EFFECT OF SUPPLY CHAIN MANAGEMENT PRACTICES ON PERFORMANCE OF BARCLAYS BANK OF KENYA LIMITED

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DECLARATION

Student's Declaration

I hereby declare that the work presented herein is my original work and has never been presented for any other academic reward in any other institution.

Signature…………………………. Date ……………………………

<u>Supervisor's Approval</u>

This work has been submitted for examination with my approval as the supervisor.

Signature………………………… Date …………………………….

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Above all, to the God Almighty, the author of knowledge and wisdom, for his countless love.

DEDICATION

I dedicate my Dissertation work to my family whose words of encouragement have helped me throughout my life.

I also dedicate this dissertation to my friends who have supported me throughout the process. I will always appreciate what they have done.

ABSTRACT

Increased competition in today’s global markets, the introduction of products with shorter life cycles, and the heightened expectations of customers have forced businesses to invest in and focus attention on their supply chains.The use of effective supplychain management(SCM) practices has become a potentially valuable way of securing competitive advantage and improving organizational performance.The objective of this study is to establish the effect of supply chain management practices on performance of Barclays Bank Kenya Limited.The research is a case study as well as a causal research which was carried out to identify the extent and nature of cause and effect relationship between the variables. Primary data was collected by use of a questionnaire. Data analysis was by descriptive statistics and inferential analysis. From The results, the study depicted that supply chain management practices positively influence performance of the organization. Order fulfilment practices had the greatest effect with a mean of 2.27 while just in time had the lowest mean of 1.55.Various performance indicators were also cited, all of them giving a positive mean of between 1.53 to 2.12.In conclusion, supply chain management practices affect performance of the organization and that most heads of departments are aware of supply chain management practices and satisfied to a great extent with the banks performance.This study recommends that proper measures be put for each of the supply chain management practice that match up with those of performance of commercial banks. The management must establish metrics in supply chain and show a clear link on all performance indicators.

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LIST OF ABBREAVIATIONS AND ACRONYMS

ATM: Automatic Teller Machine

CBK: Central Bank of Kenya (CBK),

CLM: Council of Logistics Management

CSCMP: Supply Chain Management Professionals

JIT: Just In Time

PAT: Principal-Agent theory

PWC: Price Water Coopers

RBV: Resource Based Value

SCM: Supply chain management

SPSS: Statistical Package for Social Sciences

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Increased competition in today's global markets, the introduction of products with shorter life cycles, and the heightened expectations of customers have forced business enterprises to invest in, and focus attention on, their supply chains (Christopher & Towill, 2000). This, together with continuing advances in communications and transportation technologies (for example; mobile communication, Internet, and overnight delivery), has motivated the continuous evolution of the supply chain and of the techniques to manage it effectively.

Supply chain management is a set of approaches utilized to efficiently integrate suppliers, manufacturers, warehouses, and stores, so that merchandise is produced and distributed at the right quantities, to the right locations, and at the right time, in order to minimize system wide costs while satisfying service level requirements (Christopher & Towill, 2000). SCM is management of material and information flow in a supply chain to provide the highest degree of customer satisfaction at the lowest possible cost. Li et al. (2005) defined SCM practices as the set of activities undertaken by an organization to promote effective management of its supply chain. From literature review and consolidation they were able to identify six dimensions of SCM practices: strategic supplier partnership, customer relationship, information sharing, information quality, internal lean practices and postponement.

Corporate SCM practices relate to supply chain integration, information technology and sharing, just-in-time, supplier relationship, customer relationship, and geographical proximity. Functional SCM practices relate to issues regarding supply and materials management, internal operations (divided by new product development, just-in-time, and quality), and customers and distribution (Christopher & Towill, 2000).

SCM requires commitment of supply chain partners to work closely to coordinate order generation, order taking and order fulfillment thus, creating an "extended enterprise" spreading far beyond the producer's location. Supply chains encompass the companies and the business activities needed to design, make, deliver and use a product or service. Businesses depend on their supply chains to provide them with what they need to survive and thrive. Every business fits into one or more supply chains and has a role to play in each of them (Li et al., 2005).

Various theories that guide on effective supply chain management and its benefits in clued the systems theory, resource based theory and the principle agent theory. Supply chain management is also the integration of key business processes from initial raw material extraction to the final or end customer, including intermediate processing, transportation and storage activities and final sale to the end customer. Organizations/ Firms with large system inventories, many suppliers, complex product assemblies, and highly valued customers with large purchasing budgets have the most to gain from the practice of supply chain management (Christopher & Towill, 2000).

The pace of change and the uncertainty about how finacial markets will evolve as with the commercial banks in kenya has made it increasingly important to be aware of the supply chains they participate in and to understand the roles that they play. Those banks that learn how to build and participate in strong supply chains will have a substantial competitive advantage in markets.

The contextual argument is that Barclays bank, Kenya is a significant buyer of products and services. The bank works in partnership with other suppliers to manage the social and environmental impacts associated with these, focusing in particular on organisations that might present higher levels of risk in relation to the services they provide. According to its profile, Barclays bank is committed to working with suppliers that share its values in all the locations in which we operate. The bank is also committed to treating its suppliers with respect being an international bank has its signatory to the UK Prompt Payment Code, committing us to paying suppliers on time and encouraging best practice (www.barclay.com).

1.1.1 Concept of Supply Chain Management practices

A supply chain is the network of all the individuals, organizations, resources, activities and technology involved in the creation and sale of a product, from the delivery of source materials from the supplier to the manufacturer, through to its eventual delivery to the end user (Carr & Pearson, 2002).

Supply chain management is the streamlining of a business' supply-side activities to maximize customer value and to gain a competitive advantage in the marketplace. Supply chain management (SCM) represents an effort by suppliers to develop and implement supply chains that are as efficient and economical as possible. Supply chains cover everything from production, to product development, to the information systems needed to direct these undertakings (Joel, 2010). Typically, SCM will attempt to centrally control or link the production, shipment and distribution of a product. By managing the supply chain, companies are able to cut excess fat and provide products faster. This is done by keeping tighter control of internal inventories, internal production, distribution, sales and the inventories of the company's product purchasers. SCM is based on the idea that nearly every product that comes to market results from the efforts of various organizations called the supply chain. Although these supply chains have existed for ages, until recently most companies have paid only scant attention to them (Joel, 2010).

Supply chain management (SCM) is the oversight of materials, information, and finances as they move in a process from supplier to manufacturer to wholesaler to retailer to consumer. Council of Supply Chain Management Professionals (2010) defined supply chain as material and informational interchanges in the logistical process, stretching from acquisition of raw materials to delivery of finished products to the end user. All vendors, service providers, and customers are links in the supply chain.

Christopher (1992) defined supply chain as the network of organizations that are involved, through upstream and downstream linkages, in the different processes and activities that produce value in the form of products and services delivered to the ultimate consumer. Coyle, Langley, Novak & Gibson (2013) define supply chain as a series of integrated enterprises that must share information and coordinate physical execution to ensure a smooth, integrated flow of goods, services, information, and cash through the pipeline. The three main flows of the supply chain are the product flow, the information flow and the finances flow. SCM involves coordinating and integrating these flows both within and among companies.

The concept of Supply Chain Management is based on two core ideas (Coyle. et.al, 2013). The first is that practically every product that reaches an end user represents the cumulative effort of multiple organizations. These organizations are referred to collectively as the supply chain. The second idea is that while supply chains have existed for a long time, most organizations have only paid attention to what was happening within their "four walls." Few businesses understood, much less managed, the entire chain of activities that ultimately delivered products to the final customer. The result was disjointed and often ineffective supply chains.

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 (Coyle. et.al, 2013). 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 (Vokurka & Lummus, 2000).

The use of effective supplychain management (SCM) practices has become a potentiallyvaluable wayof securing competitive advantage and improving organizational performance since competition is no longer between organizations, but among supplychains. SCM practices as the set of activities undertaken by an organization to promote effective management of its supplychain have been found to influence of a firm to a great extent. The practices of SCM are proposed to be a multi-dimensional concept, including the downstream and upstream sides of the supplychain. Various studies that have been conducted suggest that SCM practices will have an impact on organizational performance both directly and also indirectlythrough competitive advantage which enhances performance in firms (Baiman & Rajan, 2002; Aseka, 2010; Ahuja, 2000). Also, Van, (2008) identifysix aspects of SCM practice through factor analysis: supply chain integration, information sharing, supplychain characteristics, customer service management, quality control, demand management, geographical proximityand JIT capability.

1.1.2 Organizational Performance

Firm performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives). Performance involves the ability of an organization to fulfill its mission through sound management, strong governance and a persistent rededication to achieving results. Effective organizations are mission-driven, adaptable, customer-focused, entrepreneurial, outcomes oriented and sustainable. Creating flexible, high-performing, learning organizations is the secret to gaining competitive advantage in a world that won’t stand still. Performance measures can be financial or nonfinancial. Both measures are used for competitive firms in the dynamic business environment (Doyle & Stern, 2006). In a well defined organization, performance indicators of an effective supply chain management and practices results in outcomes (Profitability, market share (customers), growth in assets, share holder value, increased supplier relationships and increased customer satisfaction) (Doyle & Stern, 2006).

Financial measures of firm performance include; return on assets, return on sales, return on equity, return on investment, return on capital employed and sales growth. Accounting measures have several strengths. They are widely available because governments require firms to publish accounting data and the fact that they are subject to internal controls within firms enhances their reliability. Non-financial firm performance measures include; opportunities to maximizing returns on investment at minimal costs, promote stakeholder relations between customers, suppliers, investors, and competitors, increase profits, volume of sales, market share, development of new products, and communication within and outside the organization. But the foundation of long-term performance is lifetime customer value; the revenue customers generate over their lives, less the cost of acquiring, converting, and retaining them (Galvin,et al 2005).

1.1.3 The Banking Industry in Kenya

The banking industry in Kenya has emerged as one of the fast growing sector in the economy. The growth has been mainly underpinned by; firstly an industry wide branch network expansion strategy both in Kenya and in the East African community region. The banking industry is governed by the Companies Act, the Banking Act, and the Central Bank of Kenya Act. Central Bank of Kenya (CBK), which falls under the

Minister of finance docket, is mandated to formulate and implement monetary policies and to foster liquidity and solvency and foresee the proper functioning of the financial systems in the country (PWC, 2010). This sector was liberalized in 1995 and exchange controls lifted.

There are forty six commercial banks in Kenya, large, small and medium sized (PWC, 2010). The banks are under the Kenya Bankers Association which serves as a lobby for the banking sector's interests. The banks offer both corporate and retail banking services depending with clientele that the banks serve. With increased competition in the industry banks are also embracing technology in their service delivery. To this regard, most banks have installed ATM (Automatic Teller Machines) in order to increase their network coverage. Quite a good number of banks too have also introduced Agency Banking, where they have recruited agents to offer flexible banking services on their behalf in both the rural and urban centers; and especially in areas where the banks do not have branches.

1.1.4 Barclays Bank, Kenya Limited

Barclays Bank has operated in Kenya for over 97 years. Financial Strength coupled with extensive local and international resources have positioned Barclays Bank of Kenya as a top provider of financial services in the market. With an extensive footprint of 119 outlets and over 230 ATMs spread across the country the banks boasts of years of superb financial performance that has built confidence among the Bank's shareholders, as well as a reputation as one of the leading blue chip companies on the Nairobi Stock Exchange. The bank also has a robust Internet and Mobile Banking platforms as well as a 24/7 call centre that offers superior service to all customers (www.barclays.co.ke).

The institution serves the banking needs of large and small business customers as well as individuals. The bank whose goal is to build not only a sustainable, trusted business, but a business which customers and clients consider as the first choice for answers and solutions- provides a full spectrum of solutions ranging from personal banking, credit cards, corporate, investment banking, wealth and investment management to its customers across the country (www.barclays.co.ke).

The shares of stock of Barclays Bank of Kenya are listed on the Nairobi Stock Exchange (NSE), where they trade under the symbol: BARC. Before 2013, The bank is a subsidiary of Barclays Bank Plc. (through Barclays Africa), an International financial services conglomerate, whose shares of stock are listed on the London Stock Exchange under the symbol: BARC and on the New York Stock Exchange (NYSE) under the symbol: BCS. In 2013, Barclays Plc. adopted the combined strategy to operate as “One Bank in Africa” with an aim of increasing efficiency and boosting returns from the African Units. This led to the merging of all Barclays Plc. businesses in Africa (other than Egypt and Zimbabwe units) through Absa Group Limited, leading to the formation of Barclays Africa Group. The stock of Barclays Africa Group, which owns 68.5% of Barclays Bank of Kenya, is listed on the JSE (www.barclays.co.ke).

As a major global financial services organization, the management advocates on the need for different thinking, new ideas and fresh perspectives and thus strive to have a diverse workforce that is able to anticipate and deliver and the needs of our customers in the various markets segments. In order to achieve this, Barclays has embraced the diversity and inclusion agenda globally; the bank continuously harness differences ranging from age, disability, education, ethnicity, gender, religion and beliefs, social background to create an environment where everyone can contribute to the best of their ability so as to not only maintain our lead position in the banking industry but also to contribute to the country's economic growth (www.barclays.co.ke).

1.2 Research Problem

A study on effect of supply chain management practices on perfomance of banks cannot be overlooked. The ability to design, plan and operate a progressively more complex global network of products, suppliers, facilities and customers is often the backbone to successfully execute the corporate business strategy (Germain, Claycomb, Dröge, 2008). Supply chains are dynamic in nature and require constant revision and fine-tuning at various levels to make sure that any undesired performance is identified, analyzed and improved. Today, the practice of supply chain management is becoming extremely important to achieve and maintain competitiveness (Germain, Claycomb, Dröge, 2008). Best practices that enhance performance in financial organizations as conceptualized by Sweeney (2011) include; customer and supplier management, product development, returns management, order management, demand management and many more.

İn the Kenyan context, Supply Chain (SC) in the banks includes all the activities that must take place to get the right product into the right consumer’s hands in the right quantity and at the right time from raw materials extraction to consumer purchase (for example, the making of ATMs. As noted by Wesley (2011) many banks in Kenya are just beginning to realize the advantages of effective supply chain practices and integration. As markets, political forces, technology and competition change around the world, the practice of supply chain management in the banks must also change. Hence the reason to undertake this study.

Barclays bank is a large financial institution in Kenya, with an estimated asset base in excess of US$2.329 billion (KES: 200.975 billion), as of March 2014. Barclays Bank of Kenya was the fifth-largest commercial bank in Kenya, by assets, behind KCB Group, Equity Bank Group, Cooperative Bank and Standard Chartered Kenya (www.barclays.co.ke). To enhance its practices for optimum performance, Barclays bank conduct a risk assessment for all new suppliers above certain spend thresholds, depending on region, business division and spend type. This requires the completion of a questionnaire on aspects of the business relationship, including sustainability criteria which cover both the social and environmental elements of our Citizenship objectives. All suppliers identified through this process as high-risk (or 'in scope') from both a commercial and a sustainability perspective will have specific terms in their contract to manage the issues identified. For example, these could relate to health and safety, diversity and inclusion, human rights or the environment. High-risk suppliers are also subject to a rolling three-year audit cycle and annual self-certification process. Results from these are assessed by the supplier relationship manager and remediation plans developed where necessary. In instances where remediation activities cannot be agreed or met, an escalation route will be followed to the accountable executive. As far as Barclays Bank would like to improve on their overall perfomance, effective application of supply chain practices is vital. Supply chain at the bank has been effective making barclays the best in terms of performance and asset base. The intention of the study is to find out the supply chain practices in place at Barclays Bank and their effect on perfomance of the bank in terms of profitability, shareholder value, increased market share and other performance indicators (Barclays Bank Annual Report, 2013).

Various studies on supply chain has been done in Kenya. For example, Mungatia (2011) did a study on the effectıveness of supply chaın strategy ın disaster management in world vision kenya. Aseka (2010) conducted a study on supplier Selection Criteria and Performance of manufacturıng firms listed in the Nairobi Stock Exchange while; Joel, (2010) did a study on challenges facıng supply chain management in the oil marketıng companies in Kenya. None of these studies was conducted in the banking industry while at the same time, the studies did not look into supply chain practices and their effect on perfomance of the studied companies depicting a study gap. This study therefore sought to fill this gap and by establishing the effect of supply chain practices on performance of companies in the banking sector in the case of Barclays Bank of Kenya Limited. This study sought to answer the question; What is the effect of the supply chain management practices on performance of Barclays Bank, Kenya limited?

1.3 Research Objective

The objective of this study was to establish the effect of supply chain management practices on performance of Barclays Bank of Kenya Limited.

1.4 Value of the Study

This study will be valuable to the management at Barclays bank. The mangers may consider the results of this study which may help them gain more understanding on supply chain management practices. From the results, the managers may either draw strategies or improve the current policies that govern supply chain management in their organization.

The government, policy makers and probably the donors would be in a position to understand the effect of supply chain practices on performance of companies. The information may later be used to enhance performance of the companies concerned in terms of availing information that pertains to policy and processes improvement in the supply chain.

Future researchers and academicians may add to their knowledge on the topical issue of impact of supply chain management practices influence on performance of organizations. In this case, the researchers may use the results and recommendations of this study as a foundation of their literature reviews.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presented the literature reviewed on the concepts of the study which were on the effect of supply chain management practices on performance of organizations. The main areas were presented based on author's arguments and assertions are; concept of supply chain management, supply chain management practices, factors influencing supply chain in organizations, concept of organization/firm performance and the conceptual framework.

2.2 Theories underlying this Study

Various theories that may try to explain this research exist. However, the two theories below formed the basis of this research as they explain broadly the relationship between the two variables.

2.2.1 Resource Based View

In the world economy, all firms are looking to cost-down and provide real-time delivery. The resource-based view of the firm (RBV) combines two perspectives: the internal analysis of phenomena within a company, and an external analysis of the industry and its competitive environment. Specifically, the RBV considers the firm as a bundle of resources: tangible resources, intangible resources, and organizational capabilities. Competitive advantages that are sustainable over time generally arise from the creation of bundles of resources and capabilities. For advantages to be sustainable, four criteria must be satisfied: rareness, valuable, difficulty in imitation, and difficulty in substitution.

Such an evaluation requires a sound knowledge of the competitive context in which the firm exists (Wernerfelt, 1984).

Resource-based view is an important element in organization. Wernerfelt (1984) argues that it is possible to find the optimal product-market activities by specifying a resource profile for a firm. According to the resource baced value, supply chain as used here denotes the channel of firms and intermediaries through which a product moves from the original sources of its basic raw materials through conversion/manufacture and then distribution in its finished form to the ultimate consumers. Hence a given firm must result in a resource based value before considering other actions as managers understand that all the suppliers should react to the changes from the supply chain. The supply chain is compressed to be very flexible to changes from the market (Wernerfelt, 1984).

2.2.2 Systems Theory

Systems theory is the interdisciplinary study of systems in general, with the goal of elucidating principles that can be applied to all types of systems at all nesting levels in all fields of research (Erich, 1980). The term does not yet have a well-established, precise meaning, but systems theory can reasonably be considered a specialization of systems thinking; alternatively as a goal output of systems science, with an emphasis on generality useful across a broad range of systems (versus the particular models of individual fields). The systems view was based on several fundamental ideas (Erich, 1980). First, all phenomena can be viewed as a web of relationships among elements, or a system. Second, all systems, whether electrical, biological, or social, have common patterns, behaviors, and properties that the observer can analyze and use to develop greater insight into the behavior of complex phenomena and to move closer toward a unity of the sciences (Erich, 1980).

A system in this frame of reference can contain regularly interacting or interrelating groups of activities. In Supply chain management, the context System Theory brings together various components of a complex supply chain; that is the human, capital, information, materials and financial resources to form a subsystem which is then part of a larger system of supply chains or network. The theory argues that for a holistic perspective ST must be employed to understand the internal and external factors that shape an organization's supply chain performance (Aseka, 2010).

2.2.3 The Principal-Agent Theory (PAT)

Based on the separation of ownership and control of economic activities between the agent and the principal, various agency problems may arise, such as asymmetric information between the principal and the agent, conflicting objectives, differences in risk aversion, outcome uncertainty, behavior based on self-interest, and bounded rationality (Baiman and Rajan, 2002).

The contract between the principal and the agent governs the relationship between the two parties, and the aim of the theory is to design a contract that can mitigate potential agency problems (Baiman and Rajan, 2002). According to the theory, the "most efficient contract" includes the right mix of behavioral and outcome-based incentives to motivate the agent to act in the interests of the principal (Eisenhardt, 1989; Logan, 2000). The alignment of incentives is an important issue in SCM. Misalignment often stems from hidden actions or hidden information. However, by creating contracts with supply chain partners that balance rewards and penalties, misalignment can be mitigated (Narayanan and Raman, 2004).

2.3 Supply Chain Management

Cigolini et al. (2004) refers to SCM practices as techniques that managers implement in order to define how the chain operates. Their list of SCM techniques include just-in-time, logistic category management, group purchasing organizations, distribution requirements, planning, transportation optimization, continuous replenishment and VMI, reserving upstream capacity/stock, re-ordering policies, and business processes redesign. Narasimhan et al. (2008) define supply chain strategy as the pattern of decisions related to the management of supply chain operations, and emphasize the fact that they should be consistent and aligned with corporate level strategy.

The Council of Supply Chain Management Professionals (CSCMP) (2004), (formerly The Council of Logistics Management (CLM) a leading professional organization promoting SCM practice, education, and development, defines SCM as: "SCM encompasses the planning and management of all activities involved in sourcing and procurement, conversion, and all logistics management activities, including coordination and collaboration with suppliers, intermediaries, third-party service providers, and customers" (Thus the supply chain encompasses all activities involved in the production and delivery of a final product or service, from the supplier's supplier to the customer's customer). In essence, supply chain management integrates supply and demand management within and across companies (www.cscmp.org). CSCMP emphasizes that SCM encompasses the management of supply and demand, sourcing of raw materials and parts, manufacturing and assembly, warehousing and inventory tracking, order entry and order management, and distribution and delivery to the customer. Cooper et al. (1997) define SCM as the management and integration of the entire set of business processes that provides products, services and information that add value for customers.

Several authors have defined supply chain management. Christopher (1998), New and Payne (1995), and Simchi-Levi et al. (2000) define supply chain management as "the integration of key business processes among a network of interdependent suppliers, manufacturers, distribution centers, and retailers in order to improve the flow of goods, services, and information from original suppliers to final customers, with the objectives of reducing system-wide costs while maintaining required service levels" (Stapleton et al., 2006).

A supply chain is a network of organizations performing various processes and activities to produce value in the form of products and services for the end customer (Christopher, 1992). SCM concerns the integrated and process-oriented approach to the design, management and control of the supply chain, with the aim of producing value for the end customer, by both improving customer service and lowering cost (Bowersox and Closs, 1996; Giannoccaro and Pontrandolfo, 2002).

Lummus and Vokurka (1999) summarize SCM as "all the activities involved in delivering a product from raw material through to the customer, including sourcing raw materials and parts, manufacturing and assembly, warehousing and inventory tracking, order entry and order management, distribution across all channels, delivery to the customer, and the information systems necessary to monitor all of these activities.

2.4 Practices Influencing Supply Chain Management

Supply chain practices are a set of activities undertaken in an organization to promote effective Management of its supply chain. Supply chains are highly dynamic. Constant revision and fine tuning of the same is necessary in order to obtain sustainable competitive advantage. Discussed below are various supply chain practices that firms in today's global market are undertaking in order to efficiently manage their supply chains.

2.4.1 Information Sharing

Information sharing refers to "the extent to which critical and proprietary information is communicated to one's supply chain partner" (Li et al., 2006). Mentzer et al. (2000) mention that shared information can vary from strategic to tactical in nature. It could be pertaining to logistics, customer orders, forecasts, schedules, markets, or more. Information sharing refers to the access to private data between trading partners thus enabling them to monitor the progress of products and orders as they pass through various processes in the supply chain (Simatupang and Sridharan, 2002). Simatupang and Sridharan (2005) bring forth some of the elements that comprise information sharing, including data acquisition, processing, storage, presentation, retrieval, and broadcasting of demand and forecast data, inventory status and locations, order status, cost-related data, and performance status. They further add that information sharing pertaining to key performance metrics and process data improves the supply chain visibility thus enabling effective decision making. Information shared in a supply chain is of use only if it is relevant, accurate, timely, and reliable (Simatupang and Sridharan, 2005). Information sharing with trading partners enables organizations to make better decisions and to take actions on the basis of greater visibility (Davenport et al., 2001).

2.4.2 Quality Control

Quality is an important part of the supply chain, whether it is quality inspections during the manufacturing process or checking quality as raw materials and parts enter the factory. Before any part or raw material is used in a manufacturing it is the responsibility of the purchasing department to ensure that the materials that arrive are of the best quality (Cigolini, Cozzi & Perona, 2004).

Quality is important all along the supply chain, whether it checking quality at the supplier, monitoring quality along the production line, or checking final quality of the finished items before it is delivered to the customer. However, one area that is very important in the monitoring of quality is the inspection of items that arrive at the facility from your suppliers. Ensuring that the parts and raw materials are of the correct quality or specifications before the item even enters the plant are a key aspect of ensuring total quality of the finished goods (Cigolini, et.al, 2004).

2.4.3 Just in Time (JIT)

According to Musara (2012), JIT is a method of inventory control that brings material into the production process, warehouse or to the customer just in time to be used, which reduces the need to store excessive levels of material in the warehouse. Just in time (JIT) is a production strategy that strives to improve a business' return on investment by reducing in-process inventory and associated carrying costs. Just in time is a type of operations management approach which originated in Japan in the 1950s. It was adopted by Toyota and other Japanese manufacturing firms, with excellent results: Toyota and other companies that adopted the approach ended up raising productivity (through the elimination of waste) significantly. Musara (2012) asserts that to meet JIT objectives, the process relies on signals between different points, which are involved in the process, which tell production when to make the next part. Implemented correctly, JIT focuses on continuous improvement and can improve a manufacturing organization's return on investment, quality, and efficiency. To achieve continuous improvement key areas of focus could be flow, employee involvement and quality.

JIT relies on other elements in the inventory chain as well. For instance, its effective application cannot be independent of other key components of a lean manufacturing system or it can "end up with the opposite of the desired result. In recent years manufacturers have continued to try to hone forecasting methods such as applying a trailing 13-week average as a better predictor for JIT planning; however, some research demonstrates that basing JIT on the presumption of stability is inherently flawed (Liker, 2003).

2.4.4 Customer Relationship Management Practices

The customer relationship management practices provides the firm with the structure for developing and managing customer relationships. As discussed in Chapter 3, key customers are identified, their needs are determined, and then products and services are developed to meet their needs. Over time, relationships with these key customers are solidified through the sharing of product and service information, supply chain strategies, product development strategies, the formation of cross-company teams to design and improve products and services, the development of shared goals, and finally, improved performance and profitability for the trading partners. Collaboration elements also include the formation of product and service agreements to meet customer needs, decisions regarding product packaging, transportation, and storage, and the development of guidelines for sharing process improvement costs and benefits (Mentzer et al., 2000).

2.4.5 Customer Service Management Practices

The customer service management practice is what provides information to customers while also providing ongoing management of any product and service agreements between the firm and its customers. Information can be provided through a number of communication channels, including websites, group interactions, information system linkages, and printed media. Objectives and policies are developed to ensure the timely distribution of products and services to customers, to adequately respond to product and delivery failures and complaints, and to utilize the most effective means of communication to coordinate successful product, service, and information deliveries. The process also includes methods for monitoring and reporting customer service performance, which allow firms to understand the extent their management efforts are achieving the process objectives. External integration elements include the gathering of customer satisfaction feedback, the methods used for information dissemination, and the adequate and long-term solutions to customer problems and complaints (Vokurka & Lummus, 2000).

2.4.6 Demand Management Practices

According to Mentzer et al. (2000) demand management practices are processes that balance customer demand and the firm's output capabilities. Demand management activities include forecasting demand, and then utilizing techniques to vary capacity and demand within the purchasing, production, marketing, and distribution functions. Various forecasts can be used, based on the time frame, the knowledge of the forecaster, the ability to obtain customers' point-of-sales information, and the use of forecasting models contained in many ERP systems.

A number of effective techniques exist to smooth demand variability's and increase or decrease capacity when disparities exist between demand and supply. Chen & Paulraj (2004) asserts that contingency plans must also be ready for use when demand management techniques fail or when forecasts are inaccurate. Inter-company teams can thus decide how best to share new market and future purchase requirements, point of sale information, and planned production quantities. The creation of formal collaborative planning, forecasting and replenishment (CPFR) agreements is one way to share this type of information, and tends to result in lower safety stocks throughout the supply chain. Integration activities can then also include the use of forecasting techniques, purchasing agreements, and order quantity decisions (Chen & Paulraj, 2004).

2.4.7 Order Fulfillment

The order fulfillment process is the set of practices that allows the firm to fill customer orders while providing the required levels of customer service at the lowest possible delivered cost (Christopher & Peck, 2004). Thus, the order fulfillment process must internally integrate the firm’s marketing, production, and distribution plans as well as allow customers to provide input in order to be effective.

More specifically, the firm’s distribution system must be designed to provide adequate customer service levels, and the production system must be designed to produce at the required output levels, while marketing plans and promotions must consider the firm’s output and distribution capabilities. Related order fulfillment issues are the location of suppliers; the modes of inbound and outbound transportation used; the location of production facilities and distribution centers; and the systems used for entering, processing, communicating, picking, delivering, and documenting customer orders. The order fulfillment process according to Cigolini, Cozzi & Perona (2004) must integrate closely with customer relationship management, customer service management, supplier relationship management, returns management, and directly with key suppliers and customers to ensure that customer requirements are being met, customer service levels are being maintained, suppliers are helping to minimize order cycle times, and customers are getting undamaged, high-quality products on time.

2.4.8 Flow Management

The manufacturing flow management process is the set of practices responsible for making the actual product, establishing the manufacturing flexibility required to adequately serve the markets, and designing the production system to meet cycle time requirements (Li, Rao, Ragu-Nathan & Ragu-Nathan, 2005). To be effective, manufacturing flow management activities must be interfaced with the demand management and customer relationship management processes, using customer requirements as inputs to the process. As customers and their requirements change, so too must the supply chain and the manufacturing flow processes change, to maintain overall competitiveness. Close collaboration between the firm and its customers can quickly translate changing customer requirements into new flow management solutions (Li et.al, 2005).

Manufacturing flow characteristics also impact supplier requirements. For instance, as manufacturing batch sizes and lead time requirements are reduced, supplier deliveries must become smaller and more frequent, causing supplier interactions and supplier relationships to potentially change solutions (Li et.al, 2005). The importance of an adequate material planning system connecting customers, the firm, and suppliers should become evident here, as customer requirements must be translated into production capabilities and then supplier requirements. As with other processes, a good set of performance metrics should also be utilized to track the capability of the manufacturing flow process to satisfy demand (Tan, Lyman & Wisner, 2002).

2.4.9 Supplier Relationship Management Practices

The supplier relationship management defines how the firm manages its relationships with suppliers. Firms in actively managed supply chains seek out small numbers of the best performing suppliers and establish ongoing, mutually beneficial, close relationships with these suppliers in order to meet cost, quality, and/or customer service objectives for key materials, components, and products. Integration activities in this process include screening and selecting suppliers, negotiating product and service agreements, developing or improving supplier capabilities, and then monitoring supplier performance and improvement initiatives.

Vokurka & Lummus (2000) asserts that key suppliers most likely have a cross-functional team to manage their progress towards meeting the firm's current and long-term requirements and establishing a record of performance improvement over time. Supplier relationship management personnel routinely communicate with production personnel to obtain feedback on supplier and purchased item performance, and with marketing personnel to obtain customer feedback. This information can then be passed along to suppliers during periodic performance review meetings.

2.4.10 Product Development Practices

The product development and commercialization process is responsible for developing new products to meet changing customer requirements and then getting these products to market quickly and efficiently (Vokurka & Lummus, 2000). In actively managed supply chains, key customers and suppliers are involved in the new product development process to ensure that products conform to customers' needs and that purchased items meet manufacturing requirements.

External integration activities in the product development and commercialization process include the development of customer feedback mechanisms; the formation of new product development teams that include customer and supplier representatives; assessing and selecting new product ideas based on supplier capabilities and advanced supplier component knowledge, resource requirements, customer needs, and fit with existing infrastructure; designing and testing new product prototypes; determining marketing channels and rolling out the products; and finally, assessing the success of each new product. Successful new product development hinges on the involvement of external customers and suppliers, and on the internal integration of manufacturing, marketing, purchasing, and finance personnel (Vokurka & Lummus, 2000).

2.4.11 Returns Management

The returns management process, given little importance in some organizations, can be extremely beneficial for supply chain management in terms of maintaining acceptable levels of customer service and identifying product improvement opportunities. Returns management activities include environmental compliance with substance disposal and recycling, composing operating and repair instructions, troubleshooting and warranty repairs, developing disposal guidelines, designing an effective reverse logistics process, and collecting returns data (Vokurka & Lummus, 2000). Returns management personnel frequently interact with customers and personnel from customer relationship management, product development and commercialization, and supplier relationship management during the returns process (Walker, 2005).

Walker (2005) states that one of the goals of returns management is to reduce returns. This is accomplished by communicating return and repair information to product development personnel, suppliers, and other potential contributors to any returns problems to guide the improvement of future product designs. Transportation and distribution services may also be included in the returns feedback communication loop. Product recalls, typically initiated because of safety or quality problems, involves informing customers and determining the most effective return, repair, and/or replacement procedures. Other collaboration activities for the returns management process include developing policies for disposing of hazardous materials and recovering waste packaging across the supply chain (Wisner, 2003).

For each of the key supply chain processes identified, objectives and policies should be co-developed between supply chain members to achieve the overall supply chain strategies. Additionally, consistent objectives within each functional area of the firm for each process help to integrate the processes internally, as well as focus efforts and firm resources on supporting the supply chain strategy. Internal process integration, trading partner relationships, and external process integration are thus all interrelated. As internal integration efforts get underway, the need for external integration becomes apparent (Wisner, 2003). This, over time, creates the need for close working relationships among supply chain members.

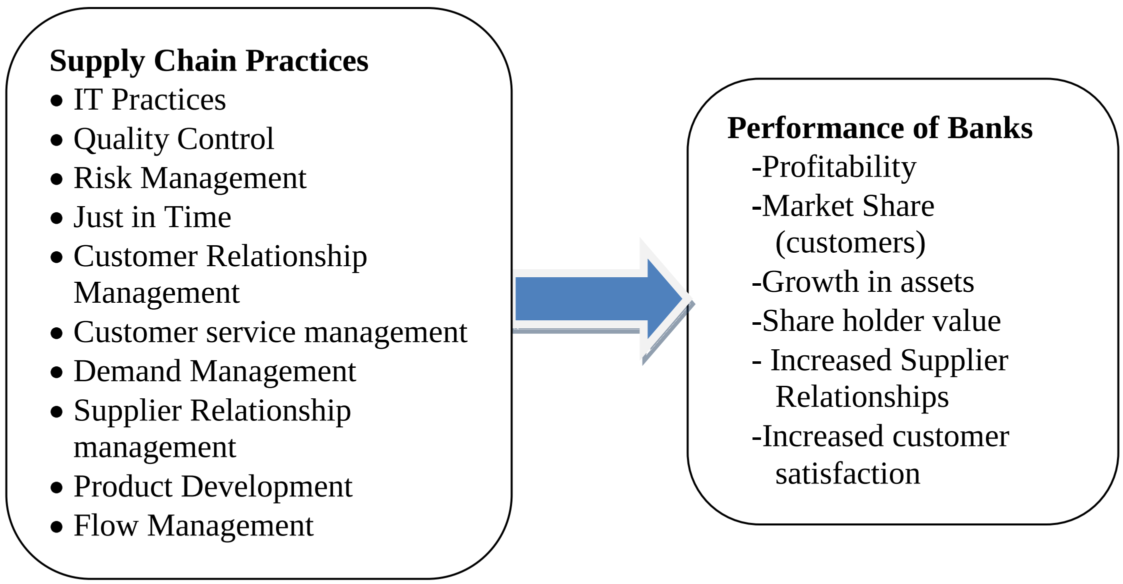
For instance, if the supply chain strategy is to compete using low-cost objectives, the customer relationship management process might be to find cheaper delivery alternatives that still meet customer requirements, develop vendor-managed inventory capabilities with suppliers, and to automate the customer order process while communicating the new order process to customers. Production objectives might be to develop bulk packaging solutions consistent with customer order quantities and distribution systems used, to increase mass production capabilities, and to identify the lowest total cost manufacturing sites for specific products. Purchasing objectives might be to identify the least expensive materials and components that also meet specifications, and develop other cost-saving ideas for purchased items with input from suppliers. Firms should similarly progress through each of the key processes using teams of employees, customers, and suppliers to develop process objectives and policies (Wisner, 2003).

2.5 Organization Performance

The performance is usually evaluated by estimating the values of qualitative and quantitative performance indicators (e.g., profit, number of clients, costs) (Nowesnick, 1993). It is essential for a company to determine the relevant indicators, how they relate to the formulated company goals and how they depend on the performed activities. Nowadays many managers recognize this and put conscious effort in defining company-specific goals, performance indicators and evaluate them. However in practice such analysis is usually done in an informal, ad-hoc way and will benefit from a more systematic approach (Chan, 2003).

The first step towards an improvement in this area is to make explicit the available knowledge on performance indicators and how they are related. In order to use this knowledge in a modern framework for organization modelling it is necessary to formalize the concept of a performance indicator together with its characteristics, relationships to other performance indicators and relations to other formalized concepts such as goals, processes and roles. This will not only contribute to the design and analysis of organizations and the evaluation of their performance but will also enable reuse, exchange and alignment of knowledge and activities between organizations (for example supply chains) (Hendricks & Singhal, 2003). Every task in an organization contributes to the satisfaction of one or more organizational goals through performing its process instances. Each goal is formed based on a certain performance indicator(s) which can be measured (directly or indirectly) during or after the process execution depending on the goal evaluation type in the end or during a certain period of time (evaluation period defined as goal horizon) (Nowesnick, 1993).

2.6 Conceptual Framework



Independent Variables **Dependent Variables**

Figure 2.1: Conceptual Framework

(Source: Author, 2014)

The conceptual framework above explains the independent and dependent variables and the way they relate to each other. in this case; it practices, quality control, risk management, just in time, customer relationship management, demand management supplier relationship management, product development and flow management acts as the independent variables while performance of banks is the dependent variable respectively where each of them can either positively or negatively affect.

CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This chapter presented in detail the methodology to be adopted in carrying out the study. It covered the following aspects: research design, target population of the study, sample and sampling method, instruments for collecting data, procedure for collecting, analyzing and presenting data.

3.2 Research Design

The research is a case study as well as a causal research design which involves estimating the causal effect between variables. The Causal research design was carried out to identify the extent and nature of cause and effect relationship between the variables. John Duduvosky (2013) stated that a causal research can be conducted in order to asses impacts of specific changes on existing norms and processes while offering great levels of validity due to systematic selection of subjects. The design is therefore suitable to enable the researcher to determine the nature of the relationship between the causal variables and the effect to be predicted.

3.3 Data Collection

There are two types of data; Secondary and primary data. The study collected primary data where the target was the Barclays Bank of Kenya, Head office Branch Nairobi County. The respondents (Unit of Analysis) was all the heads of the departments (IT, Finance, HR, Operations, Credit, Marketing, Insurance etc.) who were supplied with the questionnaire. The total number of head of departments and their assistants is 30. The questionnaire was designed in a structured manner which captures all the variables under study. In this case, there were both closed and open-ended questions which allow for various responses by the respondents. Research assistants were educated on the requirements of the study. These were administered through drop and pick method to the respondents. The questionnaire was ideal because the researcher gave the respondents an opportunity to respond at their convenience. The questions were organized in a way that made it easy for the respondents to understand.

3.4 Data Analysis

Data analysis is the process of bringing order, structure and meaning to the mass of information collected (Mugenda and Mugenda, 1999). The data was both quantitative and qualitative in nature. The quantitative data obtained from the closed-ended questions was organized, categorized, coded (assigning numerical or other identifying signs or symbols to different data categories) then run their frequencies using Statistical Package for Social Sciences (SPSS Version, 20.0). The SPSS program Version. 20.0 was used as the only statistical tool of computation of the required parameters. The results obtained from the closed-ended items was coded and descriptive statistics involving frequencies, percentages, graphs , charts and measures of central tendency such as mean, standard deviation was used to report the data. Any qualitative raw data was analysed by use of content analysis. Besides, inferential statistics was conducted to establish the extent to which the research variables affect the dependent variable where the regression model was of the type;

3.4.1 The Model

To capture the causal relationship between the variables, a linear model with the following specification was estimated.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 + \beta_9 X_9 + \varepsilon \ldots\ldots\ldots\ldots\ldots 1$$

Where Y is the dependent variable while the independent variables are; $X_{1=}$ information sharing, $X_{2=}$ customer relationship, $X_{3=}$ customer service, $X_{4=}$ demand management, $X_{5=}$ order fulfilment, $X_{6=}$ flow management, $X_{7=}$ supplier relations, $X_{8=}$ product development, $X_{9\,=}$ Just in Time, $X_{9=}$ returns management and Y is supply chain management which is the dependent variable. E is an error term that is expected to have a constant variance and a mean of zero, it is a white noise. β_i where i=0, 1,2,3,4,5,6,7,8 and 9 are the coefficients to be estimated. The prior signs for the slope coefficients are expected to be positive and statistically significant.

CHAPTER FOUR: DATA ANALYSIS, INTERPRETATION AND PRESENTATION

4.0 Introduction

This chapter presents the data analysis, interpretation and presentation of findings on the effect of supply chain management practices on performance of Barclays Bank of Kenya Limited. Data was analyzed using SPSS .The study relied on both descriptive and inferential statistics in analysis.

4.1 Response Rate

A total of 30 questionnaires were distributed to the respondents at Barclays bank. Out of the total, 30 respondents filled and returned the questionnaires thereby giving a response rate of 100%. Mugenda & Mugenda assert that a response rate of 75% and above is adequate for a given academic research and hence we conclude that the current response rate for this study was very adequate.

4.2 Demographic Information of the Respondents

The study required to establish the demographic information of the respondents. The section below presents all the background information of the respondents as was sought by the study

Table 4.1: Gender

	Frequency	Percentage
Male	18	60
Female	12	40
Total	30	100

Source: Researcher, 2015

The preliminary analysis reveals that majority of the respondents who took part were male as shown by 60% while the rest were female as shown by 40% respectively. This implied that there was an equal distribution of views from male and female staff from Barclays Bank limited. The table 4.2 below presents the age distribution of the respondents.

Table 4.2 : Age distribution of Respondents

Age Bracket	Frequency	Percentage
18-30	8	26.67
31-43	13	43.33
44-56	6	20
57 & above	3	10
Total	30	100

Source: Researcher, 2015

The table above presents the findings on age bracket of respondents. The table reveals that majority of the respondents shown by 43.33% were aged between 31-43 years, 26.67% were aged between 18-30 years, 20% were aged between 44-56 years while only 10% of the respondents were aged 57 years and above.

The study also captured the frequency distribution of the academic qualifications of the respondents in the table below

Table 4.3: Respondent's level of education

	Frequency	**Percentage**
Secondary	3	10
Middle Level College	11	36.67
University	16	53.33
Total	30	100

Source: Researcher, 2015

Respondents were required by the study to indicate their level of education. On this question, 53.33% of the respondents indicated that they had acquired university education, 36.67% indicated middle level college education while the rest as shown by just 10% had acquired secondary level education. This is an implication that most of the respondents were educated enough to understand the concepts of supply chain and performance sought by the study.

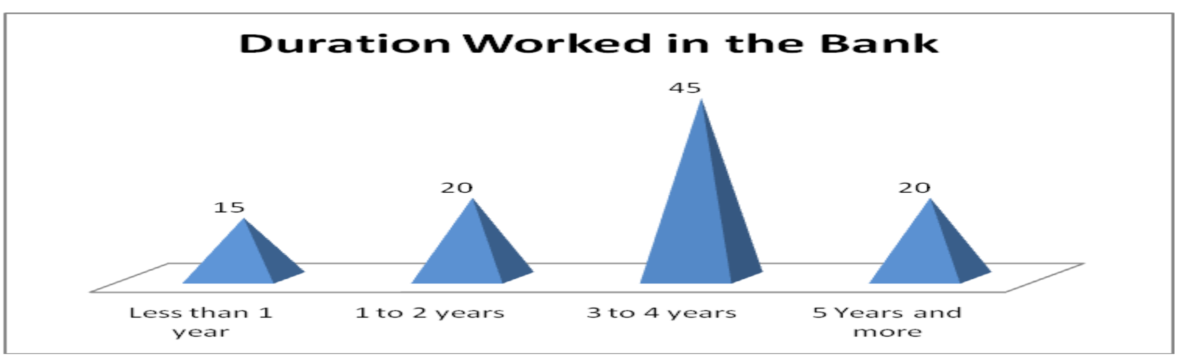
Table 4.4: Duration respondent has been working in the bank

Duration	Frequency	Percentage
Less than 1 year	5	15
1 to 2 years	6	20
3 to 4 years	13	45
5 Years and more	6	20
Total	30	100

Source: Researcher: 2015

Respondents were required yet to indicate the Duration they had been working in the bank. According to the results displayed in the table above, it was established that majority of the respondents had worked for the bank for a duration of 3-4 years as shown by 43.33%, 1-2 years as shown by 20%, 5 years or more as shown by 20% and less than 1 years as shown by 16.67% respectively. The figure below presents the information on duration respondent has worked at Barclays Bank;

Figure 4.2: Duration respondent has worked at Barclays Bank



Source:Researcher: 2015

4.3 Awareness of Supply Chain Practices

The researcher required the respondents to indicate what they understood what supply chain is about. On this open ended question, most of the respondents indicated that supply chain practices are the various activities that require planning and management of both during sourcing and procurement.

Table4.5: Whether respondent is aware of supply chain management department/bank

	Frequency	**Percentage**
Yes	22	75
No	8	25
Total	30	100

Source: Researcher; 2015

The study sought to know from the respondents whether they were aware of supply chain management department/bank. According to the findings, majority of the respondents shown by 75% said that they were aware of supply chain management department/bank. Only 25% of the respondents claimed not being aware of supply chain management in the bank

Table 4.6: Extent respondents were aware of some supply chain management practices at Barclays Bank

Practices	Very great extent (%)	Great extent (%)	Moderate extent (%)	Little extent (%)	No extent (%)	Mean score	Std. dev.
Am aware of the Information sharing in the organization	11	89	0	0	0	1.89	0.172
The organization have appropriate technology in place to enhance information sharing	6	88	2	2	2	2.06	0.187
Quality control is a daily activity in this organization in enhancing effective supply chain management	16	74	10	0	0	1.94	0.176
To help improve customer satisfaction, greater emphasis is given to the aspect of quality in the supply chain.	23	66	10	1	0	1.89	0.172
Am aware of inventory and production principles in the organization	20	60	14	4	2	2.08	0.189
Ideal goal of JIT in our organization is synchronizing demand and production to no units of product until an order is given	15	55	23	0	7	2.29	0.208
Am aware of Customer relations practices in the organization	7	43	26	23	1	2.68	0.244
JIT eliminates unneeded production, unwanted	20	40	26	23	1	2.75	0.250

inventory, and all the waste associated with them							
The relationship between customers and the management is adequate for effective supply chain	22	38	23	10	7	2.42	0.220
Effective Customer service practices are geared towards enhancing the supply chain in the organization	7	77	12	2	2	2.15	0.195
The management has put the right customer service strategies to ensure supply chain is effective	10	76	10	2	2	2.1	0.191
Am aware of demand management in the organization	15	70	11	2	2	2.06	0.187
The organization is able to meet the demands of the customers	29	70	0	1	0	1.73	0.157
Am aware of Order fulfillment related practices in this organization	16	69	15	0	0	1.89	0.181
Orders are fulfilled everyday	24	66	4	3	3	1.90	0.177
Am aware of effective flow management in the supply chain in this organization	24	64	7	2	3	1.85	0.178
Effective flow of goods has well been enhanced	13	50	35	1	1	1.89	0.206
Supplier relations practices	11	49	38	1	1	1.96	0.211
Am aware of new product development in the organization	14	76	6	4	0	1.96	0.182

With the new products, supply chain management has been simplified	26	74	0	0	0	2.21	0.158
Am aware of returns management practices	19	68	12	1	0	2.2	0.177
Adequate strategies has been put aside to ensure effective returns management	18	62	14	4	0	2.27	0.182
Am aware of risk management practices in the organization	29	58	8	5	0	2.02	0.172
The management has ensured appropriate mitigation strategies towards risks emanating from supply chain	8	42	26	23	1	1.56	0.243
Am aware of effective flow management in the supply chain in this organization	24	64	7	2	3	1.85	0.178
Effective flow of goods has well been enhanced	13	50	35	1	1	1.89	0.206
Supplier relations practices	11	49	38	1	1	1.96	0.211
Average						**2**	**0.2**

Source: Researcher 2015

The study required the respondents to indicate the extent to which they were aware of some supply chain practices at Barclays Bank. According to the average mean which is 2, it can be interpreted against the lickert scale that the respondents were aware of supply chain management practices in the organization. The standard deviation of 0.2 indicates that there is very little volatility and remarkable consistence in the data sets.

According to the findings displayed in the table above, majority of the respondents to a great extent were aware of the information sharing in the organization, the organization has appropriate technology in place to enhance information sharing. Quality control is a daily activity in this organization in enhancing effective supply chain management. To help improve customer satisfaction, greater emphasis is given to the aspect of quality in the supply chain. The ideal goal of JIT in the organization is synchronizing demand and production to no units of product until an order is given. JIT eliminates unneeded production, unwanted inventory, and all the waste associated with them.

The relationship between customers and the management is adequate for effective supply chain. Effective customer service practices are geared towards enhancing the supply chain in the organization. The management has put the right customer service strategies to ensure supply chain is effective. Demand management in the organization enables the organization to meet the demands of the customers. Order fulfillment related practices in this organization ensure orders are fulfilled every day. Effective flow of goods has well been enhanced as well as supplier relations practices. New product development in the organization has also positively influenced the market share for the organization.

Table 4.7: Extent respondent is satisfied on the performance of Barclays Bank

	Frequency	Percentage
Very large extent	6	20
Large extent	16	55
Moderate extent	5	15
Less extent	2	5
No extent	2	5
Total	30	100

Source: Researcher; 2015

The table above presents the results on Extent respondent is satisfied on the performance of Barclays Bank. According to the results, majority of the respondents shown by 55% were satisfied to a large extent on the performance of Barclays Bank, 20% to a large extent, 15% to a moderate extent and 5% to less extent respectively.

Table 4.8: Extent to which supply chain management practices influence performance of Barclays Bank

Practices	**Very great extent (%)**	**Great extent**	**Moderate extent (%)**	**Little extent %**	**No extent (%)**	**Mean score**	**Std. dev.**
Quality control	24	63	13	0	0	1.89	0.172
Demand management	25	63	13	0	0	1.9	0.173
Flow management	26	63	11	0	0	1.85	0.168
Supplier relations practices	26	62	10	1	1	1.89	0.172
Information sharing	25	60	10	4	1	1.96	0.178
Customer service	25	60	10	4	1	1.96	0.178
Product development	17	55	18	10	0	2.21	0.201
Returns Management Practices	18	54	18	10	0	2.2	0.200
Order fulfillment	13	50	38	0	0	2.27	0.206
Risk management practices	25	50	23	2	0	2.02	0.184
Customer relations practices	33	45	11	0	0	1.56	0.142
Just In Time	41	36	8	2	2	1.55	0.141
AVERAGE						**1.95**	**0.176**

Source: Researcher; 2015

The respondents were required to indicate the extent to which supply chain practices influence performance of Barclays Bank. The average mean of 1.9 indicates that the respondents to a great extent agree that supply chain practices influence the overall performance of the organization. According to the figures provided for in the table above, majority of the respondents were in agreement that that supply chain practices have a great effect on performance in the organization with the effect independently ranging from 1.55,being just in time, to 2.27 being order fulfillment. Order fulfillment enables the organization to fill customer orders while providing the required levels of customer service at the lowest possible cost. Returns management giving a mean of 2.21 enables the organization to maintain acceptable levels of customer service and identify product improvement opportunities. The average standard deviation of 0.176 shows that the very minimal deviation of the data sets from the mean.

Table 4.9: Effect of supply chain management practices on performance at Barclays Bank

Due to effective supply chain management practices	Very great extent (%)	Great extent (%)	Moderate extent (%)	Little extent (%)	No extent (%)	Mean score	Std. dev.
The profitability has increased drastically	5	78	2	2	2	1.85	0.168
New products have since been unveiled	8	63	17	1	0	1.89	0.172
There is a notable growth in assets	19	59	10	1	0	1.71	0.155
The flow management has been well enhanced.	20	55	10	3	2	1.82	0.165
Shareholder value have been praised	20	54	10	3	2	1.8	0.164
This bank has managed to increase its market share	38	50	13	0	0	1.77	0.161
The supplier relationship with the bank has well been established and improved	25	50	13	12	0	2.12	0.193
I am happy that customer relations practices have led to improved productivity and high profits	38	50	13	0	0	1.77	0.161
Information sharing is effective as far as supply chain management is concerned	35	45	8	1	0	1.53	0.139
AVERAGE						**1.8**	**0.164**

Source: Researcher; 2015

The table 4.9 above depicts the results on effect of supply chain practices influence performance at Barclays Bank. The results give an average mean of 1.8 which means that the respondents agree to a great extent that supply chain practices influence the performance of this organization. The standard deviation 0f 0.164 therefore indicates that the results are precise or almost exact to what is expected. According to the findings, majority of the respondents were in agreement that due to effective supply chain management practices; the profitability has increased drastically, new products have since been unveiled, there is a notable growth in assets, the flow management has been well enhanced, shareholder value have been praised, the bank has managed to increase its market share, the supplier relationship with the bank has well been established and improved, they are happy what customer relations practices have led increased profitability and that information sharing is effective as far as supply chain management is concerned as showed by the values ranging from 1.53 being information sharing to 2.12 being supplier relationship.

On challenges the bank is facing in the supply chain management, majority of the respondents indicated that sometimes there is lack of top management support, poor communication from suppliers, no effective control strategies towards supply chain management, no clear metrics in the link between bank performance and supply chain practices and lack of timely reports on supply chain performance.

4.4. Inferential analysis- effect of supply chain management practices on performance of Barclays bank.

Besides the researcher computed regression and correlation analysis to establish the extent to which the independent variables fluctuate in relation with the dependent variable. Regression equation was estimated to gauge the extent at which the dependent variable explains the independent variable. Regression analysis and correlation findings were presented respectively.

Table 4.10: ***Regression Model***

Model	Correlation coefficient	R Squared	Adjusted R Square	Std. Error Estimate
	.736	.542	.541	1.63517

The coefficient of correlation from the sample data measures the strength and direction of a linear relationship between two or more variables. The correlation coefficient shows that there is a strong positive relationship between the dependent and the independent variable implying that the variables tent to move in the same direction. On the other hand the coefficient of determination R^2 in the above model is 0.54 which means that 54.1% of the variations in performance of Barclays Bank was explained by Supply Chain management Practices. The rest is explained by factors not captured in the model. However, the model is likely to be under-estimated because it is multivariate. The R adjusted is close to the value of R^2 implying that the model is quite parsimonious. The explicit model was re-estimated with some set of control variables as captured in model 1 above. The estimation results are shown in table 4.11 below.

Table 4.11: Model estimation and results-regression table

Model-Y-Bank performance dependent variable			
Independent variables	**Coefficients**	**Std. Error for t-statistic**	**P-values**
B_0 –Constant	*3.574*	*1.342*	*.013**
B_3 -Customer Service	*.025*	*.007*	*.001***
B_2 -Customer Relationship	*0.383*	*.120*	*.004***
B_6 -Flow Management	*0.45*	*.101*	*0.009***
B_9 -Returns Management	*0.27*	*.402*	*0.014**
B_1 -Information Sharing	*.213*	*.091*	*.026**
B_8 -Product Development	*0.29*	*.219*	*0.029**
B_4 -Demand Management	*0.21*	*.521*	*.032**
B_7 -Supplier Relations	*0.56*	*.360*	*0.036**
B_5 –Just in time	*0.326*	*.322*	*0.041**
R^2 0.93			
R-adjusted 0.90			
Durbin Watson 1.97			

***significant at 5% level, **significant at 1% level**

Source: Researcher, 2015

The estimated model reveals that all the independent variables are positive and significant in explaining the dependent variable at both 5% and 1% statistical significant levels. The positive sign is consistent with the a priori expectation suggested immediately after the model specification. The estimated coefficients further reveals that 1% change in customer service, Customer Relationship, Flow Management, Returns Management, Information Sharing, Product Development, Demand Management, Supplier Relations, and Just in time will bring a; 0.025%, 0.383%, 0.45%, 0.27%, 0.213%, 0.29%, 0.21%, 0.56%, and 0.326% change in performance of Barclays Bank respectively, observed as the p-values hence yielding the equation. The constant coefficient is significant meaning that other factors other than procurement specific are key in driving the bank performance. Since all the coefficients are statistically significant all the conventional levels of estimation, it implies that there is a positive relationship between the supply chain practices and the Performance of Barclays Bank of Kenya Limited. The R^2 - coefficient of determination is 92% implying that the model explains 92% of the variations in the dependent variable. The R-adjusted is 90% implying that the model is pasmnoius. The Durbin-Watson coefficient is close to 2 ruling out the problem of serial autocorrelation in the model.

The study has highlighted the resource based view theory, the systems theory and the principle –agent model as the theories underpinning the study. Resource-based view argues that it is possible to find the optimal product-market activities by specifying a resource profile for a firm. A given firm must result in a resource based value before considering other actions as managers understand that all the suppliers should react to the changes from the supply.

On the other hand, System Theory brings together various components of a complex supply chain; that is the human, capital, information, materials and financial resources to form a subsystem which is then part of a larger system of supply chains or network. The theory argues that for a holistic perspective must be employed to understand the internal and external factors that shape an organization's supply chain performance. Lastly, the principle-agent theory captures the relationship between agent and pricniple with contracts designed to minimize the effets of information asymetry that is moral hazard and advesre selection.

The empirical finding of the study reveals that various factors not limited to supply channel elements drive the performance Barclays Bank of Kenya. This magnifies the relevance of both the resource based view and systems theory in performance of supply chain and the ultimate performance of the entire organization. The factors that drive organization performance from the empirical evidence in this study are customer service, Customer Relationship, Flow Management, Returns Management, Information Sharing, Product Development, Demand Management, Supplier Relations, and Order Fulfillment

CHAPTER FIVE: DISCUSSION OF MAJOR FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the discussion of major findings, conclusions, recommendations and recommendations for further studies accordingly on effect of supply chain practices on performance of Barclays Bank of Kenya limited. The presentation of findings is in the order of the sought aspects of the study which were; to find out on awareness of supply chain practices at Barclays Bank and to establish the effect of supply chain practices on performance of Barclays Bank respectively.

5.2 Summary of Findings

The objective of the study was to establish the relationship between supply chain management practices and bank performance. It was established that supply chain management practices significantly and positively impact on bank performance. The specific findings are discussed below.

Firstly, the study found out that most of the respondents indicated that supply chain management practices are the various activities that require planning and management of both during sourcing and procurement. Majority of the respondents shown by 75% said that they were aware of supply chain management practices in the department/bank. The mean obtained was 2 with a standard deviation of 0.2 as shown in table 4.6, showing that the respondents were aware to a great extent of supply chain management practices in the organization.

Secondly, the study revealed from table 4.7 that majority of the respondents shown by 55% were at satisfied to a large extent on the performance of Barclays Bank, 20% to a large extent, 15% to a moderate extent and 5% to less extent respectively.

The study also revealed that the respondents agree to a great extent that supply chain management practices influence performance to a great extent. This is shown by the average mean of 1.95 and a standard deviation of 0.176 as seen in table 4.9

The study found out that majority of the respondents were in agreement that due to effective supply chain management practices, the bank's performance has substantially improved. From table 4.10 it is evident from the overall mean of 1.8 that the respondents agree to a great extent that because of supply chain management practices; the profitability has increased drastically by a mean of 1.85, new products have since been unveiled by a mean of 1.95, there is a notable growth in assets,1.71, the flow management has been well enhanced by a mean of 1.82, shareholder value has been praised by 1.8 and the bank has managed to increase its market share by a mean of 1.77.

The supplier relationship with the bank has well been established and improved with the greatest mean of 2.12. This shows that the organization has been able to establish ongoing mutually beneficial close relationships with suppliers in order to meet cost, quality and customer service objectives for key materials, components, and products.

The respondents also agree that customer relations have led to increased productivity and profits by a mean of 1.77.There is also a notable improvement in information sharing shown by a mean of 1.53.The standard deviation from table 4.10, 0.164 shows that there is minimal deviation of the data sets from the overall mean hence we can say that there is a strong relationship between supply chain management practices and performance of Barclays Bank.

5.3 Conclusions

From the results, it is quite evident that supply chain management practices affect performance of the organization to a great extent. The respondents were able to show that supply chain management employed by the organization positively impact on its performance as shown in table 4.10 therefore answering our research question.

The study further concludes that most heads of departments were aware of supply chain management practices in the department/bank and that they were satisfied to a great extent with the banks performance in relation to supply chain management practices.

It was also evident from the results that due to effective supply chain management practices; the profitability has increased drastically, new products have since been unveiled, there is a notable growth in assets, the flow management has been well enhanced, shareholder value have been praised, the bank has managed to increase its market share, the supplier relationship with the bank has well been established and improved, they are happy what customer relations practices have led increased profitability and that information sharing is effective as far as supply chain management is concerned. These findings are consistent with empirical findings of Li et.al (2005), Tan et al (2002) and Hendricks and Sighal (2003).

5.4 Recommendations

This study recommends that the management at Barclays bank continue with the motive on creating awareness on effective supply chain managment practices. The management needs to train the heads of departments on better ways of effecting the supply chain risks for these have been found to enhance performance at Barclays bank to a great extent.

This study also recommends that proper measures be put for each of the supply chain management practices that match up with those of performance of commercial banks. In this case, the management must establish metrics in supply chain and show a clear link on the impact on profitability, shareholder value, and market share among other performance indicators so as to enhance the performance of Barclays Bank to a great extent.

5.5 Limitations of the study

As much as the study was able to meet its objectives, there were a few limitations that the researcher encountered. There was a lot of difficulty in getting consent to carry out the study as Banks in general carry very sensitive information. There was also minimal access to the banks records and hence the researcher was not able to quantify the increase in the various performance indicators that occurred as a result of Supply chain management practices.

5.6 Recommendations for Further Studies

This study recommends that further studies be done where more participants from various commercial banks would be reached. The study also recommends that future authors establish the effect of other supply chain practices that this study has not included.

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APPENDIX 1: RESEARCH QUESTIONNAIRE FOR THE HEAD OF DEPARTMENTS

Dear Sir/Madam,

I am an MBA student from Nairobi University currently pursuing a project in the same field titles; **To establish the effect of supply chain management practices on performance of Barclays Bank of Kenya Limited.** The data from the study will be used solely for the purpose of academic research. Thank you for your participation.

PART A: DEMOGRAPHIC INFORMATION

1. What is your gender? Male [ ] Female [ ]
2. Tick the appropriate age bracket you fall under:

   18-30 [ ] 31-43 [ ] 44-56 [ ] 57 & above [ ]
3. In which department are you? ....
4. What is your level of education?

- Secondary [ ]
- Middle Level College [ ]
- University [ ]
- Other [ ]

5. How long have you been working in this banking?

- Less than 1 year [ ]
- 1 to 2 years [ ]
- 3 to 4 years [ ]

- 5 Years and more [ ]

PART B: SUPPLY CHAIN MANAGEMENT PRACTICES

6. What do you understand by supply chain?

…………………………………………………………………………………………………

7. Are you aware of supply chain management in your department/bank?

Yes [ ] No [ ]

8. To what extent are you aware of the following practices in the organization? Rate where 1= very great extent, 2 = great extent, 3= moderately extent, 4= little extent, 5= no extent

Practices	1	2	3	4	5
Quality control is a daily activity in this organization in enhancing effective supply chain management					
To help improve customer satisfaction, greater emphasis is given to the aspect of quality in the supply chain.					
Am aware of the Just in Time (JIT) inventory and production principles in the organization					
Ideal goal of JIT in our organization is synchronizing demand and production to no units of product until an order is given					
Am aware of Customer relations practices in the organization					
JIT eliminates unneeded production, unwanted inventory, and all the waste associated with them					
The relationship between customers and the management is					

adequate for effective supply chain					
Effective Customer service practices are geared towards enhancing the supply chain in the organization					
The management has put the right customer service strategies to ensure supply chain is effective					
Am aware of demand management in the organization					
The organization is able to meet the demands of the customers					
Am aware of Order fulfillment related practices in this organization					
Am aware of effective flow management in the supply chain in this organization					
Effective flow of goods has well been enhanced					
Supplier relations practices					
Am aware of new product development in the organization					
With the new products, supply chain management has been simplified					
Am aware of risk management practices in the organization					
The management has ensured appropriate mitigation strategies towards risks emanating from supply chain					
Any other {……………………………………………………}					

PART C: EFEFCT OF SUPPLY CHAIN MANAGEMENT PRACTICES ON PERFORMANCE OF BARCLAYS BANK

9. To what extent are you satisfied on the performance of this bank?

Very large extent [ ] Large extent [ ]

Moderate extent [ ] Less extent [ ]

No extent [ ]

10. What is the extent to which each of the following practices influence performance of Barclays Bank? Rate where 1= very great extent, 2 = great extent, 3= moderately extent, 4= Little Extent, 5= No Extent

Practices	1	2	3	4	5
Information sharing					
Quality control					
Just In Time					
Customer relations practices					
Customer service					
Demand management					
Order fulfillment					
Flow management					
Supplier relations practices					
Product development					
Returns Management Practices					

Risk management practices					
Any other {……………………………………………………}					

11. To what extent has the following statements related to supply chain practices effect on enhanced performance in your organization? Rate where 1= very great extent, 2 = great extent, 3= Moderately extent, 4= little extent, 5= no extent

Due to effective supply chain management practices	1	2	3	4	5
This bank has managed to increase its market share					
The supplier relationship with the bank has well been established and improved					
I am happy that customer relations practices have led to					
The profitability has increased drastically					
Shareholder value have been praised					
New products have since been unveiled					
Information sharing is effective as far as supply chain management is concerned					
There is a notable growth in assets					
The flow management has been well enhanced.					

12. Indicate some of the challenges the bank is facing in the supply chain management linking your argument to the performance of this commercial bank.

……………………………………………………………………………………………………

THANK YOU FOR YOUR PARTICIPATION