. Customer relationship management systems track and measure marketing campaigns over multiple networks. These systems can track customer analysis by customer clicks and sales.

2.8 Conceptual Framework

The conceptual framework is presented in figure 1 shows the relationship between variables in the study and their relationships. The conceptual framework helps to point out the relationships proposed. It also tests the significance of the proposed relationships.

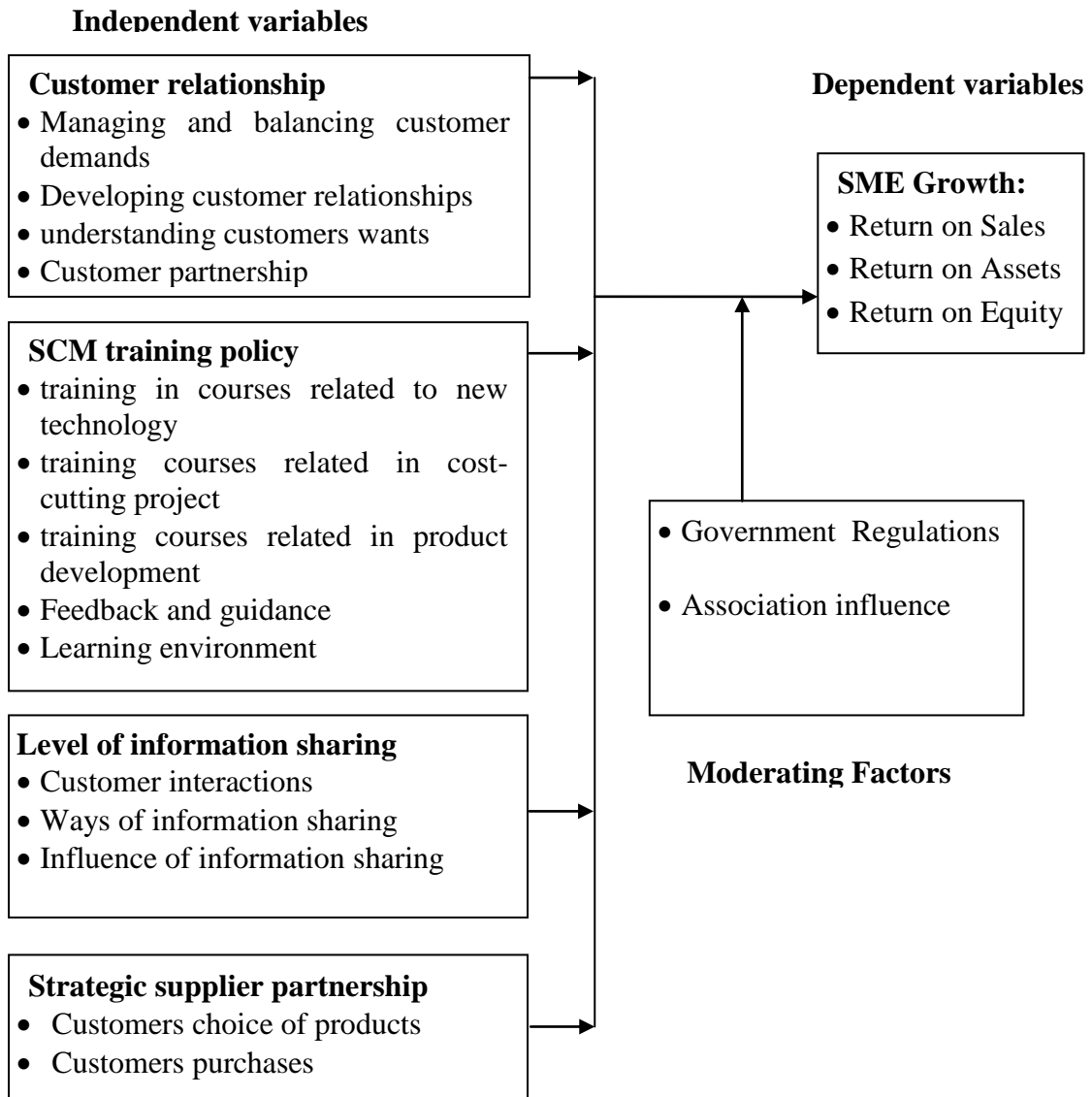


Figure 1: Conceptual framework of the linkages between variables in the study

The conclusion proposed after evaluating the literature is the growing need for supply chain management practices among SMEs in this customer-driven marketplace. Failure to implement SCM could ultimately result in the loss of customers, something that should be of great concern to SMEs. However, the cost and complexity of implementation, as well as concerns about return on investment and closer-than-usual collaboration with other firms still impedes the progress among SMEs. The

experience of large enterprises has demonstrated the benefits that can be obtained through SCM and has revealed some of the difficulties of implementation as well.

2.8 Knowledge Gap

The reality of the supply chain management literature is that it does not address micro enterprises. Although research studies of SMEs would likely include some micro firms among the sample, these studies do not segregate micros as a separate category and thus provide no conclusions pertaining specifically to micro entities. This research study attempts to develop a supply chain management profile of micro enterprises. The authors hypothesize that many micro firms are indeed utilizing supply chain methods, although they may be doing so primarily due to pressure from larger customers and suppliers.

2.9 Summary of chapter two

In summary, supply chain management practices have a direct impact on the growth and profitability of an enterprise. The main research areas related to these practices include procurement, receivables and inventory management as summarized in the conceptual framework. The framework shows supply chain management practices eventually determines returns on sales, returns on assets and returns on equity. However, relationships between supply management practices and SME growth are not determined solely by efficient supply management but also other many moderating factors as conveyed by the conceptual framework.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research methodology for the study. It covers the research design, population sample, data and data collection methods, pilot study, validity and reliability of the study and data analysis.

3.2 Research Design

This study employed a descriptive survey research design. The descriptive survey design was adopted for this study because a sample survey is a definite plan of obtaining a sample from the population. It refers to the technique or the procedure the researcher would adopt in selecting items from the sample (Kothari, 2008). Variables of supply chain management practices such as: procurement management, receivables management, Inventory management and distribution management were investigated.

This research survey is designed to describe characteristics of supply chain management practices of SMEs and investigated the impact of the supply chain management practices and supply chain characteristics on SME profitability. Thus, “descriptive” was viewed as an appropriate research type. Also, this research is designed to identify the cause-and-effect relationships between efficient supply chain management practices and SMEs growth.

3.3 Target Population

The population of this study included 785 retail distributors and wholesale traders registered and licensed by the County council of Trans-Nzoia. Owner managers' of the enterprises were contacted as participants.

Table 3.3.1: Target population by divisions of TransNzoia west Sub-county

Divisions	Number of SME's
Central	404
Saboti	113
Kinyoro	38
Waitaluk	44
Kiminini	186
Total	785

3.4 The Sample size and Sampling Procedure

3.4.1 Sample Size

The retail projects were proportionately and randomly selected from each stratum using the simple random method. A sample of 30% was considered ideal because Gay (1992) recognizes a sample of 30% of the total population as being appropriate for studies in social sciences. This is echoed by O'Connor (2011) who says that, there are formulas for determining sample size, but the main thing is to be practical and for a small population

3.4.2 Sample Procedure

The study employed probability sampling techniques which included stratified and systematic sampling techniques in selecting respondents from the participants. Stratified sampling technique was used in sub-dividing the sub-county into strata along the divisions; Systematic sampling technique was then used to arrive at the exact participants to be studied where every distributor or wholesale traders in the sub-county was selected for study.

Table 3.4.1: Sample size

Divisions	Number of SME's
Central	121
Saboti	34
Kinyoro	11
Waitaluk	13
Kiminini	56
Totals	235

3.5 Data Collection Instruments.

3.5.1 Pilot Testing of Instruments

To establish the reliability, twelve questionnaires were given to a few respondents before the actual study. This was aimed at determining whether the respondents understood the questions. A pilot study was thus carried out in the wholesale and distributive trades in the sub-county where managers were surveyed. The data collected was then analyzed with an aim of testing the research instruments to be used

as well as the research questions to determine whether they could achieve the desired objectives of the study.

3.5.2 Validity of the Instruments

In this study, validity of the research instruments started at the design stage. According to Mugenda and Mugenda (1999) and Silverman (2005) content and construct validity was supposed to be established by referring the instruments for professional judgment to check whether it measured what it claimed to measure. Thus, the researcher sought the advice of his supervisors and other experts from the Department of Extra Mural Studies- Kitale office, University of Nairobi to validate the instruments. Their corrections and suggestions were therefore used to produce the final copy of the questionnaire.

3.5.3 Reliability of the Instruments

Kothari (1992) observes that the reliability of the questionnaires test refers to the ability of that test to consistently yield the same results when repeated measurements are taken of the same individual under the same conditions. Reliability therefore implies the extent to which consistent results can be achieved through the use of the same instruments with the same respondents at different intervals. Thus test- retest reliability test was used to determine the reliability of the instruments.

3.6 Data Collection Procedure

The data required for the study was both secondary and primary. Structured questionnaires was designed and directly delivered to SMEs to collect data related to supply chain management practices. Interviews were also used.

A structured interview was employed in this study. In specific directional interviews were used. Here the participants were asked specific questions aimed at collecting certain answers concerning the study. The interview was used as it provides a face to face encounter with the participants thus enables the researcher to control the questionnaire.

3.7 Data analysis Technique

Data was analyzed through the use of qualitative and quantitative analysis. Statistical Package for Social Science (SPSS) version seven was used for analysis of data. Descriptive and Inferential analysis (Chi square) was used to analyze data to find the relationship between variables. Frequency distributions, percentages and measures of central tendency were used in the analysis and presentation of data. Data was presented in tables and analyzed by the researcher to give meanings to the findings.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND RESULTS

4.1 Introduction

The purpose of this study was to investigate the influence of strategic supply chain management practices on the growth of small enterprises in Trans-Nzoia West Sub-County, Kenya. The current chapter therefore is devoted to the presentation, analysis and interpretation of data based on the following four objectives of this study: to establish whether strategic supply chain management customer relationships influence the growth of SME; to determine whether strategic supply chain management training policy influence the growth of SME; to determine whether strategic supply chain management level of information sharing influence the growth of SME; and lastly to determine whether strategic supply chain management partnership influence the growth of SME in Trans-Nzoia West Sub- County.

4.2 Questionnaire Response Rate

The study targeted 785 SME's in TransNzoia West Sub-County. Due to the spread of the SME's in TransNzoia West Sub-County, the study adopted a Stratified random sampling technique to select a total of 235 SME's in the five divisions (Kiminini, Waitaluk, Kinyoro, Central and Saboti) who were supposed to respond to the questionnaire. This is reflected in the Table 4.2.1.

Table 4.2.1: Response rate of the questionnaires administered to members of the SME's

Divisions	Number of SME's selected	Actual response	Response rate
Central	121	115	95.04
Saboti	34	28	82.35
Kinyoro	11	10	90.91
Waitaluk	13	11	84.61
Kiminini	56	49	87.50
Totals	235	213	90.63

The questionnaires were distributed at random to the SME owners in the five divisions of TransNzoia West Sub-County. A total of 235 questionnaires were distributed according to the following divisions; Central 121, Saboti 34, Kinyoro 11, Waitaluk 13 and Kiminini 56. All the questionnaires sent out were not answered. The actual response was 115 (95.04%) for Central; for Saboti, 28 (82.35%); 10 (90.91%) for Kinyoro; 11 (84.61%) for Waitaluk and 49 (87.50%) for Kiminini. The total response rate stood at 93.46%. Thus from the total number of questionnaires of 235 send out to the respondents only 213 of them were returned. This represented a return rate of 90.63%. According to Mugenda and Mugenda (1999), a response rate of 50% and above is adequate for analysis and reporting.

4.3 Background information

This section shows the respondent's background information as regards to their age, marital status, type of business and business experience.

4.3.1 Age of Respondents

The study sought to establish the age categories of the SME owners engaged in strategic supply chain management practices within the study area. The findings are presented in Table 4.3.1.

Table 4.3.1: Age of Respondents

Age bracket of respondents	Frequency	Percentage
18 - 29	32	15.02
30 - 39	117	54.93
40 - 49	48	22.54
50 – 59	12	5.63
Above 60	4	1.88
Total	213	100.00

Table 4.3.1 shows that most respondents fall within the age bracket of 40-49 years who account for 54.93% of the sample size. Those who were above 50 years of age were only 7.51% of the sample size. This implies that the overall population engaging in in strategic supply chain management practices within the study area is of middle age if not youthful.

4.3.2 Category of the Firm

The study sought to establish the category of the firms that make use of strategic supply chain management practices. The findings are presented in Table 4.3.2.

Table 4.3.2: Frequency Distribution of category of firm

Firm categories	Frequency	Percentage
Small	213	100
Medium	0	0.00
Total	213	100.00

Table 4.3.2 indicates the sizes of the firms that responded where 100% of the firms were in small scale category, while 0.00% was in the medium size category. The results indicate that the study purely dealt with the small enterprise.

4.3.3 Educational qualification

The study sought to establish the level of educational qualification of the small business owners. The findings are presented in Table 4.3.3.

Table 4.3.3: Educational qualification

Educational qualification	Frequency	Percentage
Never attended school	0	0.00
Primary school	11	5.17
Secondary school	74	34.74
College	112	52.58
University	16	7.51
Total	213	100.00

Table 4.3.3 indicates that 52.58% of the small business owners have college education. Very few had primary (5.17%) and university (7.51%) level education. A good number had secondary (34.74%) level education. This implied that all the respondents could read and write. It also implies that the small business owners could interact well with all types of customers because they could communicate both in English and Kiswahili which are the national languages.

4.3.4 Years in Business

The study sought to establish the firms years in business while utilizing strategic supply chain management practices. The findings are presented in Table 4.3.4.

Table 4.3.4: Years in Business

Years in business	Frequency	Percentage
1 – 5	111	52.11
6 -10	74	34.74
Over 10 years	28	13.15
Total	213	100.00

Table 4.3.4 indicates that 52.11% of the firms have been in business for a period ranging between 1-5 years, 34.74% have been in business for a period between 6-10 years, while 13.15% of the firms have been in business for a period above 10 years. This shows that the study covered businesses which have been in business for a varied period of time.

4.4 influence of Strategic Supply Chain management customer relationship on growth of small enterprises

Strategic chain management practices have been defined as a set of activities undertaken in an organization to promote effective management of its supply chain. The short-term objectives of strategic chain management are to enhance customer relationship, productivity, reduce inventory and lead time. The long-term objectives of strategic chain management are to increase market share and integration of supply chain (Koh et al., 2007). Thus the researcher sought to determine the influence of the following strategic supply chain management customer relationship on the growth of SME. This was summarized in the following sub-sections.

4.4.1 Demand management

The study sought to establish whether the firms had managed and balanced customer demand by keeping updated demand information. The findings are presented in Table 4.4.1.

Table 4.4.1: Managing and balancing customer demand by keeping updated demand information

the firms had managed and balanced customer demand by keeping updated demand information		
	Frequency	Percentage
Yes	147	69.01
No	66	30.99
Total	213	100.00

According to Table 4.4.1 majority 147(69.01%) of respondents observed that the firms had managed and balanced customer demand by keeping updated demand information. Only 66(30.99%) observed that the firms not had managed and balanced customer demand by keeping updated demand information. This implies that most of the small enterprises were always in the process of taking care of the customers through updated demand information.

4.4.2 Customer relationship management

The study sought to establish the firms had maintained and developed long-term customer relationships through developing information continuously and understanding what customers want. The findings are presented in Table 4.4.2.

Table 4.4.2 Developing information continuously and understanding what customers want

The small enterprises had maintained and developed long-term customer relationships by		
Response	developing information continuously	understanding what customers want
Yes	142 (66.67%)	192 (90.14%)
No	71(33.33%)	21(9.86%)
Total	213(100%)	213(100%)

Table 4.4.2 observes that 142 (66.67%) of the small enterprise had maintained and developed long-term customer relationships by developing information continuously. Only a few 71(33.33%) observed that small enterprise had not maintained and

developed long-term customer relationships by developing information continuously. Table 4.4.2 further observes that 192 (90.14%) of the respondents felt that the small enterprises had maintained and developed long-term customer relationships by understanding what customers want, with only 21(9.86%) stating otherwise. This implies that most small enterprise had guarantors who were financially stable to guarantee them for a loan kept abreast with what customer want.

4.4.3 Supplier relationship management

The study sought to establish whether the firms and suppliers had maintained a long-term close relationship as partners. The findings are presented in Table 4.4.3.

Table 4.4.3: Maintaining a long-term close relationship as partners

Response	The small businesses and suppliers have maintained a long-term close relationship as partners	
	Frequency	Percentage
Yes	177	83.10
No	36	16.90
Total	213	100.00

It was established that majority of the respondents 177 (83.10%) felt that the small businesses and suppliers had maintained a long-term close relationship as partners. Only a few 36(16.90%) observed that the small businesses and suppliers had maintained a long-term close relationship as partners. This implies that the suppliers

had knowledge on what to stock so that they could not disappoint the small businesses owners demands.

4.5 Strategic supply chain management training policy influence the growth of small enterprises

To determine the influence of strategic supply chain management training policy on the growth of small enterprise, the researcher analysed data collected on training activities of suppliers such as training courses in new technology, cost-cutting project and product development.

4.5.1 Training activities of suppliers

This study analyzed small enterprise suppliers’ training courses related to new technology, cost-cutting project and product development. The results were presented in Table 4.5.1.

Table 4.5.1: Engaging in training courses

Do the small enterprises and their suppliers engage in training courses related to	Yes	No	Total
training courses in new technology	142 (66.67%)	71(33.33%)	213(100%)
training courses in cost-cutting project	109 (51.17%)	104(48.83%)	213(100%)
training courses in product development	192 (90.14%)	21(9.86%)	213(100%)

According to Table 4.5.1 the small business owners who observed that they usually engage in training courses in new technology with their suppliers were 142 (66.67%) compared to 71(33.33%) who observed that of those that had not received any training courses in new technology. A majority of the small business owners 192(90.14%) observed that they usually engage in training courses in product development with their suppliers. Averagely 109(51.17%) of the small business owners observed that they usually engage in training courses with their suppliers in product development. This implied that was good cooperation between the small business owners and their suppliers. This shows that strategic supply chain management practices influence the growth of small enterprises.

4.5.2 Training through regular communication

This study analyzed small enterprise suppliers’ training through regular communication by providing feedbacks and guidance on issues affecting small enterprise. The results were presented in Table 4.5.2.

Table 4.5.2: Training through regular communication

Do the small enterprises and their suppliers engage in training through regular communication by	Yes	No	Total
providing feedbacks	172 (80.75%)	41(19.25%)	213(100%)
providing guidance	201 (94.37%)	12 (5.63%)	213(100%)

Table 4.5.2 observes that the small business owners usually engage in training with the suppliers through regular communication by providing feedbacks 172 (80.75%)

and guidance 201(94.37%). Despite this a few of the small business owners observed that never engage in training with the suppliers through regular communication by providing feedbacks 41 (19.25%) and guidance 12(5.63%). This implied that there was constant communication between the small business owners and their suppliers. This enabled the suppliers to get feedback and be guided on the goods supplied and also guide the small business owners on what they are supplying. Thus, provision of feedbacks and guidance is a more efficient way of making small business grow. This finding corroborates with the finding of Krause et al. (2000), who pointed out that providing feedback can educate or train suppliers how to fix problems that are hurting the suppliers' performance.

4.5.3 Creation of learning environment within supply chain

This study further analyzed how learning environment created within supply chain impact on learning and knowledge diffusion processes in order to develop the organization's capabilities. The results were presented in Table 4.5.3.

Learning environment within supply chain is created through	Yes	No	Total
open innovation networks,	116 (54.46%)	97(45.54%)	213(100%)
supplier associations	161 (75.59%)	52 (24.41%)	213(100%)

Majority of the respondents 116 (54.46%) observed that between the small businesses and suppliers they had created a learning environment within supply chain through open innovation networks. Only a few 97(45.54%) observed that the small businesses

and suppliers had not created a learning environment within supply chain through open innovation networks. Many of the respondents also 161 (75.59%) also observed that between the small businesses and suppliers they had created a learning environment within supply chain through supplier associations. This implies that the learning environment within supply chain (between the small businesses and suppliers) had been created through open innovation networks and supplier associations.

4.6 Influence of supply chain management practices information sharing on small enterprises

To determine the factors that influence the supply chain management practices information sharing on small enterprises, the researcher analysed data collected on suppliers' frequent interaction with customers, how sharing of information on customer relationship influence purchase, influence customers' purchasing decision, whether information influence customers' purchasing decision and how SCM influence purchase of customers in TransNzoia West Sub-County. This was summarized in the following sub-sections.

4.6.1 Frequent interaction with customers

The study sought to find out whether small enterprise owners frequently interact with their customers in sharing of information. The findings are shown in Table 4.6.1

Table 4.6.1: The degree to which small enterprise owners frequently interacted with their customers in sharing of information

Response	Frequency	Percentage
Strongly agree	101	47.42
Agree	62	29.11
Not sure	13	6.10
Disagree	21	9.86
Strongly disagree	16	7.51
Total	213	100.00

Table 4.6.1 illustrates the degree to which they agree or disagree on whether small enterprise owners frequently interacted with their customers in sharing of information. From Table 4.5 101 respondents strongly agreed that they frequently interacted with their customers. This represents 47.42% of the total respondents. Sixty two of the small enterprise owners representing 29.11% of the respondents agreed that they frequently interacted with their customers. Thirteen respondents were however uncertain as to whether the frequently interacted with their customers or not. Thirty seven small enterprise owners disagreed or strongly disagreed that they frequently interacted with their customers. This represents 17.47% of the total respondents. This implied that small enterprise owners frequently interacted with their customers in sharing of information hence endearing them to their businesses resulting in increased purchases.

4.6.2: Whether customer – supplier information sharing influence purchase

The study also sought to find out whether customer – supplier information sharing influenced purchases. The findings are shown in Table 4.6.2

Table 4.6.2: Responds on how customer – supplier information sharing influence purchase

Does customer – supplier information sharing influence purchases	Frequency	Percentage
Yes	197	92.49
No	14	6.57
Not Sure	2	0.94
Total	213	100.00

From Table 4.6.2, one hundred and ninety seven respondents (92.49%) confirmed that the customer – supplier information sharing influences them to purchase more of the product. Fourteen of the respondents however indicated that customer – supplier information sharing does not change their purchases. The gap between those who say customer – supplier information sharing leads to increase in purchase, and those who say it does not clearly suggest that customer relationship; if well managed could increase small enterprises performances.

4.6.3: Influence of information on customers’ purchasing decision

The study further sought to find out whether information influenced customers’ purchasing decision. The findings are shown in Table 4.6.4

Table 4.6.3: Responds on whether information influence customers' purchasing decision

whether information influence customers' purchasing decision	Frequency	Percentage
Yes	148	69.48
No	61	28.64
Not Sure	4	1.88
Total	213	100.00

From Table 4.6.3, 148 respondents representing 69.48% of all respondents confirmed that the information they receive from small enterprise suppliers influences their purchasing decisions. Sixty one (28.64%) of respondents indicated that the information they receive has no influence on purchases hence the performance of small enterprise. Four of the respondents (1.88%) were however uncertain. This implies that suppliers' information on the goods supplied plays a big role on customers purchase.

4.6.4: Influence of information sharing on purchase of customers

The study sought to find out whether information sharing had an influence on purchase of customers. The findings are shown in Table 4.6.4

Table 4.6.4: How information sharing influence purchase of customers

whether information sharing influence purchase of customers	Frequency	Percentage
Yes	133	62.44
No	46	21.60
Not Sure	34	15.96
Total	213	100.00

From Table 4.6.4, 133 respondents indicated that information sharing influences their purchases positively; hence increase in purchase. This represents 62.44% of the total respondents. However 46 respondents representing just about 21.60% of the total respondents indicated that information sharing has no influence on their purchases and as a result no change on purchases. Despite these 34 respondents representing 15.96% indicated that they were not sure whether information sharing has no influence on their purchases. This analysis clearly indicates that information sharing impacts positively on customers purchases.

4.7 Influence of strategic supplier partnership on the growth of small enterprises

One major activity firms undertake to ensure the management of their supply chain is encouraging delivery dependency. This section presents analysis on activities that ensure delivery dependency and how delivery dependency influences the growth of the business.

4.7.1: influence of strategic supplier partnership on customers choice of products

The study sought to find out whether strategic supplier partnership influences customers choice of products. The respondents were therefore asked to indicate whether strategic supplier partnership influences customers' choice of products or not. The findings are shown in Table 4.7.1

Table 4.7.1: Response on whether strategic supplier partnership influences customers choice of products

Response	Frequency	Percentage
Strongly agree	76	35.68
Agree	58	27.23
Not sure	22	10.33
Disagree	45	21.13
Strongly disagree	12	5.63
Total	213	100.00

Table 4.3 above illustrates customers' responds as to whether strategic supplier partnership influences customers choice of products they customers want. Thirty-four respondents indicated that they strongly agree that strategic supplier partnership influences customers' choice of products the customers want. One hundred and twenty-three (123) respondents; representing 61.5% of the total respondents agreed that strategic supplier partnership influences customers choice of products. This clearly indicates that strategic supplier partnership influences customers' choice of

products and therefore providing an opportunity towards establishing product dependency.

4.7.2 Impact of strategic supplier partnership on customers purchases

The study also sought to find out whether strategic supplier partnership influences customers purchases. The respondents were therefore asked to indicate whether strategic supplier partnership influences customers purchases or not. The findings are shown in Table 4.7.2.

Table 4.7.2: Impact of strategic supplier partnership on customers purchases

Response	Frequency	Percentage
Yes	141	66.20
No	66	30.98
Not Sure	6	2.82
Total	213	100.00

From Table 4.4, 141 representing 66.20% of the total respondents indicated that the strategic supplier partnership influences customers' purchases. It indicates that strategic supplier partnership had a positive impact on customers' purchases. However, 66 respondents representing just about 30.98% of the total respondents indicated that delivery strategic supplier partnership had no influence on customers' purchases. This analysis clearly indicates that strategic supplier partnership influences impacts positively on customers' purchases.

4.7.3 How strategic supplier partnership Influence Purchases

The researcher further sought to find out whether strategic supplier partnership influenced small enterprises and customers purchases. The findings are shown in Table 4.7.3.

Table 4.7.3: Responds on how strategic supplier partnership influence purchases

	Frequency	Percentage
Positively	136	63.85
Negatively	68	31.93
Not Sure	9	4.22
Total	213	100.00

From Table 4.7.3 above, 136 respondents indicated that strategic supplier partnership influences their purchases positively; hence increase in purchase. This represents 63.85% of the total respondents. However 68 respondents representing just about 31.93% of the total respondents indicated that delivery dependency has no influence on their purchases and consequently no change on purchases. This analysis clearly indicates that strategic supplier partnership impacts positively on customers purchases.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

In this chapter, the major findings of the study are highlighted and conclusions drawn from the study are made. In addition, the implications and policy recommendations derived from the study are made, and also areas of further study recommended.

5.2 Summary of findings

A total of 235 questionnaires were distributed with only 213 of them being returned. This represented a return rate of 90.63%. Most of the respondents fell within the age bracket of 40-49 years which accounted for 54.93% of the sample size. Those who were above 50 years of age were only 7.51% of the sample size. Most of the small business owners (52.58%) had college education. Very few had primary (5.17%) and university (7.51%) level of education. Only 34.74% had secondary level of education. The study also established that 52.11% of the firms had been in business for a period ranging between 1-5 years. Only 34.74% of the firms had been in business for a period between 6-10 years, while 13.15% of the firms had been in business for a period above 10 years.

Majority of respondents (69.01%) observed that the firms had managed and balanced customer relationship by keeping updated demand information. Only 30.99% of the firms observed that they had not managed and balanced customer relationship by keeping updated demand information. Most of the small enterprise 66.67% of had maintained and developed long-term customer relationships by developing

information continuously. Only a few 71(33.33%) observed that small enterprise had not maintained and developed long-term customer relationships by developing information continuously. Most of the respondents (90.14%) further observed that the small enterprises had maintained and developed long-term customer relationships by understanding what customers want, with only 21(9.86%) stating otherwise. It was established that majority of the respondents (83.10%) felt that the small businesses and suppliers had maintained a long-term close relationship as partners. Only a few (16.90%) observed that the small businesses and suppliers had maintained a long-term close relationship as partners.

Many of the small business owners (66.67%) observed that they usually engage in training courses in new technology with their suppliers compared to only 33.33% of them who observed that they had not received any training courses in new technology. A majority of the small business owners (90.14%) also observed that they usually engage in training courses in product development with their suppliers. Averagely 109(51.17%) of the small business owners observed that they usually engage in training courses with their suppliers in product development. The small business owners further observed that they usually engage in training with the suppliers through regular communication by providing feedbacks (80.75%) and guidance (94.37%). Majority of the respondents (54.46%) too observed that they had created a learning environment with the suppliers within the supply chain through open innovation networks. Only a few 97(45.54%) observed that the small businesses and suppliers had not created a learning environment within supply chain through open innovation networks. Many of the respondents (75.59%) also observed that between

the small businesses and suppliers they had created a learning environment within supply chain through supplier associations.

Respondents strongly agreed that they frequently shared information with their customers. This represents 47.42% of the total respondents. Sixty two of the small enterprise owners representing 29.11% of the respondents agreed that they frequently shared information with their customers. Majority of the respondents (92.49%) confirmed that the information they shared with their customers influenced them to purchase more of the product. Only 69.48% of all respondents confirmed that the information they receive from small enterprise suppliers influences their purchasing decisions. Sixty one (28.64%) of respondents indicated that the information they receive has no influence on purchases hence the performance of small enterprise. Most respondents (62.44%) indicated that strategic chain management influences their purchases positively; hence increase in purchase. However 21.60% of the total respondents indicated that information they shared had no influence on their purchases and as a result no change on purchases.

Majority (66.20%) of the total respondents indicated that the strategic supplier partnership had an impact on their purchases which indicated that delivery dependency had a positive impact on customers' purchases. However, 30.98% of the total respondents indicated that strategic supplier partnership had no influence on their customers' purchases. Most of the respondents (63.85%) also indicated that the strategic supplier partnership influences their purchases positively; hence increase in purchase. Despite this 31.93% of the total respondents indicated that strategic supplier

partnership has no influence on their purchases and consequently no change on purchases.

5.3 Conclusion

Majority of respondents observed that the firms had managed and balanced customer relationship by keeping updated demand information. Most of the small enterprise owners had maintained and developed long-term customer relationships by developing information continuously. It was also established that the small enterprises had maintained and developed long-term customer relationships by understanding what customers want. It was also established that the small business owners and suppliers had maintained a long-term close relationship as partners.

Many of the small business owners usually engage in training courses in new technology with their suppliers. The small business owners also engage in training courses in product development with their suppliers. It was further established that the small business owners usually engage in training with the suppliers through regular communication by providing feedbacks and guidance. Majority of the small business owners also observed that they had created a learning environment with the suppliers within the supply chain through open innovation networks. Lastly, many of the respondents also observed that between the small businesses and suppliers they had created a learning environment within supply chain through supplier associations.

Many of the small business owners strongly agreed that they frequently interacted with their customers. Majority of them also confirmed that the information they

shared with their customers influenced them to purchase more of the product. The small business owners confirmed that the information they receive from small enterprise suppliers influences their purchasing decisions. Most small business owners also indicated that the level of information sharing influences their purchases positively; hence increase in purchase.

Majority of the small business owners indicated that the strategic supplier partnership had an impact on their purchases which indicated that delivery dependency had a positive impact on customers' purchases. Most of the small business owners also indicated that the strategic supplier partnership influences their purchases positively; hence increase in purchase.

5.4 Recommendations

Based on the findings of this study, it is recommended that the small business owners need to utilize the supply chain practice by keeping updated demand information. They should maintain and develop a long-term customer relationship by developing information continuously. They need to understand what customers want. They should also develop and maintain a long-term close relationship as partners with suppliers had.

It is also recommended that the small business owners should usually engage in training courses in new technology and product development with their suppliers. The small business owners should also engage in training with the suppliers through regular communication by providing feedbacks and guidance. In addition the small

business owners should create a learning environment with the suppliers within the supply chain through open innovation networks and supplier associations.

It is further recommended that the suppliers should frequently share information with their customers. The relationship they have with their customers might influence the customers to purchase more of the product.

Lastly, it is recommended that the business owners should utilise strategic supplier partnership since it has an impact on their purchases. The strategic supplier partnership influences their purchases positively; hence increase in purchase.

5.5 Further research

The study suggests further study to be done on the following areas.

- Influence of strategic supply chain management practices on the growth of medium enterprises.
- Strategic supply chain management practices used among the suppliers and their success in micro enterprises
- The factors that influence the implementation of supply chain management practices by micro enterprises
- To determine the influence of strategic SCM practices on the growth of Small and medium enterprises

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APPENDIX I: LETTER OF TRANSMITAL

University of Nairobi,
P.O. Private Bag,
Kitale-Kenya

Dear Respondent,

RE: INTRODUCTORY LETTER FOR DATA COLLECTION.

My name is Sidai Esyepet. I am a student at the University of Nairobi undertaking a degree in Masters of Arts in Project Planning and Management. I am undertaking a research project entitled: **“influence of strategic supply chain management practices on the growth of small enterprises in Trans Nzoia West Sub- County, Kenya”**. You have been selected to participate in this study to obtain your perceptions and views regarding various aspects of the youth development projects. There are no good or wrong answers but your honest participation in answering the questions will assist in establishing the influence of strategic supply chain management practices on the growth of small enterprises in Trans Nzoia West Sub- County, Kenya. The information provided will be treated confidentially.

Thank you in advance.

Signature..... date.....

Sidai Esyepet,

MA student

University of Nairobi.

APPENDIX II: QUESTIONNAIRE SECTION

A) Enterprises profile

1. Owner/manager details

1. In which division does your does your distribution firm belong?

Central ()

Saboti ()

Kinyoro ()

Waitaluk ()

Kiminini ()

2. In which age do you belong?

18 - 29 ()

30 - 39 ()

40 - 49 ()

50 – 59 ()

Above 60 ()

3. In what category does your distribution firm belong?

Small ()

Medium ()

4. What is your level of educational qualification?

Never attended school ()

Primary school ()

Secondary school ()

College ()

University ()

5. How many years have your business utilized strategic supply chain management practices?

1 – 5 ()

6 -10 ()

Over 10 years ()

Section B: influence of Strategic Supply Chain management customer relationship on growth of small enterprises

1. Has the firms had managed and balanced customer demand by keeping updated demand information

Yes ()

No ()

2. Has the small enterprises maintained and developed long-term customer relationships by developing information continuously?

Yes ()

No ()

3. Has the small enterprises maintained and developed long-term customer relationships by understanding what customers want?

Yes ()

No ()

4. Has the small businesses and suppliers have maintained a long-term close relationship as partners?

Yes ()

No ()

Section C: Strategic supply chain management training policy influence on the growth of small enterprises

5. Do the small enterprises and their suppliers engage in training courses related to new technology?

Yes ()

No ()

6. Do the small enterprises and their suppliers engage in training courses related to cost-cutting project?

Yes ()

No ()

7. Do the small enterprises and their suppliers engage in training courses related to product development?

Yes ()

No ()

8. Do the small enterprises and their suppliers engage in training through regular communication by providing feedbacks?

Yes ()

No ()

9. Do the small enterprises and their suppliers engage in training through regular communication by providing guidance?

Yes ()

No ()

10. Does learning environment within supply chain created through open innovation networks?

Yes ()

No ()

11. Learning environment within supply chain is created through supplier associations

Yes ()

No ()

Section D: Influence of supply chain management practices information sharing on small enterprises

12. To what extend do you agree or disagree that there is an interaction with customers by sharing information

Strongly agree ()

Agree ()

Not sure ()

Disagree ()

Strongly disagree ()

13. Does customer – supplier information sharing influence purchase

Yes ()

No ()

Not Sure ()

14. Does information influence customers' purchasing decision?

Yes ()

No ()

Not Sure ()

15. Does information sharing influence purchase of customers?

Yes ()

No ()

Not Sure ()

Section E: Influence of strategic supplier partnership on the growth of small enterprises

16. To what extent do you agree or disagree that strategic supplier partnership influences customers' choice of products?

Strongly agree ()

Agree ()

Not sure ()

Disagree ()

Strongly disagree ()

17. Has strategic supplier partnership had an influence on your customer purchases?

Yes ()

No ()

Not Sure ()

18. How has strategic supplier partnership influence your purchases?

Positively ()

Negatively ()

Not Sure ()

APPENDIX III: RESEARCH AUTHORIZATION



NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone: +254-20-2213471,
2241349, 310571, 2219420
Fax: +254-20-318245, 318249
Email: secretary@nacosti.go.ke
Website: www.nacosti.go.ke
When replying please quote

9th Floor, Utalii House
Uhuru Highway
P.O. Box 30623-00100
NAIROBI-KENYA

Ref: No.

Date:
5th June, 2015

NACOSTI/P/15/6735/6021

Esyepet Vincent Sidai
University of Nairobi
P.O Box 30197-00100
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on *“Influence of strategic Supply Chain Management practices on the growth of enterprises in Transzoia West Sub- County, Kenya,”* I am pleased to inform you that you have been authorized to undertake research in **Trans Nzoia County** for a period ending **31st December, 2015.**

You are advised to report to **the County Commissioner and the County Director of Education, Trans Nzoia County** before embarking on the research project.

On completion of the research, you are expected to submit **two hard copies and one soft copy in pdf** of the research report/thesis to our office.

DR. M. K. RUGUTT, PhD, HSC.
DIRECTOR-GENERAL/CEO

Copy to:

The County Commissioner
Trans Nzoia County.


The County Director of Education
Trans Nzoia County.

APPENDIX IV: RESEARCH PERMIT

THIS IS TO CERTIFY THAT:

MR. ESYEPET VINCENT SIDAI
of **UNIVERSITY OF NAIROBI, 1017-30200**
Kitale, has been permitted to conduct
research in Transzoia County
on the topic: INFLUENCE OF STRATEGIC
SUPPLY CHAIN MANAGEMENT
PRACTICES ON THE GROWTH OF
ENTERPRISES IN TRANSZOIA WEST
SUB- COUNTY, KENYA
for the period ending:
31st December 2015


Permit No : NACOSTI/P/15/6735/6021
Date Of Issue : 5th June, 2015
Fee Received :Ksh 1,000




[Signature]
Director General
National Commission for Science,
Technology & Innovation

CONDITIONS

- 1. You must report to the County Commissioner and the County Education Officer of the area before embarking on your research. Failure to do that may lead to the cancellation of your permit**
- 2. Government Officers will not be interviewed without prior appointment.**
- 3. No questionnaire will be used unless it has been approved.**
- 4. Excavation, filming and collection of biological specimens are subject to further permission from the relevant Government Ministries.**
- 5. You are required to submit at least two(2) hard copies and one(1) soft copy of your final report.**
- 6. The Government of Kenya reserves the right to modify the conditions of this permit including its cancellation without notice.**



REPUBLIC OF KENYA



NACOSTI
National Commission for Science,
Technology and Innovation

RESEARCH CLEARANCE
PERMIT

Serial No. A 5245

CONDITIONS: see back page