SUPPLY CHAIN MANAGEMENT PRACTICES AND ORGANIZATIONAL PERFORMANCE OF SUPERMARKETS IN NAIROBI

BY

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DECLARATION

I the undersigned do hereby declare that the work contained in this degree of master of supply chain management Research Project is my own work and has not previously in its entirety or in part been submitted for a degree in any other university.

Signature: …….. Date: ……

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REG NO. D61/69513/2013

This research project has been submitted for examination with my approval as the university Supervisor:

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DEDICATION

I dedicate this research project to my late oldest sister Miss Felecial Lois Tuazama, wish she were alive to share this joy with me. May your soul rest in perpetual peace Old lady as you were affectionately called.

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It is because of the almighty God that I have been able to undertake this program successfully. I also want to acknowledge my parents and families for their moral and financial support. My appreciation also goes to Associate Professor Wilson Tarpeh for his moral and financial support.
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Not forgetting the University of Nairobi an internationally recognized institution that provides high quality education and makes its student competitive at the highest standard.

ABSTRACT

The main aim of the study was to establish supply chain management practices and organizational performance of supermarkets in Nairobi. The study was guided by the following specific objectives; to establish the supply chain management practices commonly used by supermarkets in the Kenyan retail chain sector and to determine the relationship between supply chain management practices and organizational performance of supermarkets in the Kenyan retail chain sector. The study used cross-sectional survey research design. The population for this study was all 110 supermarkets in Nairobi. The population census was conducted of all 110 supermarkets. There was no need for sampling since the number of supermarkets is small. The study used both primary and secondary data which was largely quantitative and descriptive in nature. Secondary data was on the other hand acquired from the inspectorate of listed major supermarkets in Nairobi County. After data collection, the filled-in and returned questionnaires were edited for completeness, coded and entries made into Statistical package for social sciences (SPSS version 18). Descriptive and inferential analysis was conducted. Descriptive analysis involved the use of frequencies in their absolute and relative forms (percentage). Mean and standard deviations were used as measures of central tendencies and dispersion respectively. The study findings indicated that Information sharing among the supply chain partner is related to the degree of critical and proprietary information shared among each other's. Information sharing involved information related to logistics, customer orders, forecasts, schedules, market and so on. As part of supply chain practice the researcher concludes that outsourcing enable costs reduction activities, improve productivity and reemphasize the organization to relook into their core business, refocus the organizations strategy, reexamine the investment and help the organization to improve their efficiency and improve their performance. Conclusions are made that 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. Strategically aligned organizations can work closely together and eliminate wasteful time and effort. An effective supplier partnership can be a critical component of a leading edge supply chain. The study recommendS that Supermarkets in Nairobi County and outside Nairobi should be advised to embrace the concept so that they can be able to reap the benefits of adopting these practices. Supermarkets are also advised to adopt the practices that are currently adopted at a very small extent because they can significantly improve organization performance from the current position. They include practices like outsourcing, lean practices and postponement which have proven to have tremendous results in other Supermarket like Nakumatt Supermarket for example.

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LIST OF ABBREVIATION AND ACRONYMS

IT-Information technology

JIT-Just in Time

RDT -Resource Dependent Theory

RDT-Resource Dependent Theory

ROI-return on investment

SCM-Supply Chain Management

CHAPTER ONE: INTRODUCTION

1.1background of the Study

These days the competitive edge of a company over its rivals depends heavily on its ability to cope with multiple challenges to rein in cost, enhance product quality and offer superior customer service Sutton (2004). A very compelling reason for this is attributed to the fact that the competition is now being waged between or across supply chains, and not confined to only between companies any more (Vickery, 2003). As the retail chain marketplace confronts daunting challenges with various stakeholders demanding the products to be affordable, strategic planning would be of the essence (Li Ragu-Nathan, Ragu-Nathan and Rao, 2006). For the retail chain industry, it assumes special significance as medical commodities would require to be delivered through the supply chain timely and within the reach and means of the consumers to meet their needs and satisfaction (Muhammad, 2004).

Supply chain management, then, is the active management of supply chain activities to maximize customer value and achieve a sustainable competitive advantage. It represents a conscious effort by the supply chain firms to develop and run supply chains in the most effective & efficient ways possible. Supply chain activities cover everything from product development, sourcing, production, and logistics, as well as the information systems needed to coordinate these activities Bansal and Roth (2000).

The organizations that make up the supply chain are “linked” together through physical flows and information flows. Physical flows involve the transformation, movement, and storage of goods and materials. They are the most visible piece of the supply chain. But just as important are information flows. Information flows allow the various supply chain partners to coordinate their long-term plans, and to control the day-to-day flow of goods and material up and down the supply chain, (Cameron, Whetton, and Kim, 2007).

Over the last decade the concept of Supply Chain Management (SCM) has expanded and has become a key subject on Operations Management area. Therefore, a set of practices of SCM has been implemented worldwide often without having its real impact measured adequately.

Thus, a significant set of recent research has sought to study the impact of these practices on business and operational performance. However, this task has been hampered by the diversity and lack of standardization of the nomenclature that characterize the SCM practices (Magretta 1998).

1.1.1 Supply Chain Management Practices

SCM practices have been defined as a set of activities undertaken in an organization to promote effective management of its supply chain Bansal and Roth (2000), also describes the latest evolution of SCM practices, which include supplier partnership, outsourcing, cycle time compression, continuous process flow, and information technology sharing. use purchasing, quality, and customer relations to represent SCM practices, in their empirical study. Carr and Smeltzer (2007) include in their list of SCM practices concentration on core competencies, use of inter-organizational systems such as EDI, and elimination of excess inventory levels by postponing customization toward the end of the supply chain. Carr and Smeltzer (2007) identify six aspects of SCM practice through factor analysis: supply chain integration, information sharing, supply chain characteristics, customer service management, geographical proximity and JIT capability, (Cook, and Campbell 2006). Carr and Smeltzer (2009) viewed SCM practices in terms of reducing duplication effects by focusing on core competencies and using inter-organizational standards such as activity-based costing or electronic data interchange, and eliminating unnecessary inventory level by postponing customizations towards the end of the supply chain.

1.1.2 Organizational Performance

Organizational performance simply means an analysis of a company's performance as compared to goals and objectives. Within corporate organizations, there are three primary outcomes analyzed: financial performance, market performance and shareholder value performance in some cases, production capacity performance may be analyzed (Jain Dangayach, Agarwal and Banerjee 2010).

Organizational performance comprises the actual output or results of an organization as measured against its intended outputs or goals and objectives. According to Carr and Smeltzer (2007), organizational performance encompasses three specific areas of firm outcomes: financial performance (profits, return on assets, return on investment; product market performance (sales, market share); and shareholder return (total shareholder return, economic value added).

Organizational performance refers to how well an organization achieves its market-oriented goals as well as its financial goals. The short-term objectives of SCM are primarily to increase productivity and reduce inventory and cycle time, while long-term objectives are to increase market share and profits for all members of the supply chain. Financial metrics have served as a tool for comparing organizations and evaluating an organization's behavior over time. Any organizational initiative, including supply chain management, should ultimately lead to enhanced organizational performance (Cameron, Whetton, and Kim, 2007).

A number of prior studies have measured organizational performance using both financial and market criteria, including return on investment (ROI), market share, profit margin on sales, the growth of ROI, the growth of sales, the growth of market share, and overall competitive position (Cameron, and Whetten, 2003). In line with the above background, the same items will be adopted to measure organizational performance in this study. Pagh, and Cooper (2008) use measures such as lead time, inventory turnover, product return, sales level, cost reduction and meeting customers' requirements to measure the operational performance.

1.3.3. Supply Chain Management Practices and Organizational Performance

Many empirical studies have examined the relationship between supply chain management (SCM) and organizational performance. The relevant items adapted to measure organizational performance includes higher sales, higher accuracy in costing,

and improved coordination between departments, improved coordination with suppliers, and improved coordination with customers (Magretta, 2008). Some other measures that are related to organizational financial performance may include return on investment, market share, profit margin on sales, growth of return on investment, growth of sales, and growth of market share to measure organizational performance (Wong and Wong, 2011).

Supply chain innovation and efficiency has been found to be positively related to organizational performance. Besides, customer value creation such as efficient data management, reduction in medical error, and speedy processing of patient care were also found to have positive impact on organizational performance (Lee, 2011). Kim, Cavusgil and Calantone (2006) stated that SCM practices should shift to integrative in order to value its performance effectiveness.

1.1.4 Supermarkets in Nairobi County

In Nairobi County, supermarket sector has experienced a phenomenal growth in the last decade due to changing tastes and preferences of consumers. This poses tight competition among the supermarkets as well as from the traditional standalone retail shops. Consequently supermarkets have appreciated the importance of attracting and creating a loyal customer base through provision of superior shopping experience with emphasis on excellent customer service and relationship retailing driven by strategy Bansal and Roth (2000).

There are at least six big Kenya owned supermarkets including Nakumatt, (which is the largest), Chandarana, Uchumi, Tuskys, Naivas and Ukwala which is the smallest of the giants (Njenga, 2006). There are at least 165 supermarkets and 13 hypermarkets in Kenya's cities and largest towns of Nairobi, Mombasa, Nakuru, Eldoret and Kisumu, (Economic Survey 2009). Supermarkets in Kenya (Nairobi) have moved on to create brand differentiations in order to position themselves and have also introduced customer loyalty cards and 24 hour shopping concept and price uniformity across outlets. All these have led to increased supermarket power.

SCM practices can applied in different ways in Supermarkets and retail chain stores. Donlon (1996) coined SCM practices as practices that include supplier partnership, outsourcing, cycle-time compression, continuous process flow and information technology sharing as used in supermarkets. Li, (2005) defined SCM practices as the set of activities that organizations undertake to promote effective management of the supply chain in supermarkets. Koh. (2007) categorized SCM practices from the following aspects: close partnership with suppliers in this case direct dealership from the manufacturers, close partnership with customers, just-in-time supply, strategic planning supply chain benchmarking, few suppliers, holding safety stock and sub-contracting, e-procurement, outsourcing and many suppliers. Ellram, Tate and Billington (2007) identified seven theoretical processes of service supply chains which include information flow from the supermarket managers to attendants and suppliers, capacity and skills management, demand management, customer relationship management, supplier relationship management, service delivery management and cash flow. In general, SCM practices are categorized into supermarket goods demand management, customer relationship management, supplier relationship management, capacity and resource management, service performance, information and technology management, service supply chain finance, and order process management (Chong 2010).

1.2 Statement of the Problem

Retail chain business in Kenya and the East African region has undergone rapid transformation.

This growth has not come without any challenges. While most retail outlets tend to cherish competition and encourage growth, it is surprising that two third of these firms drop out of the growth curve of the product lifecycle. Insufficient attention to SCM practices concentration on core competencies, use of inter-organizational systems such as EDI and elimination of excess inventory levels by postponing customization toward the end of the supply chain has led to firms performing poorly. There are low level of supply chain integration, information sharing, supply chain characteristics and customer service

management (Froehlich and Westbrook, 2003) which have contributed to poor performance of retail chain stores.

Following the same research line Pagh, and Cooper, (2008) conducted a survey with 143 purchasing, logistics and material management managers. The research aimed to identify which performance measures the companies that adopted SCM practices were using to manage their first tiers. The results indicated that the practices positively affected inventory (raw material, final product and storage volume) and cycle time (inventory turnover, cycle time and order fulfillment) indicators. However, the financial performance was not significantly affected by the SCM practices adopted by the analyzed companies.

Krause (2007) surveyed purchasing executive members of Nakumatt holdings in Kenya to investigate outcomes of supplier development activities and whether the company was satisfied with the outcomes. The results showed that supplier performance had not significantly improved as a result of the supplier relationship management effort. Buyers reported that supplier management efforts with a single supplier had not led to significant improvement in incoming defects, percent on time delivery, order cycle times and percent orders received complete. Further, buyers were generally not satisfied with the outcomes from their supplier development efforts. Specifically, supplier management efforts had not yielded reduced costs for the buyer‘s final product or service. Also, the results showed that buyers perceived no improvement in the continuity of the relationship with their suppliers after the supplier relationship effort than before (Sichinsambwe, 2011).
Supply chain practices has not been effectively embraced in Kenya retail industry and this has made major supermarkets such as Nakumatt, Uchumi, Naivas and Tuskys to fail to achieve performance goals in terms of sales revenue realization, customer satisfaction, right time shelf availability and right time delivery (Ashish, 2007).Supermarkets in Nairobi, Kenya are still struggling to effectively embrace the aspect dynamic procurement practice to achieve supply chain performance.

In Kenya few studies have been done on aspect of Supply chain practices Ashish, (2007) did a study on supply chain management practices and performance of a public health

institution specifically medical supplies agency in Kenya, and he found out that effective supply chain management impact positively on operational performance and competitive priorities of the firm. Lankford and Parsa (2009) did a study on procurement practices in Kenya public corporations; however his study focused much on procurement practices in relation to risk management in State Corporation leaving a gap on dynamic aspect of the procurement practices. He suggested a further research on procurement best practices and in other setting which this study sought to fill by focusing on the dynamic aspect of the procurement practices and in both private and public setting and by focusing on supermarkets in Nairobi Kenya.

In spite of having many SCM studies undertaken as indicated above, none of the studies have drawn much emphasis on how retail chain sector should improve the effectiveness of the supply chain management practices. Hence this has created a knowledge gap amongst procurement and logistics practitioners in public sector organizations. This study attempted to establish the effects of supply chain management practices on organizational performance. As a result, the following questions was put into consideration; do firms with the high level of SCM practices have high levels of organizational performance? Do firms with the high level of SCM practices have high level of competitive advantage?

1.3 Primary Objective

To establish the effects of supply chain management practices on organizational performance.

1.3.1 Specific Objective

i. To establish the supply chain management practices commonly used by supermarkets in the Kenyan retail chain sector.

ii. To determine the relationship between supply chain management practices and organizational performance of supermarkets in the Kenyan retail chain sector.

1.4 Value of the Study

The study is expected to be useful to various parties, and especially the following: First this study shall be very significant to the academicians and researchers of all institutions in Kenya. The research findings are expected to contribute to a better understanding of supply chain management practices on organizational performance of retail chain sector. In so doing, they can contribute to the available body of knowledge.

The existing management in various firms in the Kenyan retail chain sector, in pursuit of their organizational goals and objectives will also benefit by the knowledge of how they can harness their autonomy into their leadership styles, which will lead to good governance, improved creativity and innovativeness, and eventually improved performance.

LITERATURE REVIEW: CHAPTER TWO

2.1 Introduction

This chapter reviews past studies pertinent to the study problem. The chapter explores the theories that have been advanced in relation to the study problem. This chapter also looks into the theoretical literatures as developed by the recent researchers.

2.2 Theoretical Foundations

The study was guided by the following theories; Resource Dependent Theory (RDT), system thinking theory and social capital theory. The theories are expounded below.

2.2.1 Resource Dependent Theory (RDT)

The theory centers on how some firms become reliant on others for needed inputs such as goods and materials, and how firms can manage such relationships (Pfeffer and Salancik, 1978). The asymmetric interdependence that exists in these inter-firm relationships is critical to reduce environmental uncertainty for some firms. As supply chain members work together closely, they often become more dependent on each other thus developing partnerships, alliances and cooperation. Thus, RDT has a high level of value in the supply chain context.

The assumptions in this theory include; commitment to partnership for mutual benefits, creating conditions favorable to be depended on by your partners to create a position of strength, trust in the partnership deal. Thus, from the perspective of best value supply chains, dependencies should be used to create mutual forbearance and trust, not to drive aggressive exploitation of one chain member by another.

2.2.2 Systems Theory

According to Senge (1990), system thinking theory calls for addressing various parts of a system from a holistic viewpoint and not in isolation of each other. In doing so, in tackling the problems in their entirety, the theory advocates for greater understanding of

the problems or issues at hand through gauging patterns or the interrelationships that are at play among various entities of a system (Rubenstein-Montano, 2001). Such interrelationships or the evolving properties at work in the whole system Senge (1990) argues, would, however, go missing, if and when the whole is broken into parts. This theory is thus tailored toward systematically explicating the dynamics that characterize the SCM practices. For instance, the organizational culture, the structure, the people inhabiting therein, the IT infrastructure that are in place within and across supply chain should be all taken into account for a sound understanding of these practices. The primacy of taking recourse to such an integrated approach is paramount as the lack of which would not ensure whether all the vital components are adequately looked into (Tsoukas, 1996; Schlange, 1995). The systems thinking theory thus sheds insight into the efficacy of various SCM enablers on organizational outcomes, such as customer satisfaction.

2.2.3 Social Capital Theory

Social capital theory focuses on the softer side of organizational issues (Ketchen Jr. and Hult, 2007). Its relevance vis-à-vis supply chain is premised on the fact that since entities in the chain comprise people spanning across firm boundaries, various social aspects, such as, their interrelationships, shared values, trust and confidence among each other in sharing information, etc. impact supply chain performance (Nahapiet and Ghoshal, 1998). In a typical supply chain, the objective of each entity is crafted so as to optimize its own performance at the expense of others resulting into a diminished output for the entire chain. As the business landscape changes to a competition of supply chain versus supply chain, these soft relationships are to be grounded on a solid footing that would yield a competitive edge for the whole supply chain.

2.3 Supply Chain Management Practices Used in Supermarkets

SCM practices have been defined as a set of activities undertaken in an organization to promote effective management of its supply chain. Whetten, (2003) describes the latest evolution of SCM practices, which include supplier partnership, outsourcing, cycle time compression, continuous process flow, and information technology sharing.

Monczka (2008) explained that information sharing among the supply chain partner is related to the degree of critical and proprietary information shared among each other's. Mentzer (2000) mentioned that sharing information may be varied in nature especially customer information through the flow of information about logistic activities. Basically, information sharing involved information related to logistics, customer orders, forecasts, schedules, market and so on.

In this regard, it is pertinent to observe the impact among the supply chain parties of information sharing that would greatly strengthen both intra and inter-organizational integration (Narasimhan and Nair, 2005) and be the key to a seamless supply chain (Lee, 2000); this would be reflected in various ways, such as, diminished bull-whip effect as well as lower production and inventory costs, etc. (Lee, 2002; Huang and Gongopadhay, 2004; Raghunathan, 2003). The relevant and timely information sharing would entail aspects of various dimensions – from strategic to tactical (Huang *et al.* 2003) with the benefit ultimately accruing from the parties' ability in transforming that information into a supply chain strategy and superior performance (Ramayah and Omar, 2010; Moberg, 2002), which would be reflected through enhanced customer satisfaction.

The definition of outsourcing is varied. Domberger (2008) defined outsourcing as the practices of moving out goods and services that previously carried out internally to an external party while Lankford and Parsa (1999) termed it as the purchasing of services or products from external sources of organization. In general, outsourcing consists of the transfer of responsibility for the part of an organization's operation and management to a third party. The outsourcing practice is believed to be able to sustain the organizational performance (Lankford and Parsa, 2009) as outsourcing practice is the trend of the future.

Meanwhile, outsourcing practice has become an integral part of corporate strategy in an organization nowadays. Furthermore, Lankford and Parsa (2009) compromised that outsourcing enable costs reduction activities, improve productivity and reemphasize the organization to relook into their core business, refocus the organizations‟ strategy, reexamine the investment and help the organization to improve their efficiency and improve their performance.

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 benefits (Ales, 2009). 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, 2002). Strategically aligned organizations can work closely together and eliminate wasteful time and effort (Shapiro 2004). An effective supplier partnership can be a critical component of a leading edge supply chain (Handfield, and Ragatz, 2008).

Supplier relationship management is often referred to in the literature as strategic supplier partnership. Sahay, and Mohan, (2009) assert that a strategic partnership emphasizes long-term relationship between trading partners and "promotes mutual planning and problem solving efforts". Strategic partnerships between organizations promote shared benefits and ongoing collaboration in key strategic areas like technology, products, and markets (Yoshinoand Rangan, 1995). Strategic partnerships with suppliers facilitate organizations to work closely and effectively with a few suppliers rather than many suppliers that have been selected solely on the basis of cost (Ashish, 2007). Some of the advantages of including suppliers early in the product-design process are: Suppliers can offer cost effective design alternatives, assist in selecting better components and technologies, and aid in design assessment (Tan, 2002).

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. Noble and Tan et al. consider customer relationship management as an important component of SCM practices. As pointed out by Day, 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. Good relationships with supply chain members, including customers, are needed for successful implementation of SCM programs, (Sahay, and Mohan, 2009)

Customer relationship is recognized as one of the important element in SCM practices whereby it involves customer relations practices of evaluating customer complaints, enhancing customer support, follow up on customer feedback, predicting key factors affecting customer relationships, customer expectations, interacting with customer to set standards and measuring customer satisfaction (Bowen, Cousins, Lamming, and Faruk, 2001) defined customer relationship as the practices that used to build long-term relationship with customer, managing customer complaints and improving customer satisfaction.

Postponement is defined as the practice of moving forward one or more operations or activities (making, sourcing and delivering) to a much later point in the supply chain. Two primary considerations in developing a postponement strategy are: determining how many steps to postpone, and determining which steps to postpone. Postponement allows an organization to be flexible in developing different versions of the product in order to meet changing customer needs, and to differentiate a product or to modify demand function. Keeping materials undifferentiated for as long as possible will increase an organization's flexibility in responding to changes in customer demand, (Cook, and Campbell, 2006.

In addition, an organization can reduce supply chain cost by keeping undifferentiated inventories. Postponement needs to match the type of products, market demands of a company, and structure or constraints within the manufacturing and logistics system. In

general, the adoption of postponement maybe appropriate in the following conditions: innovative products; products with high monetary density , high specialization and wide range; markets characterized by long delivery time, low delivery frequency and high demand uncertainty; and manufacturing or logistics systems with small economies of scales and no need for special knowledge.

2.4 Organizational Performance Measurement

Organizational performance refers to how well an organization achieves its market-oriented goals as well as its financial goals. The short-term objectives of SCM are primarily to increase productivity and reduce inventory and cycle time, while long-term objectives are to increase market share and profits for all members of the supply chain. Financial metrics have served as a tool for comparing organizations and evaluating an organization's behavior over time. Any organizational initiative, including supply chain management, should ultimately lead to enhanced organizational performance. A number of prior studies have measured organizational performance using both financial and market criteria, including return on investment (ROI), market share, profit margin on sales, the growth of ROI, the growth of sales, the growth of market share, and overall competitive position. In line with the above literature, the same items will be adopted to measure organizational performance in this study, (Cook and Campbell, 2006).

Financial performance is termed as performance related to the financial prospect such as measurement of increase in portion of market share, returns of investment growing, increase profit margin and enhances competitive position (Stock, 2000). For this study, financial performance and non-financial performance will be used to evaluate on organizational performance and it will be categorized accordingly in the following section. Organizational performance is typically refers to the ability of an organization to accomplish its markets and financial goals Ales (2009), measured over the planned outcome and normally it is related to both financial performance and non-financial performance. These two important dimensions of organizational performance and the classification for each of the specific dimensions of financial performance and non financial performance are discussed through following section.

Non-financial performance is termed as performance related to operational prospect such as response time on product design changes, time for product volume changes, processes accurate orders, increase speed of order handling and so on which are related to the operational performance that will not directly affect on the financial figure but will indirectly affect on the organizational performance (LaLonde, 1998).

2.5 Relationship Between SCM Practices and Organizational Performance

SCM practice is expected to increase an organization's market share, return on investment [and improve overall competitive position. For example, strategic supplier partnership has been reported to yield organization-specific benefits in terms of financial performance. Advanced design and logistic links with suppliers are related to better-performing plants. Customer relation practices have also been shown to lead to significant improvement in organizational performance. They are expected to improve an organization's competitive advantage through price/cost, quality, delivery dependability, time to market, and product innovation. Prior studies have indicated that the various components of SCM practices (such as strategic supplier partnership) have an impact on various aspects of competitive advantage (such as price/cost). For example, strategic supplier partnership can improve supplier performance, reduce time to market, and increase the level of customer responsiveness and satisfaction. Information sharing leads to high levels of supply chain integration by enabling organizations to make dependable delivery and introduce products to the market quickly. Information sharing and information quality contribute positively to customer satisfaction and partnership quality. Postponement strategy not only increases the flexibility in the supply chain, but also balances global efficiency and customer responsiveness.

Researches that evaluate the indirect effects of SCM practices on business performance through operational performance improvement would also be interesting. Martin and Patterson (2009) identified that product cycle time (inventory turnover and order fulfillment) and inventory indicators are easy measures for the organizations, as information could be shared with no restrictions with members of the whole supply chain,

the opposite of the financial performance measures. Besides, the inventory and cycle time cause an impact on the operations and may not affect directly the financial performance. For example, the financial invoicing is related to indicators of sales and profit margin on sales. Li, Ragu-Nathanb (2006) confirm this supposition when they argue that SCM practices directly affect operational performance and might indirectly affect financial performance when improving operational performance. The same point of view appears in Vickery (2003), as they discuss that managers always expect a direct effect or impact of action programs on market or financial performances and if the effect is not enough, they conclude the action was not successful. However, such conclusion might be cursory, as the practices might indirectly affect business performance through its impact on operational results.

An empirical study carried out by Morgan (2006), established that customer relationship at Nakumatt supermarket can be described as good. The firm frequently interacts with customers to set reliability responsiveness and other standards. In addition, it frequently determines future customer expectations as well as measuring and evaluating customer satisfaction. Nakumatt supermarket facilitates customers' ability to seek assistance from them and periodically evaluate the importance of the firm's relationship with its customers. The study results revealed that business information was accessible and reliable to a great extent. Nakumatt trading partners were found to share proprietary information with the firm keep it fully informed about issues that affect their business. The study established that information exchange between Nakumatt trading partners and Nakumatt was reliable and the firm informs its trading partners in advance of changing needs. The information exchange between Nakumatt trading partners and the firm was also found to be adequate. The findings indicated that Nakumatt and its trading partners exchange information that helps establishment of business planning. The firm and its trading partners keep each other informed about events or changes that may affect the other partners. The study results have shown that Nakumatt trading partners share business knowledge of core business processes with the firm and information exchange between trading partners and Nakumatt was complete, accurate and timely.

2.6 Empirical Literature

Table 2.1 Empirical Literature

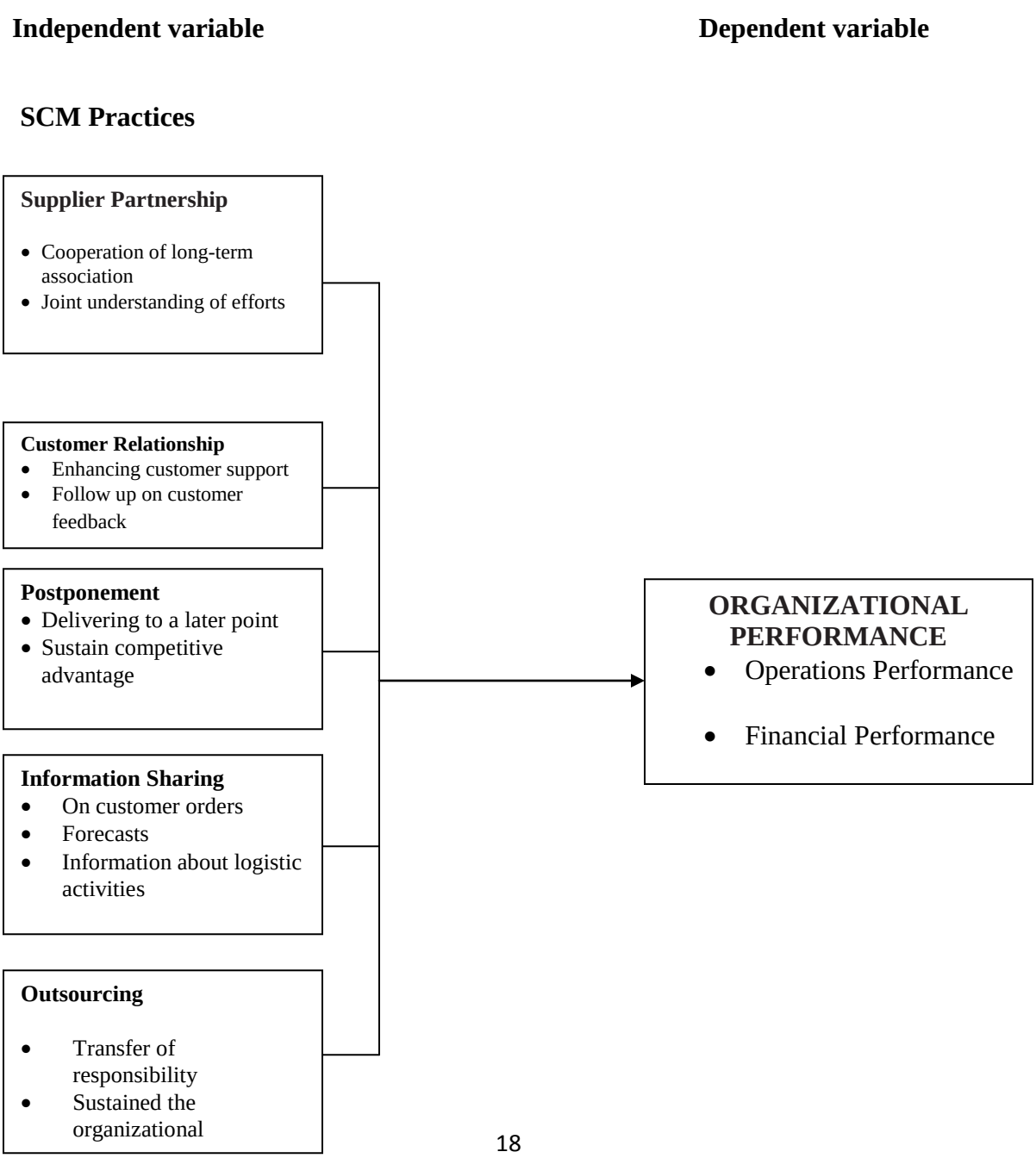
	Paper Objective	SCM Practices Concepts	Performance Concepts	Sample and Main Methods	Findings
Chen (2004)	It argues that strategic purchasing can engender sustainable competitive advantage	(a) strategic purchasing; (b) communication; (c) limited number of suppliers	(a) responsiveness; (b) financial performance	221 / Structural Equation Modeling	The results support the links between strategic purchasing and financial.
Tracey. (2004	tests the impact of supply-chain management (SCM) capabilities on business performance.	a) Outside-in capability; (b) Inside-out capability; (c) Spanning capability	a) Perceived value; (b) Customer loyalty; (c) Market performance; (d) Financial performance	474 / Structural Equation Modeling	The results indicate relationships exist among three types of SCM capabilities (outside-in, inside-out, and spanning) and business performance
Kannan e Tan (2005)	It empirically examines the extent to which just in time, supply chain management.	(a) JIT 1: material flow; (b) JIT 2: commitment to JIT; (c) JIT 3: supply management; (d) TQM 1: product design.	a) *market share*; (b) Return on assets; (c) Product quality; (d) Competitiveness (e) Customer service.	556 / Factor analysis / Correlation analysis.	Results demonstrate that at both strategic and operational levels, linkages exist between how just in time and total quality management

Source: Ales (2009)

2.7 Conceptual Framework

This part of the research will seek to give clear and consistent definition of the research questions. It will be used to show the relationship between dependent variables which is the research problems and independent variables.

Figure 2.1 Conceptual Framework



Source: Author (2015)

RESEARCH METHODOLOGY :CHAPTER THREE

3.1 Introduction

The methodology presents a description of how the study was approached. It presents the plan of the research, that is, the research design, how data were collected and from whom, and the data analysis technique that was adopted to analyze the data in order to generate the findings of the study.

3.2 Research Design

The study used cross-sectional survey research design. Cross-sectional surveys involve data collection from a population, or a representative subset, at one specific point in time and have an advantage over other research designs that only seek individuals with a specific characteristic, with a sample, often a tiny minority, of the rest of the population (Kothari, 2011). True to the positivism paradigm, cross-sectional surveys ensure that researchers record the information that is present in a population, but do not manipulate variables which enhance objectivity.

Additionally, cross-sectional studies are descriptive and can use qualitative or quantitative measures, thus, enhancing data collection. Through cross-sectional survey, all population elements are considered ensuring that comprehensive findings are obtained on the subject matter (Mugenda, and Mugenda, 1999). This type of research can be used to describe characteristics that exist in a population, determine cause-and-effect relationships between different variables, and make inferences about possible relationships or to gather preliminary data to support further research and experimentation.

3.3 Population of the Study

The population for this study was all supermarkets in Nairobi, Kenya and they are 110 according to the yellow pages indexing. The population census was conducted of all 110 supermarkets. There was no need for sampling since the number of supermarkets is small. The respondents were all procurement officers in 110 supermarkets in Nairobi,

Kenya. Mugenda and Mugenda, (2003) explained that the target population should have observable characteristics to which the study intends to generalize the result of the study.

3.4 Data Collection

The study used both primary and secondary data which were largely quantitative and descriptive in nature. The questionnaire was designed to solicit data on competitive forces that shape competition in an industry (Orodho, and Kombo,2002) points out that, questionnaires are appropriate for studies since they collect information that is not directly observable as they inquire about feelings, motivations, attitudes, accomplishments as well as experiences of individuals. Secondary data was on the other hand be acquired from the inspectorate of listed major supermarkets in Nairobi County.

The researcher administered the questions to the relevant respondents in an effort to achieve the necessary information. The questionnaires were administered through a drop and pick later method because of the busy schedule of the target respondents. This reduced the level of interference with the daily duties and operations of the organization. Secondary data was on the other hand be acquired from the major Supermarkets in Nairobi.

According to (Mugenda, and Mugenda, 2003) validity is the degree by which the sample of test items represents the content the test is designed to measure. Content validity which was employed by this study as a measure of the degree to which data collected using a particular instrument represents a specific domain or content of a particular concept. Mugenda and Mugenda (1999) contend that the usual procedure in assessing the content validity of a measure is to use a professional or expert in a particular field.

This section deals with the Operationalization of study variables, along with other components of the conceptual framework. The independent variable is the ethical procurement. The dependent variables are indicators of supply chain management

Table 3.1 Operationalization of Study Variables

Variable		Operational Definition (Indicators)	Measure	Analysis techniques
independent Variable	Supply Chain management practices	• Information sharing • IT Infrastructure • Strategic Supplier Partnership • Customer relationship	Likert-type scale	Frequencies Mean Regression Correlation
Dependent Variable	Organizational performance	• Financial performance • Non-Financial Performance		Regression Correlation

3.6 Data Analysis

After data collection, the filled-in and returned questionnaires were edited for completeness, coded and entries made into Statistical package for social sciences (SPSS version 18). This ensured that the data are accurate, consistent with other information, uniformly entered, complete and arranged to simplify coding and tabulation. With data entry, the data collected was captured and stored. Descriptive and inferential analysis was conducted. Descriptive analysis involved the use of frequencies in their absolute and relative forms (percentage). Mean and standard deviations was used as measures of central tendencies and dispersion respectively. Regression and correlation analysis was

used to assess the strength of the relationships between the specified variables. Various statistics was extracted and interpreted with respect to the various models. Inferential analysis was done, thus, testing the hypotheses of the study.

A summary of the specific regression models, analysis and interpretation of results is presented below.

Thus, Let-

Y= Performance of Supermarkets

X_1 = Information sharing

X_2 = IT Infrastructure

X_3 = Strategic Supplier Partnership

X_4 = Customer relationship

Thus

$Y= f (X_1, X_2, X_3, X_4)$

Assuming a linear relationship

$Y= \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3$

Where Y is the dependent variable and X_1 to $X_{3\ are}$ the independent variables while alpha, α represents Realization of ethical procurement that is independent of the above factors- (X_1 to X_3). The betas, β_1 to β_3 are the betas for each factor which indicates the unit changes in Y for every unit chance in X_1 to X_3 respectively.

CHAPTER FOUR
FINDINGS, DATA ANALYSIS and DISCUSSION

4.1 Introduction

This chapter is a presentation of results and findings obtained from field responses and data, broken into two parts. The first section deals with the background information, while the other section presents findings of the analysis, based on the objectives of the study as explored by the questionnaires where both descriptive and inferential statistics have been employed.

4.2 General Information

It was noted from the data collected, out of the 110 questionnaires administered to the Procurement officers, 105 questionnaires were filled and returned. This represented a 95% response rate, which is considered satisfactory to make conclusions for the study. According to Mugenda and Mugenda (2003) a 50% response rate is adequate, 60% good and above 70% rated very good. This also collaborates Bailey (2000) assertion that a response rate of 50% is adequate, while a response rate greater than 70% is very good. This implies that based on this assertion; the response rate which was calculated in this case was according to Mugenda and Mugenda and Bailey excellent.

This high response rate can be attributed to the data collection procedures, where the researcher pre-notified the potential participants and applied the drop and pick method where the questionnaires were picked at a later date to allow the respondents ample time to fill the questionnaires.

The demographic data seeks to establish the general information of the respondents. From the questionnaire, the following demographic statistics were established; they are explained in the subsections below.

The figure below stipulates the gender of the respondents that participated in the study.

The figure above shows that 69% of the respondents were male while 31% were female.

The study shows that majority of the respondents were male as shown by 69% of the respondents. Both genders were well represented to carry the study out.

The figure below represents the age bracket of the respondents. The study above shows that 2% of the respondents were aged between 18 and 24 years, 6% were aged between 25 and 30 years, 11% were aged between 31 and 34 years, 19% were aged between 35 and 40 years, 20% were aged between 41 and 44 years, 25% were aged between 45 and 50 years while 17% were aged over 51 years.

The study above thus clearly shows majority of the respondents were aged between 45 and 50 years. The age bracket was ideal since it had mature and experienced respondents who could otherwise respond to the questionnaire accordingly.

The figure below represents the education level of the respondents. The study above shows that none of the procurement held a primary and secondary certificate alone. This shows that majority of the respondents had a diploma as shown by 35% and a bachelor's degree as shown by 65%.

This was very beneficial to the research study since both could understand the questionnaire and interpret it accordingly. The study shows that 5% of the respondents had worked for less than 1 year, 35% had worked for between 6 and 10 years, 45% had worked for between 1 and 5 years while 15% had worked for over 10 years. The study therefore depicts that majority of the respondents had worked for between 1 and 5 years. This was an ideal number for the study in regard to work experience and knowledge ability.

4.3 Supply Chain Management Practices

The researcher sought to inquire from respondents the Supply Chain Management Practices used by the supermarket as recorded table 4.2 below for interpretation purposes.

Table 4.1 Supply Chain Management Practices

Statements	Mean	Std. Dev.
The supermarket considers quality as number one criterion in selecting suppliers.	4.253	.874
The supermarket regularly solves problems jointly with our suppliers.	4.045	.541
The supermarket helps its suppliers to improve their product quality.	3.985	.461
There is a continuous improvement programs that includes supermarket's key suppliers.	3.487	.823
The supermarket frequently interacts with customers to set reliability, responsiveness, and other standards for its operations.	4.254	.451
The supermarket periodically evaluates the importance of its relationship with customers.	4.124	.652
High level decisions regarding supply chain are made by Committee, without representatives from other functional departments.	3.846	.354
Supply chain performance is measured predominantly at functional level	3.641	.658

The table above shows that the respondents agreed the supermarket considers quality as number one criterion in selecting suppliers with a mean of 4.253 and standard deviation of .874. Further on whether the supermarket regularly solves problems jointly with our suppliers with a mean of 4.045 and standard deviation of .541. The supermarket helps its suppliers to improve their product quality had a mean of 3.985 and standard deviation of .461. On whether there is a continuous improvement programs that includes supermarket's key suppliers respondents agreed with a mean of 3.487 and standard deviation of .823. The supermarket frequently interacts with customers to set reliability, responsiveness, and other standards for its operations had a mean of 4.254 and standard deviation of .451. The supermarket periodically evaluates the importance of its relationship with customers had a mean of 4.124 and standard deviation of .652. High level decisions regarding supply chain are made by Committee, without representatives from other functional departments had a mean of 3.846 and standard deviation of .354.

Finally, supply chain performance is measured predominantly at functional level had a mean of 3.641 and standard deviation of .658.

From the findings above, it is apparent that the supermarkets realize the importance of embraces supply chain management practices. These results were in line with Whetten, (2003) describes the latest evolution of SCM practices, which include supplier partnership, outsourcing, cycle time compression, continuous process flow, and information technology sharing as a must for organizations that have goals geared towards performance.

4.5 Information Sharing

The researcher had to ask the respondents whether information sharing affected organisational performance of supermarkets. The results were recorded in 4.3 below for interpretation purposes.

Table 4.3 Information sharing

Statements	Mean	Std. Dev.
There is information sharing between suppliers and clients	4.225	.4644
The company is working to create an appropriate information system	4.201	.5411
There is information sharing on customer orders within the company	4.347	.6854
Supply chain members have information and knowledge about daily activities	3.984	.3204
Information sharing is included the access of private data between trading partners	3.968	.3964
Information sharing involved information related to logistics	3.862	.3212
Information sharing in the firm involved information related to logistics	3.545	.3684
Information sharing in the firm involved information related to customer orders	3.900	.3904
There is access of private data between trading partners	3.763	.3110
demand and product availability information flow in a correct and systematic manner	3.443	.3581

The study above indicates that respondents agreed that there is information sharing between suppliers and clients with a mean of 4.225 and standard deviation of .4644. Further on whether the company is working to create an appropriate information system had a mean of 4.201 and standard deviation of .5411. There is information sharing on customer orders within the company had a mean of 4.347 and standard deviation of .6854. On whether supply chain members have information and knowledge about daily activities had a mean of 3.984 and standard deviation of .3204. Information sharing is included the access of private data between trading partners had a mean of 3.968 and standard deviation of .3964. The researcher sought to establish whether information sharing involved information related to logistics this had a mean of 3.862 and standard deviation of .3212. Information sharing in the firm involved information related to logistics had a mean of 3.545 and standard deviation of .3684. Information sharing in the firm involved information related to customer orders had a mean of 3.900 and standard deviation of .3904. The respondents further agreed that there is access of private data between trading partners with a mean of 3.763 and standard deviation of .3110. Finally, demand and product availability information flow in a correct and systematic manner with a mean of 3.443 and standard deviation of .3581.

From the study above it is clear that information sharing affects supermarkets performance. These findings were in line with (Narasimhan and Nair, 2005) who posits that information sharing that would greatly strengthen both intra and inter-organizational integration and be the key to a seamless supply chain; this would be reflected in various ways, such as, diminished bull-whip effect as well as lower production and inventory costs, etc. The relevant and timely information sharing would entail aspects of various dimensions – from strategic to tactical with the benefit ultimately accruing from the parties' ability in transforming that information into a supply chain strategy and superior performance which would be reflected through enhanced customer satisfaction

4.6 Challenges of Supply Chain Management Practices

The researcher sought to establish the challenges of Supply Chain Management Practices. The results were recorded in table 4.4 below for interpretation purposes.

Table 4.4 Challenges of Supply Chain Management Practices

Statements	Mean	Std. Dev.
The supermarket adopts rising logistics cost	4.206	.541
There is lack of professional expertise	4.214	.674
The supermarket concentrates on core service	4.654	.652
There is systematic Information flow	4.358	.574
There is established supplier relationship	3.974	.974
The supermarkets meets customer expectation	3.784	.554
There is adoption of Product Design	3.308	.474
The supermarket adheres to storage capacities	3.773	.874
There is defined level of cooperation with user departments	3.683	.504

The study above shows that the supermarket adopts rising logistics cost with a mean of 4.206 and standard deviation of .541. Further on, whether there was lack of professional expertise, respondents agreed with a mean of 4.214 and standard deviation of .674. On whether the supermarket concentrates on core service with a mean of 4.654 and standard deviation of .652. There is systematic Information flow had a mean of 4.358 and standard deviation of .574. There is established supplier relationship had a mean of 3.974 and standard deviation of .974. There was an agreement that the supermarkets meet customer expectation with a mean of 3.784 and standard deviation of .554. On whether there was adoption of product design with a mean of 3.308 and standard deviation of .474. The supermarket adheres to storage capacities with a mean of 3.308 and standard deviation of

.474. Finally, on whether there is defined level of cooperation with user departments had a mean of 3.683 and standard deviation of .504.

It clear that organizations face challenges in implementation of supply chain management practices. These findings can be equated to Patterson (2009) who argues that organizations encounters a challenge when seeking partnerships with other firms due to completion issues and lack of goodwill.

4.7 Postponement and Organizational Performance

Results on whether postponement resulted to organizational performance were recorded in table 4.5 below for interpretation purposes.

Table 4.5 Postponement and Organizational Performance

Statement	Mean	Std. Dev.
The supermarket is involved in making, sourcing, and delivering to a later point in the supply chain	4.251	.5421
There is sustained competitive advantage over it competitors	4.411	.5451
The supermarkets improve their respond to customer in term of customer demanding	4.354	.5744
There is improve organization cost-effectiveness	4.621	.6875
Organization is able to meet the customer changing needs	4.354	.3454
Organization is able to differentiate product and modify of demand function through postponement	4.324	.5643
Postponement allows it to be elastic and limber in different version of the product.	4.600	.6674
There is delay of activities in determining the form and function of the product until customer fulfilled on the order.	4.240	.3432
There is exercise of moving forward one or more operations	4.200	.3530

The study above shows that the supermarket is involved in making, sourcing, and delivering to a later point in the supply chain with a mean of 4.251 and standard deviation of .5421. On whether there is there is sustained competitive advantage over it competitors had a mean of 4.411 and standard deviation of .5451. Further on the supermarkets improve their respond to customer in term of customer demanding had a mean of 4.354 and standard deviation of .5744. There is improve organization cost-effectiveness had a

mean of 4.621 and standard deviation of .6875. Organization is able to meet the customer changing needs had a mean of 4.354 and standard deviation of .3454. Respondents agreed that organization is able to differentiate product and modify of demand function through postponement with a mean of 4.324 and standard deviation of .5643. On postponement allows it to be elastic and limber in different version of the product had a mean of 4.600 and standard deviation of .6674. There is delay of activities in determining the form and function of the product until customer fulfilled on the order had a mean of 4.240 and standard deviation of .3432. Finally, there is exercise of moving forward one or more operations had a mean of 4.200 and standard deviation of. 3530.

The results above, it is apparent that postponement affects organizational performance. The results were in line with, (Cook, and Campbell, 2006) who said that Postponement allows an organization to be flexible in developing different versions of the product in order to meet changing customer needs, and to differentiate a product or to modify demand function. Keeping materials undifferentiated for as long as possible will increase an organization's flexibility in responding to changes in customer demand. In addition, an organization can reduce supply chain cost by keeping undifferentiated inventories. Postponement needs to match the type of products, market demands of a company, and structure or constraints within the manufacturing and logistics system. In general, the adoption of postponement maybe appropriate in the following conditions: innovative products; products with high monetary density , high specialization and wide range; markets characterized by long delivery time, low delivery frequency and high demand uncertainty; and manufacturing or logistics systems with small economies of scales and no need for special knowledge.

4.8 Customer Relationship and Organizational Performance

The researcher had to find out whether Customer Relationship had an impact on Organizational Performance as indicated in table 4.6 below for interpretation purposes.

Table 4.6 Customer Relationship and Organizational Performance

Statement	Mean	Std. Dev.
There is evaluation of customer complaints	4.231	.6411
There is enhancement of customer support	4.312	.5541
The supermarket enhance follow up on customer feedback	4.455	.4733
The retail chain meets customer expectations	4.522	.6684
There is interaction with customer to set standards and measuring customer satisfaction	4.465	.4435
The supermarket aims at building long-term relationship with customer	4.535	.6543
The supermarkets enhance managing customer complaints and improving customer satisfaction	4.503	.5573

The study above shows that there is evaluation of customer complaints with a mean of 4.231 and standard deviation of .6411. There is enhancement of customer support with a mean of 4.312 and standard deviation of .5541. The supermarket enhances follow up on customer feedback with a mean of 4.455 and standard deviation of .4733. Further on the retail chain meets customer expectations, respondents agreed that the retail chain meets customer expectations with a mean of 4.522 and standard deviation of .6684. There is interaction with customer to set standards and measuring customer satisfaction with a mean of 4.465 and standard deviation of .4435. On the supermarket aims at building long-term relationship with customer had a mean of 4.535 and standard deviation of .6543. Finally, the supermarkets enhance managing customer complaints and improving customer satisfaction had a mean of 4.503 and standard deviation of .5573.

The study above indicates that customer relationship is very important in enhancing supermarket performance. These can be correlated to (Bowen, Cousins, Lamming, and Faruk, 2001) who says that customer relationship is recognized as one of the important element in SCM practices whereby it involves customer relations practices of evaluating customer complaints, enhancing customer support, follow up on customer feedback, predicting key factors affecting customer relationships, customer expectations, interacting with customer to set standards and measuring customer satisfaction defined customer relationship as the practices that used to build long-term relationship with customer, managing customer complaints and improving customer satisfaction.

4.9 Supply Chain Management Practices and Financial Performance

The table below indicates results regarding whether Supply chain management practices influence financial performance.

Table 4.7 Supply chain management practices and financial performance

Statement	Mean	Std. Dev.
Supply chain management practices saves time	4.341	.5512
SCM improve the long-term business performance	4.323	.5642
SCM assist in meeting customers' requirements thus enhancing financial performance	3.425	.5734
The SCM eliminates wastes across the supply chain thus enhancing financial performance	4.623	.5685
Faster information sharing which results to faster feedback thus minimizing time wastage	4.454	.4536
Supply partnership adds value and improve the supply chain performance	4.546	.5442

The study above shows that respondents agreed that supply chain management practices saves time with a mean of 4.341 and standard deviation of .5512. SCM improve the long-term business performance had a mean of 4.323 and standard deviation of .5642. SCM assist in meeting customers' requirements thus enhancing financial performance had a mean of 3.425 and standard deviation of .5734. The SCM eliminates wastes across the supply chain thus enhancing financial performance had a mean of 4.623 and standard deviation of .5685. Further on whether faster information sharing results to faster feedback thus minimizing time wastage the respondents agreed with a mean of 4.454 and standard deviation of .4536. Finally, supply partnership adds value and improves the supply chain performance had a mean of 4.546 and standard deviation of .5442.

the study above shows that supply chain management practices have impact on financial perfromance of supermarkets. These results can be related to Morgan (2006) who posits that SCM practice is expected to increase an organization's market share, return on investment [and improve overall competitive position. For example, strategic supplier

partnership has been reported to yield organization-specific benefits in terms of financial performance. Advanced design and logistic links with suppliers are related to better-performing plants. Customer relation practices have also been shown to lead to significant improvement in organizational performance. They are expected to improve an organization's competitive advantage through price/cost, quality, delivery dependability, time to market, and product innovation. Prior studies have indicated that the various components of SCM practices (such as strategic supplier partnership) have an impact on various aspects of competitive advantage (such as price/cost).

4.10 Supply Chain Management Practices

Table 4.10: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	3.544	.425		8.545	.045
Information sharing	.541	.154	.656	5.574	.035
IT Infrastructure	.644	.874	.241	2.486	.049
Strategic Supplier Partnership	.148	.441	.282	1.031	.038
Customer relationship	.504	.685	.257	2.412	.043

a. Dependent Variable: performance of supermarkets.

The following regression result was obtained:

$Y= 3.544 + 0.541X_1 + 0.644X_2 + 0.148X_3 + 0.504X_4$ $P=0.039^a$

From the model, when other factors (Information sharing, IT Infrastructure, Strategic Supplier Partnership and Customer relationship) are at zero, the performance of supermarkets will be 3.544. Holding other factors constant, a unit increase in Information sharing would lead to 0.541 (p=.035) increase in performance of supermarkets.

However, holding other factors constant, a unit increase in Information sharing would lead to a 0.644 (p=0.049) increase in performance of supermarkets.

The table above also shows that holding other factors constant, a unit increase in IT Infrastructure and policy would lead to a 0.148 (p=0.038) increase in performance of

supermarkets. The findings, further, shows that unit increase in Strategic Supplier Partnership would lead to a 0.504 increase in performance of supermarkets. . These results show that when acting jointly, improvement in Information sharing, IT Infrastructure, Strategic Supplier Partnership and Customer relationship would result to performance of supermarkets.

The study sought to establish the supply chain management practices and organizational performance of supermarkets in Nairobi.

The regression model was:

$Y= f (X_{1,} X_{2,} X_{3,} X_{4)}$

Whereby Y represent the performance of supermarkets, X_1 is Information sharing, X_2 is IT Infrastructure, X_3 is Strategic Supplier Partnership and X_4 is Customer relationship. B_0 is the model's constant, and $\beta_1 - \beta_4$ are the regression coefficients while ε is the model's significance from f-significance results obtained from analysis of variance (ANOVA).

Table 4.8: Model's Goodness of Fit Statistics

R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
.734[a]	.539	.503	.1752	1.421

a. Predictors: (Constant), Information sharing, IT Infrastructure, Strategic Supplier Partnership and Customer relationship

Table 4.8 shows that there is a good linear association between the dependent and independent variables used in the study. This is shown by a correlation (R) coefficient of 0.734. The determination coefficient as measured by the adjusted R-square presents a moderately strong relationship between dependent and independent variables given a value of 0.503. This depicts that the model accounts for 50.3% of the total observations while 49.7% remains unexplained by the regression model.

Durbin Watson test was used as one of the preliminary test for regression which to test whether there is any autocorrelation within the model's residuals. Given that the Durbin

Watson value was close to 2 (1.421), there was no autocorrelation in the model's residuals.

Table 4.9: Analysis of Variance (ANOVA)

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.164	4	.541	11.657	.039[a]
	Residual	9.775	115	.085		
	Total	11.939	119			

a. Predictors: (Constant), Information sharing, IT Infrastructure, Strategic Supplier Partnership and Customer relationship

b. Dependent Variable: Performance of supermarkets in Nairobi

The ANOVA statistics presented in the table above was used to present the regression model significance. An F-significance value of p = 0.039 was established showing that there is a probability of 3.9% of the regression model presenting a false information. Thus, the model is significant.

4.11 T test of beta coefficients of SCM

	Test Value = 0					
					95% confidence interval of the difference	
	t	df	Sig. (2-tailed)	Mean Difference	Lower	Upper
F2	1.598	1	.356	1230021.0	-8551044	1.1E+07
F3	1.344	1	.407	1106760.5	-9354112	1.2e+07

The T test analysis indicates that the T value for Customer relationship is 1.598 and positive because it has a high mean value. Likewise the t value for provision for

Information sharing is 1.344 and positive because of the high mean value. The significant difference is 0.356 and 0.407 for IT Infrastructure and Strategic Supplier Partnership respectively. Thus, since the significant difference is above 0.05, we conclude that performance of supermarkets has not impacted significantly on these two parameters.

CHAPTER FIVE
SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter seeks to summarize the findings of the research, give a conclusion, recommendation, and further research suggestions.

5.2 Summary of the Findings

The supermarket periodically evaluates the importance of its relationship with customers it is therefore apparent that the supermarkets realize the importance of embraces supply chain management practices. The study above indicates that respondents agreed that there is information sharing between suppliers and clients. It is clear that information sharing affects supermarkets performance. This shows that information sharing that would greatly strengthen both intra and inter-organizational integration and be the key to a seamless supply chain; this would be reflected in various ways, such as, diminished bull-whip effect as well as lower production and inventory costs, etc. The relevant and timely information sharing would entail aspects of various dimensions – from strategic to tactical with the benefit ultimately accruing from the parties' ability in transforming that information into a supply chain strategy and superior performance which would be reflected through enhanced customer satisfaction. There is established supplier relationship geared towards meeting customer expectation. It clear that supermarkets face challenges in implementation of supply chain management practices. That supermarket encounters a challenge when seeking partnerships with other firms due to completion issues and lack of goodwill.

It is apparent that postponement affects organizational performance. Postponement allows an organization to be flexible in developing different versions of the product in order to meet changing customer needs, and to differentiate a product or to modify demand function. Keeping materials undifferentiated for as long as possible will increase an organization's flexibility in responding to changes in customer demand. In addition, an organization can reduce supply chain cost by keeping undifferentiated inventories. Postponement needs to match the type of products, market demands of a company, and

structure or constraints within the manufacturing and logistics system. In general, the adoption of postponement maybe appropriate in the following conditions: innovative products; products with high monetary density , high specialization and wide range; markets characterized by long delivery time, low delivery frequency and high demand uncertainty; and manufacturing or logistics systems with small economies of scales and no need for special knowledge.

5.3 Conclusion

From the findings above, the researcher concludes that Information sharing among the supply chain partner is related to the degree of critical and proprietary information shared among each other's. Information sharing involved information related to logistics, customer orders, forecasts, schedules, market and so on.

As part of supply chain practice the researcher concludes that outsourcing enable costs reduction activities, improve productivity and reemphasize the organization to relook into their core business, refocus the organizations strategy, reexamine the investment and help the organization to improve their efficiency and improve their performance.

From the findings in section four above, conclusions are made that 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. Strategically aligned organizations can work closely together and eliminate wasteful time and effort. An effective supplier partnership can be a critical component of a leading edge supply chain.

It is therefore clear that a strategic partnership emphasizes long-term relationship between trading partners and "promotes mutual planning and problem solving efforts". Strategic partnerships between organizations promote shared benefits and ongoing collaboration in key strategic areas like technology, products, and markets. Strategic partnerships with suppliers facilitate organizations to work closely and effectively with a

few suppliers rather than many suppliers that have been selected solely on the basis of cost. Some of the advantages of including suppliers early in the product-design process are: Suppliers can offer cost effective design alternatives, assist in selecting better components and technologies, and aid in design assessment.

5.4 Recommendations

The study has confirmed that supply chain management practices are very significant in enhancing organization performance. Supermarkets in Nairobi County and outside Nairobi should be advised to embrace the concept so that they can be able to reap the benefits of adopting these practices. Supermarkets are also advised to adopt the practices that are currently adopted at a very small extent because they can significantly improve organization performance from the current position. They include practices like outsourcing, lean practices and postponement which have proven to have tremendous results in other Supermarket like Nakumatt Supermarket for example.

5.5 Limitation of the Study

The researcher encountered while conducting the research was getting the respondents who were interviewed during working hours as many of them were out for field work or in closed door meetings. To overcome this, the researcher needed make special appointments to meet the targeted respondents early in the morning before they leave office. The study also acknowledged that not all information sought for this research is in the public domain and to overcome this challenge permission was sought to access the organizations documentation which captured the required information.

5.6 Suggestions For Further Studies

The study mainly focused on supermarkets only. The there is need to conduct a similar study which will attempt to find out Integrating logistics strategies, Supply chain integration and performance and relationship between supply chain performance and supply chain responsiveness of supermarkets in Nairobi, Kenya.

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QUESTIONAIRES
APPENDICES
APPENDIX I: QUESTIONNAIRE

Introduction

My name is Paul D. Tuazama JR., a student from University of Nairobi. This questionnaire has been developed to gather data to develop a project for the effects of supply chain management practices on organizational performance of supermarkets in Nairobi. The data gathered will be treated with confidentiality and only used for academic purposes. Indication of your name is optional and should you wish to have the findings of this study, kindly indicate mobile phone number.

Respondent's Name (optional): _____

Phone No._____

Section A: General Information

1. Gender.....

2. Your age bracket (Tick whichever appropriate)

18 – 24 Years [ ] 25 - 30 Years [ ] 31 - 34 years [ ] 35 – 40 years [ ]

41 – 44 years [ ] 45 – 50 years [ ] Over 51 years [ ]

3. What is your education level? (Tick as applicable)

Primary [ ] Secondary [ ] College [ ] Bachelors' degree [ ]

Others-specify……..

4. Years of service/working period (Tick as applicable)

Less than 1 year [ ] 6-10 years [ ] 1-5 years [ ] Over 10 years [ ]

Section B: Supply Chain Management Practices

To what extent do you agree with the following statement in regard to Supply Chain Management Practices used by your organisation?

5) Very large extent; 4) Large extent; 3) Moderate extent; 2) little extent; 1) No extent

No.	Statements	1	2	3	4	5
1.	The supermarket considers quality as number one criterion in selecting suppliers.					
2.	The supermarket regularly solves problems jointly with our suppliers.					
3.	The supermarket helps its suppliers to improve their product quality.					
4.	There is a continuous improvement programs that includes supermarket's key suppliers.					
5.	The supermarket frequently interacts with customers to set reliability, responsiveness, and other standards for its operations.					
6.	The supermarket periodically evaluates the importance of its relationship with customers.					
7.	High level decisions regarding supply chain are made by Committee, without representatives from other functional departments.					
8.	Supply chain performance is measured predominantly at functional level					

Information sharing

To what extent do you agree with the following statement in regard to Information sharing adoption in your organisation?

5) Very large extent; 4) Large extent; 3) Moderate extent; 2) little extent; 1) No extent

No.	**Statements**	**1**	**2**	**3**	**4**	**5**
1.	There is information sharing between suppliers and clients					
2.	The company is working to create an appropriate information system					
3.	There is information sharing on customer orders within the company					
4.	Supply chain members have information and knowledge about daily					

	activities					
5.	Information sharing is included the access of private data between trading partners					
6.	Information sharing involved information related to logistics					
7.	Information sharing in the firm involved information related to logistics					
8.	Information sharing in the firm involved information related to customer orders					
9.	There is access of private data between trading partners					
10.	demand and product availability information flow in a correct and systematic manner					

Challenges of Supply Chain Management Practices

With regard to challenges of supply chain management practices please tick the box that accurately reflects your present your firm`s present conditions.

1=not at all 2=to a small extent 3= to a moderate extent 4=to a large extent 5=to a very large extent

No.	Statements	1	2	3	4	5
1.	The supermarket adopts rising logistics cost					
2.	There is lack of professional expertise					
3.	The supermarket concentrates on core service					
4.	There is systematic Information flow					
5.	There is established supplier relationship					
6.	The supermarkets meets customer expectation					
7.	There is adoption of Product Design					
8.	The supermarket adheres to storage capacities					
9.	There is defined level of cooperation with user departments					

Postponement and Organizational Performance

To what extent do you agree with the following statement in regard to Postponement and Organizational Performance used by your organisation?

5) Very large extent; 4) Large extent; 3) Moderate extent; 2) little extent; 1) No extent

No.	Statements	1	2	3	4	5
1.	There is exercise of moving forward one or more operations					
2.	The supermarket is involved in making, sourcing, and delivering to a later point in the supply chain					
3.	There is sustained competitive advantage over it competitors					
4.	The supermarkets improve their respond to customer in term of customer demanding					
5.	There is improve organization cost-effectiveness					
6.	Organization is able to meet the customer changing needs					
7.	Organization is able to differentiate product and modify of demand function through postponement					
8.	Postponement allows it to be elastic and limber in different version of the product.					
9.	There is delay of activities in determining the form and function of the product until customer fulfilled on the order.					

Customer Relationship and Organizational Performance

To what extent do you agree with the following statement in regard to Customer Relationship and Organizational Performance used by your organisation?

5) Very large extent; 4) Large extent; 3) Moderate extent; 2) little extent; 1) No extent

No.	Statements	1	2	3	4	5
1.	There is evaluation of customer complaints					
2.	There is enhancement of customer support					
3.	The supermarket enhance follow up on customer feedback					
4.	The retail chain meets customer expectations					
5.	There is interaction with customer to set standards and measuring customer satisfaction					
6.	The supermarket aims at building long-term relationship with customer					
7.	The supermarkets enhance managing customer complaints and improving customer satisfaction					

Supply chain management practices and financial performance

To what extent do you agree with the following statement in regard to Supply chain management practices and financial performance used by your organisation?

5) Very large extent; 4) Large extent; 3) Moderate extent; 2) little extent; 1) No extent

No.	Statements	1	2	3	4	5
1.	**Supply chain management practices saves time**					
2.	SCM improve the long-term business performance					
3.	SCM assist in meeting customers' requirements thus enhancing financial performance					
4.	The SCM eliminates wastes across the supply chain thus enhancing financial performance					
5.	Faster information sharing which results to faster feedback thus minimizing time wastage					
6.	Supply partnership adds value and improve the supply chain performance					

THANK YOU FOR YOUR AND GOD BLESS YOU

APPENDIX 11 LIST OF SUPERMARKETS IN NAIROBI COUNTY

1. Chandarana Supermarkets
2. Cleanshelf Supermarkets
3. Eastmatt Supermarkets
4. G-Mart Supermarkets
5. Jaharis Supermarkets
6. Kassmart Supermarkets
7. Maguna Andu Supermarkets
8. Naivas Limited
9. Maathai Supermarkets
10. Nakumatt
11. Ng'ororgaa Supermarkets
12. PakMatt Supermarket
13. Quickmart Supermarkets
14. Rikana Supermarkets
15. Selfridges Supermarkets
16. StageMatt Supermarket
17. Tumaini Supermarkets
18. Tuskys
19. Uchumi Supermarkets
20. Ukwala Supermarkets
21. Karrymatt Supermarkets
22. Continental Supermarket Ltd
23. Eagle Supermarket
24. Ebrahim and Co ltd Supermarkets
25. Deepak Cash and Carry Limited Supermarket
26. Housewives Delight Ltd
27. Jawas Supermarket
28. K and A Selection Stores Ltd
29. Muthaiga Mini Market Ltd
30. Mid City Services Centre
31. Rikana Supermarket
32. Rosjam Supermarket
33. Safe Way Hypermarket Ltd
34. Clean Way Supermarket
35. Select N Pay Supermarket Ltd
36. Metro Cash and Carry Limited Supermarket
37. Supervalue Supermarket
38. Buruburu Minni Inn
39. Ngara Road Self-Service Store
40. Westlands Greengrocers Limited
41. Aflose Supermarket Ltd
42. Al-hilal Supermarket and Bakery
43. Alves Distributors
44. Amana Eastleigh Supermarket
45. Antraca Supermarket
46. Ukay Centre

47. K and A Self Selection Store Ltd
48. T-Mall
49. The Junction Ltd
50. A One Supermarket Ltd
51. Easy Mart Supermarket Ltd
52. Esajo Supermarket
53. Fair Price Supermarket
54. Fairlane Supermarkets Ltd
55. Foodies Supermarket
56. Fourty Six Supermarket
57. Galmart Supermarket
58. Home Choice Supermarket Ltd
59. Home Depo Supermarket
60. Homecare Enterprises Ltd
61. Homechoice Supermarket
62. Horizon Ivato Supermarket (K) Ltd
63. Janamu Supermarket
64. Jeska Supermarket Ltd
65. Jokies Super Market
66. Jopampa Provision Store
67. Jossics Suprmarket
68. K and A Self Selection Store Ltd
69. Kaaga Mini Market Ltd
70. Kalumos Trading Co Ltd
71. Karia Supermarket
72. Kassmatt Supermarket
73. Kawangware Royal Supermarket
74. Kibao Supermarket
75. Leestar Supermarket
76. Lumumba Drive Supermarket
77. Mesora Supermarket Ltd
78. Metro Cash and Carry (K) Ltd - Embakasi Branch
79. Midas Supermarket Ltd
80. Mumtaz Supermarket
81. New Generation Stores
82. New Westlands Stores Ltd
83. On the Way Ltd
84. Panje Supermarket
85. Parklands Price Rite Ltd
86. Paul F *Supermarkets*
87. Quickmart Supermarket - Ruai Branch
88. Rikana Supermarkets
89. Sales Fair Traders
90. Sarabi Mart
91. Seraben Supermarket
92. Skymart

93. Stagen Enterprises Ltd
94. Stop and Shop Supermarket
95. Sundus Supermarket
96. Tesco Corporation Ltd
97. Tumaini Self Service Ltd
98. Tusker Mattresses Ltd - Tuskys Pioneer Branch
99. White Candle Supermarket
100. Wateule Supermarket
101. Waiyaki Way Supermarket
102. Ukwala Supermarket Ltd - Tom Mboya Branch
103. Nakumatt Holdings Ltd - Head Office Branch
104. Tusker Mattresses Ltd - Tuskys T Mall Branch
105. Tusker Mattresses Ltd - Tuskys Adams Arcade Branch
106. Tusker Mattresses Ltd - Tuskys Athi River Branch
107. Tusker Mattresses Ltd - Tuskys Hyrax Store Branch
108. Uchumi Supermarkets Ltd - Koinange Street Branch
109. markets Ltd - Taj Mall Hyper Branch
110. Uchumi Supermarkets Ltd - Mombasa Rd Hyper Branch